NATIONAL COMPANY LAW APPELLATE TRIBUNAL
PRINCIPAL BENCH, NEW DELHI

Comp. App. (AT) (Ins) No. 1363 of 2026

IN THE MATTER OF:

Manish Motilal Jaju **...Appellant(s)**

Versus

Insolvency and Bankruptcy Board of India (IBBI) **...Respondent(s)**

Present:

For Appellant	**:**	Mr. Abhijeet Sinha, Sr. Advocate with Mr. Deep Bisht, Advocate.
For Respondents	**:**	Ms. Madhavi Diwan, Sr. Advocate with Mr. Sahil Monga and Mr. Arjun Tyagi, Advocates.

O R D E R
(Hybrid Mode)

IA No. 5302 of 2026

Instant application has been filed by the appellant in Company Appeal (AT)(Ins) No. 1363 of 2026, which has been filed by the appellant under Section 220 of the Insolvency and Bankruptcy Code, 2016, and Rule 22 of the National Company Law Appellate Tribunal Rules, 2016, against the order dated July 8, 2026 (impugned order) passed by the disciplinary committee of the Insolvency and Bankruptcy Board of India. The Disciplinary Committee, by passing the impugned order, has suspended the registration of the appellant for a period of three years. The copy of the order has also been sent to the respective CoC's of all the corporate debtors in which the appellant was providing his services. The respective CoC's have been further commanded to replace the appellant with another resolution professional in terms of Section 27 of the CoC.

2. In the aforesaid application, following interim relief/prayer has been prayed by the appellant: -

> *"a. Allow the present application and grant interim stay on the operation, implementation and effect of Order No. IBBI/DC/330/2026 dated 08.07.2026 passed by the Disciplinary Committee of the Insolvency and Bankruptcy Board of India during the pendency of the present Appeal; and/or*
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> *b. Pass any other order/ direction that this Hon'ble Appellate Tribunal may deem fit in the interest of justice and equity".*

3. We have heard Shri Abhijeet Sinha, Ld. Senior Counsel, assisted by Shri Deep Bisht for the Appellant and Ms. Madhavi Diwan, Ld. Senior Counsel, assisted by Mr. Sahil Monga and Mr. Arjun Tyagi for Respondent IBBI and perused the record.

4. Brief facts necessary for disposal of the interim stay application as reflected from the record are in terms that M/s CAN Enterprises Pvt. Ltd. was admitted to the Corporate Insolvency Resolution Process by the National Company Law Tribunal, Mumbai Bench-IV (Adjudicating Authority) vide order dated 27-01-2020 on an application moved by the M/s Malharshanti Enterprises Pvt. Ltd. under Section 9 of the Insolvency and Bankruptcy Code, 2016 (Code). Mr. Jitendra Kumar Rambaran Yadav was appointed as Interim Resolution Professional (IRP) and later Mr. Manish Motilal Jaju (Appellant) was appointed as Resolution Professional by order of the Ld. Adjudicating Authority dated 09/06/2020.

5. The record further reflects that the Board received a complaint whereby certain allegations were alleged pertaining to the conduct of the

appellant in respect of his assignment as resolution professional in the CIRP of the CD i.e. M/s CAN Enterprises Private Limited. The Board, after examining the allegations levelled in the complaint and also considering the reply submitted by the appellant and having considered the material available on record, held that prima facie the appellant had contravened the provisions of the Code and Regulations and issued show cause notice to him on 02-12-2025 and the response to that show cause notice was submitted by the appellant vide his response dated 29-12-2025.

6. It is further reflected that the show cause notice and the response given by the appellant and the supporting material which was available on record were referred to the Disciplinary Committee (DC) for disposal and by providing opportunity of personal hearing through virtual mode on 9/6/2026 and also considering the written submissions sent by the appellant via email dated 12/6/2026, the disciplinary committee passed the impugned order and aggrieved by the same the appeal has been preferred by the Appellant and this application has also been moved to grant interim stay on the operation of impugned order.

7. Learned Senior Counsel appearing for the appellant submits that by passing the impugned order, 30-days period was granted to the appellant to enable the remedy of appeal and seek interim protection and if the interim relief is declined despite the appeal has been filed within time, the purpose of filing of the appeal would become infructuous.

8. It is further submitted that if the interim stay is not granted and the appellant is replaced by the other CoCs under Section 27 of the Code, the successor Resolution Professional would assume charge and thereafter the

appellant cannot be restored to the same position even if his appeal would succeed and in this situation the status quo ante would also not be possible.

9. It is further submitted that the prejudice which would be caused to the Appellant would not only be confined to the assignment in question but would also affect his professional standing built over years of service. Most importantly the replacement at an advanced stage of ongoing CIRPs would disrupt their continuity and prejudice the interests of the stakeholders. The object of interim protection is to preserve the subject matter of the proceedings and prevent the creation of an irreversible situation, which would be lost if the interim order is not granted.

10. Ld. Senior counsel has relied on the judgment of the Hon'ble Supreme Court in ***Deoraj v S.H. Maharashtra and others, AIR 2004 SC 1975***, in order to buttress his point that the interim relief, may even be granted where it may amount to granting the final relief if withholding such relief would result in a palpable injury and perpetuate injustice to the applicant. Reliance has also been placed on the law laid down by the Hon'ble Supreme Court in ***Zenit Mataplast Pvt. Limited v. State of Maharashtra and others, Civil Appeal [Arising out of SLP (C) No. 18934 of 2008, decided on 11-09-2009.]***

11. It is further submitted that the Appellant is acting as the RP in three ongoing real estate CIRPs involving, in aggregate, more than 1,700 home buyers and approximately 7,200 slum rehabilitation beneficiaries and secured financial lenders. Each of these is at a crucial and time-sensitive stage and by passing the impugned order the copy of the same has been sent to all the CoCs wherein the appellant is working as RP. The removal of

the appellant at this sensitive stage would cause a hurdle in the timely implementation and resolution of the CD.

12. Ld. Senior Counsel has drawn the attention of this Appellate Tribunal towards the fact that in the entire CIRP of the CD only three claims were filed, out of which a claim of Rs. 1,95,01,079/- was filed by M/s Malharshanti Enterprises as Operational Creditor. However, the issue has been misinterpreted by the Ld. Adjudicating Authority in its order dated 16/02/2023. The impugned order also proceeds on an anonymous factual premise by overlooking that the appellant acted strictly in compliance with the directions contained in the order of the Ld. Adjudicating Authority, dated 30/08/2021, which directed second verification of the claim and the direction was not to admit the entire claim automatically. The claim of the operational creditor as well as the financial creditor was originally admitted by the erstwhile IRP and not by the appellant therefore the appellant cannot be held responsible for the observations made by the Appellate Tribunal in its judgement dated 17-09-2024 or by the Hon'ble Supreme Court in its order dated 02-01-2025. Further the clarification subsequently issued by the Forensic Auditor of date 03-09-2023 has also been overlooked, which has categorically stated that several findings attributed to the Forensic Report were never recorded by him and that the Report did not certify that an amount of Rs. 1,60,86,343/- was payable to the operational creditor and therefore there are material contradictions in the report of the forensic auditor and the conclusions recorded in the order dated 16/02/2023. Thus, a material illegality has been committed by ignoring the clarification issued by the forensic auditor.

13. It is further submitted that the Adjudicating Authority, NCLAT and the IBBI Disciplinary Committee, in their Orders dated 16-02-2023, 17-09-2024, and 08-07-2026, have recorded contradictory findings with regard to the amount due to the operational creditor and the forensic auditor has written himself that he had nowhere certified that an amount of Rs. 1.60 crore is payable by the corporate debtor to operational Creditor and NCLAT never examined the clarification issued by the forensic auditor.

14. It is further submitted that characterization of the said loan as a back-dated backdoor entry is not supported by any definite evidence. The finding recorded by the forensic auditor is without returning any finding of forgery, fabrication, or back-dating. The evidence was placed before the disciplinary committee with regard to the closure of the CID inquiry, which records the notary's statement that the agreement was executed in its presence on 20/08/2019.

15. It is also submitted that Ld. NCLAT, in its judgment dated ***17th July 2026, in Sachin Naveen Sinha vs IBBI Company Appeal (AT) (Ins) No. 1165 of 2026*** while dealing with the similar directions issued by the IBBI requiring replacement of the resolution professional in all ongoing assignments, granted interim protection and held that it is for the respective committee of creditors to take an appropriate decision under Section 27 of the Code. Further recognized, with reference to Regulation 13(7) of the IBBI (Inspection and Investigation) Regulations, 2017, that a disciplinary order is to be communicated to the committees of creditors of other assignments so that each may take its own decision. The *Audi Alteram Partem* rule constrains any automatic cross-assignment replacement and the case at

hand is identical. It is also highlighted that the Disciplinary Committee has departed from its own decision dated 09-10-2023, passed in Kamal Aggarwal (Insolvency Professional), wherein it was held that a bona fide exercise of professional judgment by an Insolvency Professional would not amount to professional misconduct.

16. It is submitted that the Appellant has a strong prima facie case. The balance of convenience is also in his favour and he would face a greater injury if he is removed from the other assignments for which no misconduct has ever been reported, thus the operation of the impugned order be stayed till the disposal of the appeal.

17. Ms. Madhavi Diwan, Ld. Senior Counsel, appearing for the Respondent IBBI at the outset submits that no reliance could be placed on the interim order granted in the other case, namely ***Sachin Naveen Sinha***, **(supra)** at first because the factual position in that case may be different than this case. Secondly a recall application is being moved in that appeal for the purpose of recalling the order on which reliance is being placed by Learned Counsel for the appellant.

18. Ld. Sr. Counsel for the IBBI has drawn our attention towards Section 206, 207, and 208 of the Insolvency and Bankruptcy Code 2016 appearing in Chapter IV of the Code for the purpose of highlighting that no person may render his services as an insolvency professional without being enrolled as a member of an Insolvency Professional agency and registered with the Board and if, by passing any order, the registration of the Resolution Professional has been suspended in one case, he could not be a Resolution Professional in any other case because his or her registration has already been

suspended. No Resolution Professional who is not registered with the IBBI may serve as a Resolution Professional at all.

19. 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.

20. Our attention has also been drawn to the Code of Conduct provided for Insolvency Professionals in the First Schedule of the Insolvency and bankruptcy Board of India (Insolvency Professionals) Regulations, 2016. It is submitted that this Code of Conduct provides various duties which are to be discharged by the Resolution Professional and it is provided therein that an insolvency professional must:

- not misrepresent any facts or situations
- refrain from being involved in any action that would bring disrepute to the profession
- act with objectivity
- disclose the details of any conflict of interest to the stakeholders

- maintain complete independence in professional relationships
- ensure that he or his relatives do not knowingly acquire any such assets
- not take up an assignment under the Code if he or any of his relatives, etc., are involved
- and many other disclosures, including that he will not influence the decision or the work of the committee of creditors

21. Highlighting some of the guidelines of the Code of Conduct, it is submitted that the nature of the powers and duties which have been entrusted to the Resolution Professional by the Code is such that any lapse committed knowingly or unknowingly by him may bring disrepute to the whole institution of the insolvency professionals. It is a business of trust and once the trust is gone it would be very difficult for the stakeholders of an insolvency process to believe in the functioning of the resolution of the CD within the framework of the IBC. Hence, whatever decision would be taken with regard to the instant appeal would convey a message to the whole of the body of insolvency professionals. Therefore, it should not reflect that any misconduct committed by a Resolution Professional would be ignored by the guardians of law and therefore, having regard to the nature of misconduct committed by the appellant, he is not entitled to any interim relief.

22. Having heard Ld. Counsel for the parties and having perused the record, it is reflected that the CD was admitted into the insolvency process

on 27th January 2020 on an application filed by the operational creditor, M/s Malharshanti Enterprises Limited, under Section 9 of the Code. Suspended Board of Management appears to have filed an appeal challenging the CIRP admission order before this Appellate Tribunal, however, the same was dismissed vide order dated 19th January 2021 and an appeal against the said order was also filed before the Hon'ble Supreme Court by the suspended management, which was also dismissed as withdrawn on 10th March 2021. Thus, the order of the Ld. Adjudicating Authority became final and absolute, so far as the admission of the CD in the CIRP is concerned.

23. It is further reflected that after taking charge as the RP of the CD, the Appellant rejected the claim of the OC, which was earlier admitted by the IRP and on whose application the CD was admitted into the CIRP and after rejecting the claim of the OC, the OC was also ousted from the CoC and a financial creditor who has given a loan of ₹1 lakh was inducted in the CoC.

24. It is further reflected that the rejection of the claim of the OC as well as the exclusion of him from the CoC was challenged by the OC by filing IA No. 47 of 2021 and IA No. 1241 of 2020 before the Ld. Adjudicating Authority. Ld. Adjudicating Authority vide Order dated 30th August 2021 directed that all the documents shall be provided to the RP by the OC and thereafter the RP shall ascertain and verify the claim of the OC latest by 10th September 2021. It also directed a forensic audit of the CD of the last five financial years preceding immediately the date of admission of the company into CIRP and appointed a person as the forensic auditor of the CD.

25. The Resolution Professional however again rejected the claim of the OC vide letter dated 10th September 2021. Learned Adjudicating Authority disposed of the IA number 47 of 2021, by order dated 16th February 2023 and while disposing of the aforesaid IA, the Adjudicating Authority in Para No. 13 of the Order observed that it raises a doubt as to whether the job of the RP, who has stepped into the shoes of the IRP, is to continue the process or act as an investigating agency over the actions of the earlier IRP and set aside his actions and Whether such power is vested with the RP? Learned Adjudicating Authority has also noted that the Forensic Auditor has clearly certified an amount of Rs. 1,60,86,343/- as due and payable by the CD to the OC. The Forensic Auditor is in the field of accountancy and his report has certain legal sanctity and evidentiary value under Section 45 of the Evidence Act. It is also noticed by the Ld. Adjudicating Authority that the conclusion of the RP that the debt of the OC is barred by limitation is also not correct. It is also noted that the Resolution Professional has forgotten that all the contentions of the corporate debtor with regard to the dispute have already been considered by the Adjudicating Authority and have attained finality till Hon'ble Supreme Court. It is further observed by the Adjudicating Authority that the Resolution Professional miserably failed to understand that the CIRP order was passed by the Adjudicating Authority after satisfying itself about the existence of debt and default of more than one crore on the date of filing of that petition. He should not have rejected claim of the operational creditor in Toto by ignoring the concurrent findings of the adjudicating authority and the Appellate Tribunal.

26. It is also noticed that the RP has also filed an application bearing IA number 375 of 2021, which is pending before the Bench for withdrawal of the CIRP order, under Section 12A of the Code on the ground of purported settlement entered into by the corporate debtor with the CoC. The Adjudicating Authority further observed that the Resolution Professional miserably failed to understand that he could legally admit the claim of the operational creditor without insisting on any books of accounts from the operational creditor in view of finality of the CIRP admission order till the Hon'ble Supreme Court. The Adjudicating Authority thus observed that the Resolution Professional has exceeded his power by assuming super power in this case and did not perform his duties diligently and also that the conduct of RP also needs to be thoroughly investigated.

27. It is further reflected that, against the orders dated 16th February 2023 passed by the Adjudicating Authority, the Resolution Professional (Appellant), the Financial Creditor as well as the suspended director of the CD filed three appeals before this Appellate Tribunal. The appeal filed by the Appellant being Company Appeal (AT) (Ins) No. 545 of 2023 and other two Appeals being CA (AT) (Ins) No. 598 of 2023 and CA (AT) (Ins) No. 600 of 2023 were disposed of vide order dated 17th September 2024 passed by this Appellate Tribunal. Before this Appellate Tribunal it was alleged by the operational creditor that the conduct of the Resolution Professional and the financial creditor as well as of the suspended director clearly establishes mala fide intentions and therefore, OC filed an IA No. 1241 of 2020 before the Adjudicating Authority challenging the constitution of the sole member CoC and also that the claim of the operational creditor was rejected so that

the unsecured financial creditor became the sole CoC member and may pass a resolution to withdraw the CIRP against the CD and that had actually happened. This Appellate Tribunal noted that the prayers of the appeal filed by the Resolution Professional nowhere contain any prayer with regard to the expunging of the remarks made by the Adjudicating Authority against him. It was only when the hearing was concluded that such a prayer was made by the Resolution Professional. This Appellate Tribunal also noted that the claim of the operational creditor was properly adjudicated and admitted at the stage of initiation of CIRP, on the basis of which Section 9 application was filed by the OC and the same was sustained up to Hon'ble Supreme Court and opined further that the role of a Resolution Professional must be neutral and he is not supposed to take a stand and further opined that this is much beyond his role and scope as a Resolution Professional to have rejected the claim of the operational creditor when the same has attained finality till Supreme Court and also that if such approach of the Resolution Professional is to be accepted then the whole process of CIRP proceedings can get demolished.

28. It is also noted by this Appellate Tribunal that it is interesting to note that one unsecured financial creditor, who had given the loan of a petty sum of ₹1 lakh, knowing well that the CIRP is being initiated against the CD, was inducted in the CoC as the sole member. The original IRP was removed and the appellant was appointed as Resolution Professional. The Resolution Professional, in turn, rejected the claim of the OC and accepted the claim of the above-mentioned unsecured financial creditor and the claim of the promoter, paving the way for making the unsecured financial creditor as a

sole member of the CoC, ousting the claim of the OC of Rs. 1,94,62,148/-. Thereafter this Appellate Tribunal in paragraph number 54 to 57 observed as under: -

> *"54. This Act of Resolution Professional is deplorable in strongest term and need to be denounced in full force at our command. Such blatant illegal action will defeat the noble cause of the Code.*
>
> *55. We find the allegations of the Appellant that Malharshanti Enterprises Limited (Operational Creditor) "since the very inception of the transaction has perpetrated a systemic fraud upon the Corporate Debtor" without any substantial basis.*
>
> *56. In this background, shorn of unnecessary details, since the claims have been adjudicated at all stages and had been admitted in full by the Erstwhile IRP after verification of all documents, we do not need to go into these aspects again which has attained finality at all judicial fora including the Hon'ble Supreme Court of India.*
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> *57. The entire sequences of events leaves much less to be desired as it become quite clear that there seems to be conjoint action on part of the Resolution Professional along with the Suspended Director of the Corporate Debtor and Unsecured Financial Creditor i.e., Paton Constructions Pvt. Ltd. to derail the process of CIRP and to deny the admitted claim of the Operational Creditor. This is evident from fact that the Resolution Professional filed CP (IB) 3753/MB/CIV/2018, as per direction of single Member of CoC for closure of CIRP under Section 12 A of the Code.*
>
> *The aforementioned circumstances point out the high handedness and the mala fide intentions of the Appellant conjointly with suspended Directors of Corporate Debtor and the Unsecured Financial Creditor".*
>
> *(Emphasis Supplied)*

29. This Appellate Tribunal while rejecting the appeal of the appellant - resolution professional also directed the IBBI to look into the role of the appellant in accordance with law regarding conduct/ misconduct of the appellant as the resolution professional and to take further necessary action

as deemed fit and warranted on the facts of the case as per law. Cost of ₹10 lakhs was also imposed on the appellant to be paid in Prime Minister's National Relief Fund.

30. It is on the basis of the aforesaid facts and circumstances the disciplinary committee of the IBBI after providing and considering his written submissions and giving opportunity to the Appellant of personal hearing has found the appellant guilty of misconduct and has passed the punishment order to suspend the registration of the appellant for a period of three years. It is also directed that a copy of the order be sent to all the CoC's wherein the appellant is providing his services as a resolution professional with further direction that the CoC of the respective corporate debtors shall replace the appellant with another resolution professional in terms of Section 27 of the Code.

31. It is also reflected that the suspended director of the CD had filed an appeal before the Hon'ble Supreme Court, being Civil Appeal No. 4 of 2025, arising out of Diary No. 48786 of 2024 challenging order of this Appellate Tribunal dated 17.09.2024 and the Hon'ble Supreme Court vide order dated 2nd January 2025, dismissed the Appeal. The said order is reproduced as under: -

> *"Delay condoned.*
>
> *The facts of the present case are start ling and show that there was an attempt to set up a financial creditor. Accordingly, we do not find any good ground and reason to interfere with the impugned judgment, which records that the claim of respondent No. 1, Malharshanti Enterprises, as an operational creditor, was examined and upheld by the adjudicating authority while admitting the petition/application under Section 9 of the Insolvency and Bankruptcy Code,2016. This order was upheld by the*

> *National Company Law Appellate Tribunal and, thereafter, the civil appeal preferred before this Court was dismissed as withdrawn.*
>
> *Recording the aforesaid, the present appeal is dismissed.*
>
> *Pending application(s), if any, shall stand disposed of".*
>
> *(Emphasis Supplied)*

We consciously note that Hon'ble Supreme Court has used strong words "*start ling"* and "*an attempt to set up a financial creditor"*. We need not to add any more.

32. Significantly, it also appears from the record that the appellant has stated in its appeal in list of dates and events that the Resolution Professional restored the claim of the operational creditor on 6th January 2025. This means that the claim of OC was only restored when the suspended director's appeal was dismissed by the Hon'ble Supreme court on 2nd January 2025, while the appeal of the appellant Resolution Professional was dismissed by this Appellate Tribunal way back on 17th September 2024.

33. We, at the outset, are of the considered view that the removal of a Resolution Professional from his other assignments, other than the CIRP wherein he has been found guilty, would depend upon the facts and circumstances of each case, having regard to the magnitude of the misconduct committed by him and no strait jacket formula could be devised for the same.

34. Much emphasis has been given by the Ld. Counsel for the Appellant on the interim order passed by a co-ordinate Bench of this Appellate Tribunal of date 17th July 2026 in Company Appeal (AT) (Ins) No. 1165 of

2026 whereby the Co-ordinate Bench suspended the order of the suspension imposed on that Resolution Professional with regard to other assignments in which the Appellant was appointed as a Resolution Professional. However, the IBBI was given liberty to communicate the impugned order to the other CoC of such other assignments. Once done it is for the respective CoC to take a call on its preference for the Appellant as a Resolution Professional.

35. We have already stated herein before that every case is required to be evaluated on its own facts, circumstances and alleged misconduct committed by the RP and no uniform principle may be propounded to fit in every factual scenario.

36. We find that the Co-ordinate Bench in the referred case considered the authority of the IBBI to suspend a Resolution Professional from acting as such in every assignment without the CoC of each of those assignments, joining the issue on a finding of professional misconduct of the Resolution Professional in one. Thereafter the Co-ordinate Bench has considered Regulation 13(7) of the IBBI (Inspection and Investigation) Regulation in order to infer that it empowers the IBBI to inform the CoCs of other assignments where the same Resolution Professional who has been indicted by the Board, to take appropriate decision. According to the Co-ordinate Bench this process will ensure the rule of proportionality, will balance the historic authority of CoC to replace a Resolution Professional with the authority of the IBBI to discipline a Resolution Professional and it will uphold the eternal doctrine in administrative law that no right be banished without hearing those who are likely to be affected thereby. It is also highlighted in paragraph no. 14 that the order of the IBBI barring the

appellant from acting as a resolution professional in every case in which he has been appointed, raises a question as to whether he was heard on his conduct in every assignment as the proceedings only record the charge of a particular CIRP, where the appellant is said to have committed the misconduct, while no allegation has been levelled with regard to the other CIRPs where the appellant is functioning as a Resolution Professional and therefore, the appellant could not be penalised without hearing in those CIRPs.

37. Basis on the above observation, Ld. Counsel for the Appellant has submitted that that instant appellant may also not be penalized before granting an opportunity of being heard in other CIRPs and the decision must be left to the wisdom of the said CoCs to take a decision to change the Appellant or not?

38. We, at the outset, are not impressed by this argument and find the contention wholly without merit. Section 220(2) of the Code empowers the Disciplinary Committee, upon being satisfied that sufficient cause exists, to suspend or cancel the registration of an insolvency professional. The consequence of such suspension is that the person ceases to be a registered insolvency professional and, consequently, stands disentitled to act as Interim Resolution Professional or Resolution Professional in any insolvency process under the Code. The authority to act as Resolution Professional is linked to the status of being a registered insolvency professional. Once that status is suspended and taken away, the person cannot lawfully continue to discharge the functions of a Resolution Professional. In this regard Section 206 of the code may be recalled wherein it is provided that the insolvency

professional who is registered with the Board may only render his services as resolution Professional.

39. Regulation 13 of the Insolvency and Bankruptcy Board of India (Inspection and Investigation) Regulations, 2017, which governs the disposal of show-cause notices, is of much significance. Sub-regulation (3) thereof expressly provides that the order of the Disciplinary Committee may provide for, inter alia, any of the actions under sub-sections (2), (3) and (4) of Section 220, or "any other action or direction as may be considered appropriate." More importantly, sub-regulation (7) mandates that in case where the service provider is an insolvency professional, the Board shall intimate the order to all the members of committee of creditors of the insolvency resolution processes in which he is acting as an interim resolution professional or resolution professional, as the case may be, and to the Adjudicating Authority.

40. This provision is crystal clear, mandatory and leaves no room for doubt that the Board is under a statutory obligation to intimate the order of suspension to every Committee of Creditors before which the suspended insolvency professional is acting, as also to the Adjudicating Authority. The purpose of such intimation is evidently to ensure that the consequences of the disciplinary order passed in connection with one CIRP may be given full effect and that all stakeholders are put on notice of the ineligibility of the suspended professional, and that the integrity of the ongoing processes is not compromised. The communication of the order and of any consequential direction that the suspended professional be replaced, is merely the operationalisation of the legal effect of the suspension and it cannot be said

that the Disciplinary Committee has exercised the power of replacement under Section 27 of the Code.

41. Section 27 deals with the power of the Committee of Creditors to replace a Resolution Professional who continues to be eligible to act as such. It has no application where the person has ceased to be eligible, by reason of suspension of his registration. Both these powers operate in distinct fields. The power of the Board and its Disciplinary Committee is regulatory and disciplinary in character and the power of the Committee of Creditors under Section 27 is in exercise of its commercial wisdom and there is no conflict between these two. Once the registration of a Resolution Professional is suspended, the Committee of Creditors is merely informed of a change in the legal capacity of the Resolution Professional to act as such, so that it may take appropriate steps to appoint another Resolution Professional in accordance with law.

42. The residual power under Regulation 13(3)(e) to issue any other action or direction as may be considered appropriate, further fortifies the authority of the Disciplinary Committee to ensure that the primary order of suspension is not rendered without substance. Allowing a professional to continue to act in multiple Corporate Insolvency Resolution Processes, whose registration has been suspended for proven misconduct, would not only defeat the very object of the disciplinary action but would also expose the stakeholders to continued risk. It may also be recalled that the RP is not having a vested Right to continue as such and his continuation as RP is subject to the procedure established by the Regulating Authority.

43. In view of the aforesaid , we hold that the intimation of the suspension order to the Committees of Creditors of the other insolvency processes in which the appellant was acting as Resolution Professional, and the consequential direction for his removal therefrom, is fully within the jurisdiction of the Disciplinary Committee and the Board as the same is expressly contemplated under Regulation 13(7) of the Inspection and Investigation Regulations and is a necessary and legitimate consequence of the order of suspension passed under Section 220(2) of the Code. We may also add that the scheme of the Code and the Regulations is designed to ensure that disciplinary action against an insolvency professional is effective and that the insolvency processes under the Code is not left in the hands of a person who has been found tainted and unfit to continue as a registered professional. Any other interpretation that would permit a suspended Resolution Professional to continue in other ongoing insolvency processes, as a matter of right, would render the power of suspension largely ineffective and would be contrary to the legislative intent of the Code.

44. If the argument which has been advanced in terms that a Resolution Professional could only be penalized in the CIRP wherein he has committed misconduct and would continue as the Resolution Professional in the other CIRPs is accepted the same would be against all cannons of jurisprudence. A government servant who has been held guilty of misconduct or a judicial officer who has been held guilty of misconduct and has been suspended or even terminated, would advance the same argument that at the most he or she could only be barred from handling that case or that file wherein he has committed misconduct and that he cannot be suspended or terminated or

be debarred from exercising his powers with regard to the other files or cases as the case may be. It is to be understood that once the Resolution Professional has been found guilty of misconduct and he became tainted, and the misconduct is of such a nature which according to the DC renders him ineligible to work as professional in other CIRP also it is within the powers of the DC to pass such an order, However, there may be a case where the gravity of the misconduct committed by the resolution professional may be very mild and the evidence which has been placed before the disciplinary committee is of such a nature that there is every likelihood that the appellant may succeed in appeal, thus in those cases Appellate Tribunal may be justified to have exercised its discretion. However, there cannot be a thumb rule that in every case where the resolution professional has been suspended or terminated with regard to one CIRP, he as a matter of right may be permitted to act as such in other CIRPs and certainly the DC possess power under section 220 of the Code to ask the CoCs of other CIRPs to remove him from acting as Resolution Professional.

45. Coming to the facts of the instant case, the allegations against the appellant are that he deliberately without any justifiable reasons rejected the claim of an operational creditor, on whose application moved under Section 9 of the Code CIRP was initiated and CIRP initiation order was confirmed till Hon'ble Supreme Court and simultaneously admitted the claim of an unsecured financial creditor in order to form a CoC solely consisting of that unsecured financial creditor in order to get the resolution passed from the COC, for the withdrawal of the CIRP under Section 12A of the Code. Had it been a simple case of bona fide rejection of claim, the

discretion might have been considered in favour of the Appellant, but keeping in view the allegations against the appellant as has been noted by this Appellate tribunal in its order dated 17th September 2024 passed in Company Appeal (AT) (Ins) No. 545 of 2023, which has also been noted by the Hon'ble Supreme Court in its order dated 2nd January 2025 passed in Civil Appeal No. 4 of 2025, arising out of Diary No. 48786 of 2024, we do not find any prima facie case in favour of the Appellant.

46. We also notice one more circumstance which is guiding us not to exercise discretion in favour of the Appellant, that the appeal filed by the appellant before this Appellate Tribunal was dismissed on 17th September 2024, however despite the conduct of the appellant was censured by this Appellate Tribunal, he remains adamant and only admitted the claim of the OC on 06.01.2025, only when the Appeal filed by the suspended director of the CoC was dismissed by the Hon'ble Supreme Court on 2nd January 2025. This sequence of events reveals a lot about conduct and intend of the Appellant.

47. The Disciplinary Committee in the light of the jurisdiction conferred upon it by Section 220 of the Code is/was empowered to take into consideration all relevant aspects including the conduct of RP. The material on the basis of which the Disciplinary Committee proceeded to suspend the petitioner has not been questioned so far and the judgment of this appellate Tribunal wherein the conduct of the Appellant was highlighted has attained finality as the appeal preferred by the suspended director has been dismissed by the Hon'ble Supreme Court. The reasonableness of period for which suspension has been awarded along with other pleadings of the

Appellant in the present appeal, could only be seen at the time of final disposal of the appeal on the touch stone of proportionality and merit of the case.

48. Thus, keeping in view all the facts and circumstances of this case, we do not find any prima facie case in favour of the appellant for grant of interim stay. The Balance of Convenience is also not with him. Therefore, the interim stay application bearing IA No. 5302 of 2026 filed by the appellant is hereby **dismissed.**

49. The IBBI is already represented before us. It may file its reply within two weeks from today with an advance copy to Ld. Counsel for the appellant, who in turn, if so wish, may file the rejoinder within one week thereafter.

50. List accordingly on **21.09.2026** under the caption 'For Admission (After Notice)'.

[Justice Mohammad Faiz Alam Khan]
Member (Judicial)

[Naresh Salecha]
Member (Technical)

New Delhi
18.08.2026
sr