

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA
(Disciplinary Committee)

No. IBBI/DC/293/2025

20 August 2025

ORDER

This Order disposes of the Show Cause Notice (SCN) No. COMP-11011/5/2024-IBBI/935/282 dated 27.02.2025 issued to Mr. Chandra Prakash Jain, who is an Insolvency Professional (IP) registered with the Insolvency and Bankruptcy Board of India (IBBI/Board) having Registration No. IBBI/IPA-001/IP-P00147/2017-2018/10311 and a Professional Member of the Institute of the Chartered Accountants of India ICAI (IIIP-ICAI).

1. Background

- 1.1 The Corporate Insolvency Resolution Process (CIRP) of Doshion Water Umbrella (Cuddalore) Private Limited (Corporate Debtor/CD) was initiated *vide* Order dated 01.07.2022 by the NCLT, Chennai Bench (AA) on an application filed by State Bank of India before the AA under Section 7 of the Code. Mr. Chandra Prakash Jain was appointed as the Interim Resolution Professional (IRP) to conduct the CIRP and he was later confirmed as the Resolution Professional (RP).
- 1.2 The Board received a complaint against Mr. Chandra Prakash Jain. The Board in exercise of its powers under Section 218 of the Code, read with Regulations 7(2) and 7(3) of Insolvency and Bankruptcy Board of India (Inspection and Investigation), Regulations, 2017 (Investigation Regulations), appointed an Investigating Authority (IA) to investigate the conduct of Mr. Chandra Prakash Jain in the CIRP of the CD. The IA served notice of investigation upon Mr. Chandra Prakash Jain on 08.04.2024 as per Regulation 8(1) of the Investigation Regulations to which he submitted his reply on 18.04.2024. After considering the reply, the IA submitted the Investigation Report (IR) to the Board.
- 1.3 On the basis of the finding in the investigation report, the Board formed a *prima facie* view that Mr. Chandra Prakash Jain had contravened the provisions of the Code and the Regulations made thereunder and issued an SCN to Mr. Chandra Prakash Jain on 27.02.2025. The SCN alleged contraventions of several provisions of the Code and IBBI (Insolvency Professionals) Regulations, 2016 (IP Regulations). The reply of Mr. Chandra Prakash Jain to SCN was received by the Board on 27.03.2025 and an addendum to reply on 02.04.2025.
- 1.4 The SCN and the reply of Mr. Chandra Prakash Jain to the SCN were referred to the Disciplinary Committee (DC) for disposal. Mr. Chandra Prakash Jain availed an opportunity of personal hearing before the DC on 26.06.2025 wherein he appeared with his Advocate Mayur Jugtawat and also submitted additional submissions on 07.07.2025.

2. Alleged Contraventions, Submissions of Mr. Chandra Prakash Jain and Findings of the DC.

The contraventions alleged in the SCN, oral and written submissions by Mr. Chandra Prakash Jain and analysis and findings of the DC are summarized as follows:

2.1 Failure to preserve and protect the assets of the CD

- 2.1.1 The CIRP of the CD commenced on 01.07.2022, and the liquidation process commenced on 13.09.2023. During the tenure of Mr. Chandra Prakash Jain as IRP, he, along with his team, conducted a physical verification of assets of the CD located at the project site on 17.08.2022. The site visit report along with list of verified assets, was subsequently provided to the Union Bank of India who is Financial Creditor (FC) and sole member of the committee of creditors (CoC). The Board noted that on 05.09.2023, the FC visited the project site and discovered theft of significant assets. Mr. Chandra Prakash Jain was notified of the theft on 15.09.2023 by the FC.
- 2.1.2 The valuation reports dated 19.09.2022 and 28.09.2022, respectively, prepared during the CIRP, identified 55 asset types with an average fair value and liquidation value amounting to Rs. 3,15,45,258 and Rs. 2,18,31,600, respectively. However, the subsequent site inspection report dated 25.09.2023 and valuation report dated 27.09.2023, prepared during the liquidation period, reflects only 6 asset types with a realizable value of Rs. 60,04,000, which are stated to be taken over on “*As is where basis*” and “*As is what is basis*”. The significant variation in the number and value of assets in the valuation reports pertaining to CIRP and liquidation period indicates a clear instance of theft or loss of assets of the CD.
- 2.1.3 The intimation of theft of assets by another stakeholder and the variation in the valuation reports indicate that Mr. Chandra Prakash Jain, *prima facie*, failed to protect the assets of the CD. The Board observed that Mr. Chandra Prakash Jain remained unaware of the theft until it was brought to his attention by the FC, reflecting gross negligence in exercising adequate control over the assets of the CD. Furthermore, the instance of loss of assets indicates a lack of adequate monitoring of security arrangements at the premises. Such delinquency not only prevented timely corrective actions but also compromised efforts to secure the CD’s assets post-theft.
- 2.1.4 Mr. Chandra Prakash Jain in his reply dated 18.04.2024 submitted that he had raised concerns regarding security issues at the premises, the need for additional security guards, and non-payment to security agencies during the CoC meetings. He further stated that initially, he had deployed security guards with effect from 01.10.2022 and due to hostile conditions at the site and non-payment of dues, the security agency did not want to continue their services. Consequently, a new security agency was engaged, and custody of assets was handed over to it on 09.01.2023. He further submitted that the CoC did not approve expenses towards security services and that there was a deliberate delay on the part of the sole CoC member in informing him of the theft on 15.09.2023, despite their site visit on 05.09.2023. Meanwhile, the order for liquidation of CD was passed by the AA on 13.09.2023 and new IP was appointed as the liquidator.
- 2.1.5 The Board observed that at no point during the CIRP i.e., between the deployment of security guards and intimation of theft by the FC, was there any discussion with the CoC regarding the theft or loss of assets. The Board observed that the first security agency was deployed since 01.10.2022 and accordingly, the list of assets at the premises should have been handed over

to the said security agency. In fact, Mr. Chandra Prakash Jain submitted that the agency also carried out a comprehensive survey of the site, and, thus, would have been aware of the available assets. Furthermore, when the new security agency was engaged on 07.01.2023, the handover list should have also been shared to it. Thereafter, theft of assets was informed to Mr. Chandra Prakash Jain on 15.09.2023. However, there is nothing on record to demonstrate that Mr. Chandra Prakash Jain conducted a stock verification of the assets of the CD either at the time of handing them over to the security agencies or at any point during the intervening time between the engagement of new security agency in January 2023 and the intimation of theft in September 2023. Additionally, as per available records, it is evident that Mr. Chandra Prakash Jain did not take any effective law enforcement measures involving local police to address the concerns raised by the security agencies regarding hostile situation at the premises, nor did he take appropriate steps after becoming aware of the theft or loss of assets of the CD.

- 2.1.6 The Board further observed that despite deployment of security personnel, Mr. Chandra Prakash Jain remained entirely unaware of the situation until it was brought to his attention by another stakeholder, i.e. Union Bank of India, after visiting the premises on 05.09.2023. Given his own assessment that security posed a significant concern at the site, it was incumbent upon Mr. Chandra Prakash Jain, as the RP, to have exercised greater due diligence in maintaining adequate supervision over security arrangements, conducting periodic site visits, implementing proper asset verification measures, and ensuring that the security of assets was not compromised. Had these steps been taken, he would have been aware of the theft at the premise in a timely manner and could have taken appropriate action to ascertain its cause and trace the missing assets. It was the duty of the RP to proactively follow up with the appointed security agency and not wait for any other stakeholder to notify about the theft. Furthermore, no written contemporaneous records have been provided by Mr. Chandra Prakash Jain reflecting any status updates from the security agency regarding condition of assets.
- 2.1.7 Mr. Chandra Prakash Jain conduct reflects gross negligence in ensuring adequate security arrangements and exercising control over the assets of CD. It is also evident that there was a lack of periodic verification of assets thereby indicating failure to exercise necessary due diligence. Thus, Mr. Chandra Prakash Jain failed in his statutory duty to preserve and protect the assets of the CD, resulting in its loss and a substantial reduction in valuation.
- 2.1.8 Section 25(1) of the Code provides that it shall be the duty of the resolution professional to preserve and protect the assets of the CD, including the continued business operations of the CD
- 2.1.9 Mr. Chandra Prakash Jain, as the RP, was duty-bound to take necessary steps to preserve and protect the assets of the CD during the CIRP. It was observed by the Board that this duty was not discharged by Mr. Chandra Prakash Jain with due diligence
- 2.1.10 In view of the above, the Board held the *prima facie* view that Mr. Chandra Prakash Jain had contravened Sections 25(1), 208(2)(a) and 208(2)(e) of the Code and Regulation 7(2)(a) and (h) of IP Regulations read with Clauses 14 and 16 of the Code of Conduct specified in First Schedule to IP Regulations.

2.2 Submissions by Mr. Chandra Prakash Jain.

2.2.1 Mr. Chandra Prakash Jain submitted that after his appointment. he wrote an email to suspended management on 07.07.2022 regarding initiation of CIRP of CD and to handover the assets located at factory premises. Thereafter, he came to know that assets of the CD are at the premises of Nagarjuna Oil Corporation Ltd (NOCL) which is under custody of Liquidator, Mr. Mahesh Venkataraman. In this regard, he sent a letter to the Liquidator of NOCL on 22.07.2022 for arranging Physical verification of the assets and inventory of the CD lying at the premises of NOCL. He received an email response from the Liquidator Mr. Mahesh Venkataraman on 27.07.2022 stating that NOCL has stopped its operations in December 2011. The site had extraordinary theft, gang robbery, looting, fire at warehouses, etc over the last one year or even before. All these were in the knowledge of the CD and its bankers as they had visited the site many times and irregularities were also noticed by them. In order to discuss the issue, he placed the facts in the 1st CoC meeting on 05.08.2024 wherein the security of the assets of the CD was discussed in detail with the CoC members and suspended management. It was informed by the suspended management that assets were having security till 2016-2017 thereafter the bankers had taken symbolic possession of the assets and there was no security at the site and walls of the premises were broken and materials were stolen like steel, copper items etc. He further informed that the recent visit to the site shows loss and theft of material. Thereafter, he asked the sole CoC member, Union Bank of India to share the list of the assets and inventory if any taken at the time of last visit, so that same can be reverified by the IRP to which Union Bank of India confirmed that they have conducted physical verification of the assets lying there and report will be shared by them. However, till date, no such report was shared by Union Bank of India.

2.2.2 Mr. Chandra Prakash Jain submitted that on 01.09.2022, he conducted the 2nd CoC meeting and informed the CoC members as under: -

“The assets of the CD are lying idle with no security and when the IRP question the liquidator of Nagarjuna Oil Corporation Limited (NOCL) on whose land assets of CD were lying, NOCL liquidator responded that he is not responsible for the protection of other people's assets. Hence. the security of the CD's assets is now a severe concern. Then being RP I enquired about the same with suspended board and Mr. Rakshit member of suspended board of CD informed that the assets had adequate security up until 2016-17, however in 2016-17 NOCL was put under CIRP and later in liquidation process and Haldia Petro Chemicals acquired NOCL. Because Haldia has no interest in completing the projects they removed security, leaving the assets idle. As a result of the lack of security at the site, the building's wall have been broken and numerous materials including steel and copper items have been stolen. After taking the note of the situation, I asked CoC about the further course of action in regards of security of assets of CD since there is an urgent need to do so and the applicant being the IRP of the CD is duty bound to protect the assets of the CD. On this CoC member instructed me to appoint two security guard one for the day and one for the night at the site of the CD. Further CoC resolved that Mr. CP Jam IRP of Doshion Water Umbrella {Cuddalore} Pvt Ltd should continue as RP of the CD.”

2.2.3 As stated in the above-quoted extracts of the 2nd CoC meeting minutes, Mr. Chandra Prakash Jain submitted that he had effectively conveyed to the CoC members about the precarious state of the CD's assets. During this meeting, he explicitly underscored the fact that the assets

were lying dormant and exposed to potential risks, necessitating immediate protective measures. He emphasized that the absence of security at the site had already resulted in multiple instances of vandalism and theft. Specifically, the structural integrity of the site had been compromised due to broken walls, and valuable materials such as steel and copper had been unlawfully removed.

- 2.2.4 He submitted that these alarming incidents underscored the urgent need for intervention to safeguard the assets from further deterioration and unauthorized intrusions, Mr. Chandra Prakash Jain urged the CoC members to take cognizance of the situation and provide necessary guidance for implementing security measures. Given the gravity of the situation, it was imperative to act swiftly to prevent further asset depletion and financial losses. Consequently, he proposed the immediate deployment of security personnel to secure the site and mitigate future risks. This proposal was met with deliberation. and the CoC, recognizing the necessity of such measures, resolved to appoint two security guards—one for daytime and one for nighttime surveillance.
- 2.2.5 He submitted that upon receiving approval from the CoC to appoint security guards for safeguarding the assets of the CD, he promptly engaged a Security Agency on 13.09.2022. The agency, upon conducting a thorough site assessment, prepared a comprehensive survey report outlining the critical security concerns. Their report highlighted that the total land area covered approximately 2000 acres, with no proper compound wall with only barbed wire fencing, which was inadequate in preventing unauthorized access. Additionally, they noted the complete lack of onsite accommodation facilities for security personnel, further complicating the deployment of guards.
- 2.2.6 He submitted that given these challenges and the site's remote and vulnerable location, the security agency emphasized the necessity of appointing a total of four guards to ensure the adequate safety and protection of the assets. They also indicated that, due to the site's conditions and logistical constraints,, it would take approximately 10-15 days to arrange and deploy the required personnel. Mr. Chandra Prakash Jain sought further permission from the CoC to increase the number of guards as per the agency's recommendation. After due deliberation, the CoC granted approval for appointing an additional security guard, allowing for the deployment of one guard during the day and two guards at night. Acting upon this approval, he immediately instructed the security agency to proceed with the deployment of three guards, and accordingly, Chennai Professional Security Private Limited stationed security personnel at the site from 01.10.2022.
- 2.2.7 However, despite these measures, the security team soon faced severe challenges. On 08.11.2022, he received multiple communications from the security agency both via email and telephonic conversations detailing the threats and disturbances faced by the guards due to the hostile activities of local individuals. The agency reported that security personnel had encountered numerous life-threatening situations, with no cooperation or assistance from the NOCL team, despite repeated requests. One alarming incident involved a security guard sustaining a severe leg injury after being attacked by a group of intruders attempting to steal materials from the site. The injury occurred when the guard was struck by an iron object dropped by one of the pilferers during the altercation.

- 2.2.8 He further submitted that in the official communication, the Security Agency expressed grave concerns regarding the safety of their personnel and conveyed their unwillingness to continue providing security services under such perilous circumstances. They made it clear that without additional security reinforcements and adequate protection, their guards could not effectively perform their duties, making continued deployment untenable
- 2.2.9 He submitted that as stated above, the assets of the CD were located in an extremely unsafe and secluded area, necessitating stronger security measures. However, due to the non-payment of invoices to the security agency and the CoC's reluctance to approve the appointment of additional security personnel, he, as the Resolution Professional, faced significant difficulties in ensuring the protection of the company's assets. The reluctance of the security personnel to continue their duties under such dire conditions further exacerbated the risks, leaving the CD's assets increasingly vulnerable to trespassing, theft, and further damage
- 2.2.10 He submitted that he conducted the 5th CoC meeting and apprised the CoC that due to non-payment of invoices, security agency was unwilling to serve. The relevant extract was reproduced as under: -

"The existing security agency is unwilling to continue providing services due to non-payment of invoices as well as other threats by local individuals. Furthermore, they wanted to be relieved last month, but the RP requested them to wait until a new Security is appointed

Following this, the RP informed that non-payment of current security agency and non-approval of new security agency is causing a significant hindrance in the safety and security of the Corporate Debtor's assets. The RP informed the CoC that protecting the assets of the Corporate Debtor is the RP's responsibility, and that owing to the lack of response from the CoC members, the RP is unable to fulfil his duties and thus, despite tremendous efforts, the RP is unable to protect the assets of the Corporate Debtor and as a result, the RP is unable to perform his duties as outlined under IB Code, 2016.

The RP apprised the CoC that as already apprised the CoC that during the CIRP period is required to take charge of the Corporate Debtor and hence certain expenses are to be incurred by him during the whole process along with his monthly remuneration. All such expenses form part of CIRP cost, However, the CoC despite of several reminders is not releasing the cost and this creating hindrance in carrying out CIRP procedure,"

"

From the above minutes, it is evident that he had proactively raised this concern before the CoC members regarding urgent need to protect the CD's assets. The pressing issues arose when the security agencies, which had been engaged for site protection, conveyed its unwillingness to continue providing security services. This reluctance was primarily driven by two critical factors: persistent threats and hostile interference from local individuals, as well as the non-payment of their invoices for the past two months.

- 2.2.11 He further submitted that he proactively reached out to SIS Security Agency, which was already engaged by the Liquidator of NOCL. He formally requested a quotation for security services from SIS, as their prior involvement with NOCL's liquidation process meant they had some familiarity with the site and its security concerns. However, the CoC member indicated

that approval for engaging a new security agency required clearance from their internal approving authority. Since Union Bank of India had a branch office in Cuddalore, the CoC member took initiative to facilitate the process of obtaining quotations from local security agencies. The intention was to compare multiple quotes, assess the feasibility of engaging a cost-effective security provider, and then instruct the RP accordingly regarding the appointment of a new agency for asset protection. Thus, despite the challenges, he made concerted efforts to ensure that security arrangements were maintained while adhering to the financial and procedural constraints set by the CoC. Mr. Chandra Prakash Jain remained committed to finding a viable solution to protect the CD's assets, despite the delays and obstacles in securing the necessary approvals.

- 2.2.12 He further submitted that throughout the CIRP of the CD, he had been saddled with significant financial costs due to the non-payment of CIRP expenses by the Union Bank of India (UBI). Despite repeated reminders and follow-ups, UBI failed to release the pending CIRP costs, which included expenses for security services, professional fees, and other operational costs necessary for the preservation and protection of the CD's assets. As a result, he was compelled to bear these expenses from his own pocket to ensure the continuity of the CIR process and the safety of the assets. He submitted that this situation was exacerbated by the fact that the security agency, Chennai Professional Security Private Limited, and later SIS Security Agency, were unwilling to continue their services due to non-payment of their invoices. To prevent the assets from being left unprotected, he had to personally pay Rs. 1,90,143/- to the security agency to ensure their continued services. The RP also filed application before AA for non-payment of CIRP Cost.
- 2.2.13 He further submitted that the complaint by UBI is a retaliatory move, as UBI, who is the complainant in the present case, had also filed an application before the AA raising the same allegations as those forming part of the present complaint. The AA, after hearing the matter, dismissed the application on 14.12.2023, clearly indicating that the allegations lacked merit. He further submitted that the application filed before the AA by the complainant was instituted shortly after Mr. Chandra Prakash Jain initiated legal action for the payment of pending CIRP costs, which shows that it was a counterblast to the application for payment of CIRP costs.
- 2.2.14 He further submitted that on 15.09.2023, two days after the liquidation order was passed, UBI informed him about the theft of assets at the CD's premises. This communication was made despite the fact that UBI had conducted a site visit on 05.09.2023, during which they had observed the condition of the assets. The delay in informing him about the theft until after the liquidation order raises serious concerns about UBI's intentions and timing. Had he been informed immediately after the site visit, he could have taken prompt action to address the situation, including collaborating with the security agency and local police to investigate the matter and secure the assets.
- 2.2.15 Mr. Chandra Prakash Jain further submitted that upon receiving UBI's letter dated 15.09.2023, he immediately wrote to the security agency, SIS Security Agency, to inquire about the status of the assets and the alleged theft. The security agency clarified that when they assumed responsibility in January 2023, the assets were already in a compromised state, including the tank being in a half-cut condition, they also shared videos and photos depicting the challenges they faced, including the inability of the police to control the situation due to large crowds of villagers gathering at the site. This indicates that the assets were already vulnerable when the

security agency took charge, and the theft incident reported by UBI may have been a continuation of the existing issues. Since the liquidation order had already been passed on 13.09.2023, he promptly handed over the charge and custody of the assets to the appointed Liquidator, Mr. Chirag Shah.

- 2.2.16 Mr. Chandra Prakash Jain further submitted that he also informed the Liquidator about UBI's letter regarding the theft and provided all necessary assistance to facilitate the filing of a police complaint. The delay in UBI's communication about the theft, coupled with the fact that the assets were already in a vulnerable state when the security agency took charge, suggests that the incident was not a result of any negligence on part of Mr. Chandra Prakash Jain as RP.
- 2.2.17 Mr Chandra Prakash Jain submitted that the facts clearly demonstrate that he acted with due diligence and in the best interest of the CD's assets, despite the lack of cooperation and financial support from UBI.
- 2.2.18 In the additional written submission, Mr. Chandra Prakash Jain made additional submissions which are as under : -
- 2.2.19 He submitted that there was not a single day on which the premises remained unguarded, and continuous security coverage was maintained throughout the period in question in accordance with the duties and responsibilities cast upon him under the Code.
- 2.2.20 He further submitted that upon receiving email from Bank regarding theft, he immediately wrote to the security agency on 16.09.2023, to inquire about the status of the assets and the alleged theft. On 18.09.2023, it was informed by security agency that certain assets are kept at the NOCL main gate. He promptly contacted Mr. Devang Shah for reverification of the inventory of the CD and to formally hand over charge to the newly appointed Liquidator. Subsequently, on 25.09.2023, Mr. Devang Shah completed the handover of assets to the Liquidator. Mr. Devang Shah issued a certificate that he noticed certain assets at the main gate of NOCL compound which resembled to the CD's asset but could not take any action. Hence, he informed the Liquidator about the certain items allegedly brought by the SIS at the main gate vide email dated 28.09.2023.
- 2.2.21 He further submitted that after he alerted the Liquidator on 28.09.2023 about assets lying near the North gate, there was no further communication or update, leading him to reasonably believe that those assets had either been secured or recovered. Only after a prolonged gap of 15-18 months it was revealed that no reconciliation of those assets had been undertaken.
- 2.2.22 Mr. Chandra Prakash Jain further submitted that he later came to know that the complaint was filed only on 26.10.2023 i.e., almost eight weeks after the reported date of knowledge of occurrence. Even after allegedly learning about the theft, the CoC member failed to act promptly and did not take any concrete step, including lodging a formal FIR, until 26.10.2023 nearly eight weeks later. The police complaint, as lodged, refers merely to " damage to property" and makes no mention of any alleged theft. The initial police complaint, filed after a significant delay, was not converted into a formal FIR despite multiple attempts. It has come to his knowledge that the local police were not convinced of the theft claimed, likely due to the nature of the incident, which appeared to involve movement of goods to a common holding

area rather than unauthorized removal. The police complaint was rejected as given by letter of SP dated 18.02.2025.

2.2.23 He submitted that the non-registration of an FIR supports his position that there was no theft, and that any mismanagement that occurred post-handover resulted from the inaction of the SCC/CoC member and the Liquidator. The adjudication of whether an act constitutes theft is strictly governed by the provisions of Section 303 of the Bharatiya Nyaya Sanhita (BNS) Act, 2024. Upon a thorough examination, it is evident that the essential legal ingredients required to establish the offence of theft are not satisfied in the present matter. Consequently, in the absence of fulfilment of these statutory prerequisites, no valid allegation of theft can be sustained under the law. Furthermore, there has been no formal enquiry, investigation, or issuance of summons to him as RP in connection with the alleged theft during his tenure. The complete lack of procedural steps, as mandated under criminal jurisprudence, further negates the Complainant's allegations. Thus, in light of the deficient factual and legal basis, the allegation of theft remains wholly unsubstantiated and devoid of merit.

2.2.24 He submitted that after the hearing before the DC on 26.06.2025, he wrote an email dated 30.06.2025 to Liquidator - Mr. Chirag Shah for providing the following information: -

"1. Copies of the complaints filed with Tamil Nadu Police Station on the following dates: 26.10.2023, 04.12.2023 and 19.12.2023
2. Complete list of assets along with their respective values, as per the following details:
a) Plant and Machinery worth Rs. 1.69 crore stated as lost due to theft, as per Note 22 of the Balance Sheet for the year ending March 2024
b) Assets sold as per Note 16 of the Balance Sheet of 31.03.2024 amounting to Rs. 51 lakh
c) Assets currently available for sale
d) Assets identified and treated as scrap
3. As informed by SIS vide email dated 18.09.2023 and further informed to you vide our email dated 28.09.2023, that certain items/assets of the CD were reported to be lying at the front gate of the NOCL. We request you to kindly update us on the current status of those assets."

However, apart from the aforementioned police complaint—which was rejected—no further documentation or clarity was provided by Mr. Chirag Shah.

2.2.25 Further an email was sent to Mr. Chirag Shah requesting him to schedule a site visit for asset verification. Following a subsequent verbal confirmation from Chirag Shah, site visit was scheduled on 05.07.2025 at Cuddalore. Further, he also sent an email dated 01.07.2025 to Liquidator of NOCL to depute personnel who can assist in identification of assets lying at the main gate of NOCL. He wrote an email to CPSS and SIS to confirm whether there was any incident of theft or damage of property during their tenure. However, no response received from them. The site visit was successfully conducted on 05.07.2025 in the presence of Mr. Devang Shah (Registered Valuer), Mr. Chirag Shah (Liquidator of CD) and Mr. Rathin Majumdar (Erstwhile RP team member). During the visit, physical verification of the assets lying at the premises was undertaken. In last 20 months post demitting the office of RP, several developments have taken place i.e NOCL has conducted asset auctions, HPL has taken over the charge over NOCL and assumed control, and various changes have occurred at the site. Despite these developments, a recent visit revealed that a significant quantity of equipment remains dumped at the premises, some of which may still belong to the CD. The

equipment's/tanks are lying in open space rusting since years which may have scrapped also. Many of the tanks and equipment belonging to the CD were similar in appearance to those of NOCL. However, no timely effort was made by the Liquidator, SCC, or the security agency to verify and identify these assets. Given that charge was subsequently handed over to HPL and significant asset disposal has since occurred, recovery or identification of those assets is now highly impractical. The real issue appears to be the negligence in reclaiming the relocated assets from the common holding area. SIS, the same security agency engaged for the CD, was also responsible for security at the NOCL plant where Union Bank of India was a member of the SCC. Despite this, when movements of certain assets were noticed at the north gate of the premise, no immediate action appears to have been taken by the Liquidator, SCC members, or SIS.

2.2.26 He further submitted that even at no point did SIS inform him about any such movement of assets. Had this information been shared timely, he would have taken timely action to identify and reclaim the assets. The consistent inaction on the part of the CoC/ SCC member, coupled with the rejection of the complaint by the police, supports the conclusion that no theft actually occurred. Rather, some equipments and assets were moved to a common area under SIS's custody but was not reclaimed due to administrative lapse and lack of coordination. Furthermore, it was later learned that the local authorities and police cooperated significantly and had even deployed Armed personnel to safeguard assets at NOCL Compound. This reinforces the belief that the assets were merely relocated and not stolen. It is informed that police suggested NOCL to dump all the assets scattered across 860 acres area of land of various companies/agencies at a common place for effective security near the main gate. Since the Security agency was same, it was a convenient decision. Even Mr. Devang Shah via email dated 06.07.2025 stated that he had identified a total of 04 FRP tanks and 01 pipe, which were confirmed as belonging to CD. Additionally, it was observed that a few more assets lying near North Gate (Gate No. 1) like a few nos. of tanks and pipes, prima facie resemble the assets previously associated with CD, but due to the lack of clear identification markings and current disassembled condition, it cannot be claimed that these belong to CD at the present condition of assets. Acting in good faith, he entrusted the same individual with the custody of assets - both at the time of handover and during his recent visits. The recurring observation that some of the items presently resemble those belonging to the CD suggests that the assets were not stolen, but rather relocated and later neglected by those who were responsible. As per the Valuation Report dated 19.09.2022 issued by Mr. Devang Shah - Registered Valuer, the fair value of the CD's assets was assessed at Rs.3,04,50,000, and the liquidation value at Rs.2,13,00,000. However, it is rather surprising that the Liquidator initiated the e-auction process for the sale of the Corporate Debtor as a going concern at a reserve price of Rs. 23 crores. Even majority of assets of CD has already been sold by Liquidator. Thus, he strongly deny any incidence of theft during his tenure.

2.3 Analysis and findings of the DC.

2.3.1 The DC has gone through written and oral submissions of Mr. Chandra Prakash Jain and other relevant material on record. It is noted that under Section 25(1) of the Code, the RP has a statutory obligation to preserve and protect the assets of the CD. In addition, Clauses 14 and 16 of the Code of Conduct under the First Schedule of the IP Regulations require the RP to exercise reasonable care and diligence and ensure the CIRP is conducted efficiently and without delay. In the present case, it is evident that the RP was fully aware of the vulnerable

situation at the Sinnar plant, where the CD's assets were located. The premises had no operational activity and had already been subjected to repeated incidents of theft, looting, and vandalism prior to commencement of the CIRP. The RP was informed by the suspended management and the liquidator of NOCL, within whose premises the assets were located, about the deteriorating condition and the need for vigilant asset protection. The RP did make certain efforts in this regard by placing the matter before the CoC and obtaining their approval for engaging a security agency. However, these steps were not sufficient given the scale and nature of risk. It is noted that the premises spanned approximately 2000 acres and lacked proper fencing or security infrastructure, making it highly susceptible to encroachment and theft. Although the RP engaged security personnel, there is no evidence of any periodic physical verification of the assets between insolvency commencement date and the commencement of liquidation in September 2023.

- 2.3.2 Despite the security agency raising concerns in writing about the prevailing threats and unwillingness to continue services due to non-payment and lack of basic amenities, no concrete step was taken by the RP to escalate the matter to police authority. The RP submitted that the CoC did not cooperate and failed to approve or disburse CIRP costs in time. While the DC acknowledges this constraint, it is observed that the RP did not propose before the CoC to sale the assets during the CIRP under Regulation 29 of CIRP Regulation as it would have led to value maximization or approach the AA in a timely manner to seek directions if this was the case after obtaining approval from CoC in light of threat to the assets. The RP's blaming the CoC's decisions without legal recourse cannot absolve him of the responsibility to safeguard the assets entrusted to him.
- 2.3.3 Furthermore, a comparison of the valuation reports during CIRP and liquidation clearly indicates a significant drop in asset base and value—from 55 types of assets to merely 6—pointing to substantial deterioration during the RP's tenure. The RP's claim that there may not have been any theft but a possible relocation of assets is speculative and not backed by any effort on his part to reconcile the assets.
- 2.3.4 The DC also notes that the RP has not maintained or placed on record any documentary evidence of the takeover or handover between the first security agency and the second security agency. Had such documentation been in place, it would have provided clarity and accountability regarding the continuity of security arrangements, and the present dispute regarding loss of assets would not have arisen. The absence of such records reflects lack of due diligence in maintaining proper documentation of critical processes.
- 2.3.5 The DC further notes that there is no record of him formally attempting to recover or account for the lost assets during the CIRP. His submission that the absence of police action negates professional misconduct is misplaced, as regulatory and professional accountability is distinct from criminal liability. The role of the RP is fiduciary in nature and demands utmost diligence, especially in cases where known risks threaten the value of the CD's estate. While the RP did make some representations to the CoC and highlighted the issue of security, these remained largely perfunctory. The failure to take decisive steps in light of repeated warnings, lack of monitoring, and absence of timely legal recourse constitute a breach of duty. The DC is of the view that the RP failed to maintain adequate vigilance and did not exercise the level of professional care expected under the Code and the IP Regulations.

2.3.6 In light of the above, the DC holds the contravention.

2.4 Non-compliance of requirements regarding filing of liquidation application before AA resulting in avoidable delays.

2.4.1 Section 33(2) of the Code provides that where the RP, at any time during the CIRP but before confirmation of resolution plan, intimates the AA of the decision of the CoC, approved by not less than sixty-six per cent of the voting share to liquidate the CD, the AA shall pass a liquidation order. In terms of the proviso to section 33(2), the CoC is empowered to take a decision to liquidate the CD, any time after its constitution and before the confirmation of the resolution plan.

2.4.2 As per regulation 39(4) of CIRP Regulations, RP is required to submit the resolution plan approved by the CoC to the AA at least fifteen days before the maximum period for the completion of CIRP. Further, in terms of regulations 39B, while approving a resolution plan or deciding to liquidate the CD, the CoC is required to make a best estimate of the amount required to meet liquidation costs in consultation with RP and RP is required to submit such resolution plan while filing CoC's approval of resolution plan or decision to liquidate the CD. Furthermore, in terms of regulation 39C, the CoC is required to make an assessment of sale of CD as a going concern and RP is required to submit such recommendation of CoC while filing CoC's approval of resolution plan or decision to liquidate the CD.

2.4.3 The conjoint reading of the abovesaid provisions indicate that the above-said requirements are to be met collectively and the application submitting resolution plan approved by CoC or its decision to liquidate is to be submitted to AA.

2.4.4 The Board noted that Mr. Chandra Prakash Jain filed the application seeking approval for liquidation of CD before AA without obtaining requisite approval of the CoC and ensuring compliance of the requirements of regulations 39B and 39C of the CIRP Regulations. The lack of due diligence and non-compliance of these requirements is evident from the observations of the AA in its order dated 17.07.2023 where the AA while considering the application for liquidation noted that the resolution required under regulation 39B and 39C, etc. has not been placed on record.

2.4.5 The Board has further observed that in the 7th CoC meeting held on 30.01.2023, the agenda for discussion of resolution plan of one of the resolution applicants was placed for consideration of the CoC. However, the CoC had rejected the resolution plan and indicated its willingness to go for liquidation of the CD. Subsequently, in the 8th CoC meeting held on 20.03.2023, Mr. Chandra Prakash Jain apprised the CoC about the requirement to pass a resolution through voting on its decision to liquidate the CD. However, despite being aware of the requirements for voting and passing a resolution by the CoC, he proceeded with filing of application seeking order for liquidation of CD before the AA on 30.03.2023. It was only after the specific directions of AA in its order dated 17.07.2023 that the 10th CoC meeting was convened on 01.08.2023 to facilitate voting and passing of resolution by CoC regarding its decision for liquidation of CD.

2.4.6 Due to negligence and lack of due diligence by Mr. Chandra Prakash Jain, *prima facie* decision taken by the CoC in its 7th meeting held on 30.01.2023 came to be voted and passed with a

resolution in the 10th meeting held on 01.08.2023, i.e., leading to a delay of about six months. The aforesaid sequence of events indicates a lack of diligent conduct on part of RP, non-compliance with the requirements regarding seeking approval of the CoC on initiation of liquidation of CD and avoidable delay in filing application seeking order for liquidation of CD before AA.

2.4.7 In view of the above, the Board held the *prima facie* view that Mr. Chandra Prakash Jain had contravened Section 33(2) of the Code, Regulations 39(4), 39B and 39C of CIRP Regulations and Regulations 7(2) (a) and (h) of IP Regulations read with Clauses 13 and 14 of the Code of Conduct specified in First Schedule to IP Regulations.

2.5 Submissions by Mr. Chandra Prakash Jain.

2.5.1 Mr. Chandra Prakash Jain submitted that during the 7th CoC meeting held on 30.01,2023, the RP presented the status of the resolution plan submitted by the Prospective Resolution Applicant (PRA). Upon inquiry, the representative of Union Bank of India categorically confirmed the rejection of the resolution plan and conveyed the CoC's intent to proceed with liquidation. Despite this, the RP sought further clarification on whether there was any possibility of negotiation or revision of the resolution plan, but the CoC unequivocally reiterated their decision for liquidation. This discussion and resolution were duly recorded in the minutes of the 7th CoC meeting.

2.5.2 He submitted that in compliance with statutory provisions, the RP sent 8th CoC meeting notice and agenda in which list of matters to be discussed was mentioned and included at point no. 7 -'*To pass resolution for acceptance or rejection of resolution plan and for liquidation*'. Further RP convened the 8th CoC meeting on 20.03.2023 to deliberate on the next course of action. During this meeting, the RP explicitly informed the CoC that, notwithstanding the rejection of the resolution plan in the previous meeting, the liquidation process could not be initiated unless the requisite resolutions under Regulation 39B and 39C of the CIRP Regulations were formally passed. He submitted that based on the discussion held in the 8th CoC meeting, initiated E-Voting and placed the resolution for approval or rejection of Resolution Plan and Resolution for Liquidation. However, the Resolutions were not voted by the sole CoC member i.e. UBI. The CoC abstained from passing the Resolutions Thereafter RP received an e-mail dated 21.03.2023 from the UBI stating that there is no requirement of conducting E-voting. He asked the UBI by same e-mail as to whether the RP should consider that all the Resolutions are approved by the CoC. The UBI in response to the same replied via another e-mail that the Resolution Plan is rejected and Liquidation Application is to be filed. The CoC informed that the CIRP cost will be paid once necessary approvals are taken from competent authority.

2.5.3 He submitted that due to the CoC's continued non-cooperation, the RP faced significant challenges in proceeding with the liquidation process. Despite multiple requests, the CoC remained unwilling to pass the necessary resolutions as per the prescribed regulatory requirements. With no alternative available and under repeated insistence from the sole CoC member, the RP was ultimately compelled to file the liquidation application on 28.03.2023

under Sections 33(1), 33(2). and 34(1) of the Code, without the formal resolution under Regulations 39B and 39C. When the matter was heard before the AA, the order dated 17.07.2023 duly recorded the absence of the required resolutions. During the proceedings, the counsel for the RP apprised the AA of the circumstances wherein the CoC had categorically refused to pass the necessary resolutions. After hearing both parties, the Tribunal directed the RP to reconvene a CoC meeting and obtain the requisite resolutions.

2.5.4 In compliance with the directions of the AA, the RP conducted the 10th CoC meeting, wherein the resolution for the initiation of liquidation was finally passed with 100% voting. This delay in initiating the liquidation process was solely attributable to the CoC's failure to comply with the statutory requirement of passing the necessary resolutions, despite the RP's persistent efforts and multiple reminders. It is, therefore, evident that the RP has acted with due diligence and in complete adherence to the provisions of the IBC and the CIRP Regulations, The delay in filing the liquidation application was not due to any lapse or inaction on the part of the RP but was a direct consequence of the CoC's defiant behaviour and failure to discharge their statutory responsibilities.

2.5.5 The RP consistently advised and informed the CoC regarding the mandatory regulatory requirements; however, the CoC failed to act in accordance with the Legal framework, Therefore, the allegations of non-compliance against the RP are baseless and lack any merits.

2.6 Analysis and Findings of the DC.

2.6.1 The DC notes that Regulations 39B and 39C of the CIRP Regulations mandate that the CoC, in consultation with the RP, must estimate the liquidation cost and assess the feasibility of selling the CD as a going concern, and the RP is required to submit these resolutions along with the liquidation application.

2.6.2 The DC notes from the agenda and minutes of the 7th and 8th CoC meetings that the RP, Mr. Chandra Prakash Jain, neither apprised the CoC of the requirement under Regulations 39B and 39C nor placed any resolutions in this regard for their consideration. In the 7th CoC meeting held on 30.01.2023, the CoC expressed its intent to liquidate the CD after rejecting the resolution plan. It was incumbent upon the RP, being the subject-matter expert, to guide the CoC on the procedural and regulatory compliances necessary under the Code. The RP submitted that he informed the CoC about these requirements; however, there is no mention of such communication in the notice agenda, or minutes of the 7th and the 8th CoC meetings. It is only in the 10th CoC meeting held on 01.08.2023, following specific directions from the AA, that the CoC passed the required resolution under the said Regulations.

2.6.3 The DC notes that despite being aware of the statutory requirements and the absence of formal CoC resolutions under Regulations 39B and 39C, the RP proceeded to file the liquidation application. This action, taken in disregard of procedural compliance, led to avoidable delays and reflects a lack of due diligence. RP is expected to ensure that the CoC functions within the framework of the Code and Regulations and that all mandatory requirements are fulfilled

before approaching the AA. Filing the application without complying with Regulations 39B, 39C demonstrates a failure to discharge this responsibility.

- 2.6.4 The DC notes the submission of RP that the CoC was uncooperative and had instructed him to file the application. However, the DC is of the view that such instructions cannot override statutory obligations. The RP is duty-bound to conduct the process strictly in accordance with law. In view of the above, the DC holds the contravention.

3. Order.

- 3.1. 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 suspends the authorisation for assignment of Mr. Chandra Prakash Jain (Registration No. IBBI/IPA-001/IP-P00147/2017-2018/10311) for a period of six months.
- 3.2. This Order shall come into force on expiry of 30 days from the date of its issue.
- 3.3. A copy of this order shall be forwarded to the Indian Institute of Insolvency Professionals of ICAI where Mr. Chandra Prakash Jain is enrolled as a member.
- 3.4. A copy of this order shall be sent to the CoC/ Stakeholder Consultation Committee (SCC) of all the Corporate Debtors in which Mr. Chandra Prakash Jain provides his services, if any. The CoC/SCC may decide whether to continue his services or not. In case the CoC/SCC decide to discontinue his services, the CoC/SCC may file an appropriate application before the AA.
- 3.5. A copy of this order shall also be forwarded to the Registrar of the Principal Bench of the National Company Law Tribunal, New Delhi, for information.
- 3.6. Accordingly, the show cause notice is disposed of.

sd/-

(Dr. Bhushan Kumar Sinha)

Whole Time Member

Insolvency and Bankruptcy Board of India

sd/-

(Sandip Garg)

Whole Time Member

Insolvency and Bankruptcy Board of India

Dated: 20 August 2025

Place: New Delhi