INSOLVENCY AND BANKRUPTCY BOARD OF INDIA
(Disciplinary Committee)

No. IBBI/DC/276/2025 06 March 2025

ORDER

This Order disposes of the Show Cause Notice (SCN) No. COMP-11012/196/2023-IBBI/8457/201 dated 30.04.2024, issued to Ms. Sonu Jain, an Insolvency Professional registered with the Insolvency and Bankruptcy Board of India (IBBI/Board) with Registration No. IBBI/IPA-001/IP-P00575/2017-2018/11016, who is a Professional Member of the Insolvency Professional Agency of Indian Institute of Insolvency Professional of ICAI.

1. Background

1.1. The National Company Law Tribunal, Kolkata (AA) admitted the application filed by Religare Finvest Limited under Section 7 of the Insolvency and Bankruptcy Code, 2016 (Code) for initiating the corporate insolvency resolution process (CIRP) of Venkateshwara Capital Management Limited (CD/Corporate Debtor) *vide* its order dated 05.03.2019 whereby Mr. Shashi Agarwal was appointed as the Interim Resolution Professional (IRP) and later confirmed as Resolution Professional (RP). The AA v*ide* its order dated 29.11.2019 ordered for the liquidation of the CD and appointed Ms. Sonu Jain as the liquidator.

1.2. The AA vide its order dated 10.10.2023 made some observations regarding the conduct of Ms. Sonu Jain in the liquidation of the CD. Subsequently, the IBBI in exercise of its powers under Section 218 of the Code, read with Regulations 7(1) and 7(2) of the Insolvency and Bankruptcy Board of India (Inspection and Investigation), Regulations, 2017 (Investigation Regulations), appointed an Investigating Authority (IA) to conduct an investigation of Ms. Sonu Jain in the liquidation of the CD.

1.3. Accordingly, a notice of investigation under Regulation 8(1) of the Inspection and Investigation Regulations was issued to Ms. Sonu Jain on 13.12.2023 with a request to provide reply along with relevant documents. Ms. Sonu Jain submitted reply to the investigation notice vide e-mail dated 22.12.2023. Certain additional documents were sought from her vide email dated 30.01.2024 and 07.02.2024 to which she provided her reply by email dated 07.02.2024 and 08.02.2024. After considering the replies submitted by Ms. Sonu Jain, the IA submitted the Investigation Report (IR) to the Board on 19.03.2024.

1.4. Based on the findings of the investigation as mentioned in the Investigation Report submitted by the IA, the Board formed a *prima facie* view that Ms. Sonu Jain had contravened several provisions of the Code, the IBBI (Liquidation Process) Regulations, 2016 (Liquidation Regulations) and the IBBI (Insolvency Professionals) Regulations, 2016 (IP Regulations) and issued the SCN to Ms. Sonu Jain on 30.04.2024. Ms. Sonu Jain submitted her reply to the SCN on 14.05.2024.

1.5. The SCN and response of Ms. Sonu Jain to the SCN, were referred to the Disciplinary Committee (DC) for disposal of the SCN. Ms. Sonu Jain availed the opportunity of personal hearing before the DC through virtual mode on 09.01.2025. Pursuant to the personal hearing, Ms. Sonu Jain submitted additional documents *vide* her email dated 09.01.2025.

2. Alleged contraventions, submissions of Ms. Sonu Jain and findings of the DC.

The contraventions alleged in the SCN, submissions by Ms. Sonu Jain and findings of the DC are summarized as follows:

2.1. **<u>Contravention-I: Delay in filling the Dissolution Application.</u>**

2.1.1. In the balance sheet of the CD for the year ended March 2018, the CD had investments amounting to Rs.5,03,88,344(Rupees five crores three lakhs eighty-eight thousand three hundred and forty four) as shares in two companies. These shares were sold by the directors of the CD prior to commencement of CIRP, for which an avoidance application was filed by the erstwhile RP on 16.08.2019. Ms. Sonu Jain submitted that there were no realisable assets and filed the dissolution application before the AA on 23.04.2022.

2.1.2. Ms. Sonu Jain mentioned in her reply during the investigation that directors were not cooperating with her for asset realisation and ascertainment of statutory details. However, no application was filed by Ms. Sonu Jain against such non-cooperation before the AA.

2.1.3. As per the records, Ms. Sonu Jain filed the final progress report and Form H on 30.09.2023, instead of filing the same with the dissolution application.

2.1.4. From the above, it was observed that Ms. Sonu Jain prolonged the filing of dissolution application and thus failed to complete the liquidation process within a period of one year despite there being no realisable assets. Further, the dissolution application filed by Ms. Sonu Jain was incomplete in the absence of final progress report and Form H. Ms. Sonu Jain also failed to approach the AA against non-cooperation of directors of the suspended board of the CD during the liquidation process.

2.1.5. In view of the above, the Board was of the *prima facie* view that Ms. Sonu Jain had contravened provisions of Sections 208(2)(a) and (e) of the Code, Regulations 9, 44(1), 45(3) of the Liquidation Regulations, Regulations 7(2)(a) and (h) of the IP Regulations read with Clauses 13, 14 and 15 of the Code of Conduct as specified in the First Schedule of the IP Regulations (Code of Conduct).

Submissions by Ms. Sonu Jain.

2.1.6. Ms. Sonu Jain submitted that she was appointed as the liquidator of the CD and had faced non-cooperation from the directors of the suspended board of the CD. Ms. Sonu Jain had requested directors of the suspended board of the CD through several emails and letters for information and documents relating to the assets, finances and operations of the CD, however, the suspended board of the CD and other officials were not cooperating with her and as such Ms. Sonu Jain could not collect any information relating to the assets, finances and operations of the CD for determining its financial position, including information relating to the business operations and the list of assets and liabilities.

2.1.7. Ms. Sonu Jain further submitted that an application was filed by the erstwhile RP Mr. Shashi Agarwal on 16.08.2019 under Section 43,44,45,46,48,49, 66, 68, 69 and other applicable provisions of the Code against directors of the suspended board of the CD for non-cooperation which was also continued from the date of her appointment as Liquidator of the CD on 29.11.2019. During hearing of above application by the AA on 07 02 2020, the AA asked Ms. Sonu Jain if she wants to continue with the application. Ms. Sonu Jain made a statement that she wishes to continue with this application, as again filing the same application will only add to the cost burden on the Liquidator. She had to bear the expenses of the drafting and filing out of her own pocket as it was evident that the CD had no realizable assets and/or properties and/or inventories in its name to cover the cost of the liquidation process.

2.1.8. Ms. Sonu Jain submitted that on 11.03.2022, she was present through video conference and again made the statement to continue the IA filed for non-cooperation against the directors of the CD. However, the AA dismissed the application as infructuous. She submitted that liquidator's duty is to intimate the AA about any kind of mischief in the CD through application and arguments and that she did. It was up to the AA whether they would give justice to the application or not. She could not go beyond the AA's decision.

2.1.9. Ms. Sonu Jain submitted that she had continued this application for non-cooperation for almost 2.7 years from 16.08.2019 till 11.03.2022 and asked for the necessary directions in this application in every hearing but due to paucity of time matter could not be taken and adjourned to next hearing dates (hearing dates – 13.03.2020, 29.01.2021, 22.02.2021, 12.07.2021) and then the Covid-19 pandemic started and followed by declaration of nationwide lockdown for a good amount of period, as a result of which matters couldn't be taken physically and properly.

2.1.10. Ms. Sonu Jain submitted that she wished to file the application for dissolution of the CD because according to her, there were no realisable assets. She filed the dissolution application on 23.04.2022 before the AA and the same was rejected by the AA *vide* its order dated 10.11.2023 due to absence of Form H. Ms. Sonu Jain also submitted that the application was prepared by the advocate and the Form H was inadvertently missed by the junior of the advocate. She submitted that the dissolution application filled by her was incomplete due to clerical mistakes which was wholly unintentional and a bonafide mistake and oversight.

2.1.11. Ms. Sonu Jain submitted that the AA vide its order dated 05.02.2024 had granted permission to Ms. Sonu Jain to file for the dissolution again and the dissolution application along with Form H was prepared and the same had since been submitted before the AA on 20.03.2024. The AA *vide* its order dated 02.04.2024, had allowed the dissolution of the CD under Section 54(1) of the Code, 2016.

Analysis and Findings of the DC.

2.1.12. The DC notes that the liquidation of the CD commenced *via* the AA's order dated 29.11.2019. The DC notes submission of Ms. Sonu Jain that she communicated with the directors of the suspended board through several emails and letters, seeking necessary information about the CD. The DC also notes that Ms. Sonu Jain pursued the application filed before the AA by the erstwhile RP in the present matter where direction was sought for return the non-current investment amounting to Rs. 5,03,88,344(Rupees five crores three lakhs eighty-eight thousand three hundred and forty four) along with direction to handover the assets of the CD. The said IA was dismissed as infructuous by the AA on 11.03.2022.

2.1.13. The DC notes that the said application filed by the erstwhile RP was under Section 43,45. 49, 66, 68, 69 and other applicable provisions of the Code. The DC further notes that the AA vide its order dated 30.07.2019 had disposed of the C.A(IB)945/KB/2019, application filed under Section 19 of the Code for a direction upon the promoters/directors of the CD to co-operate in completion of CIRP of the CD. Hence, no application was pending for non-cooperation before the AA. The DC notes that along with the efforts of sending email and letters, application under Regulation 9 of the Liquidation Regulations was required to be filed by Ms. Sonu Jain for seeking direction against the board of suspended directors to extend their co-operation. Thus, Ms. Sonu Jain made incorrect submission regarding pendency of application for non-cooperation against the directors of the suspended board of the CD.

2.1.14. The DC notes that the Regulation 45 (3) of the Liquidation Regulation provides as under *"The liquidator shall submit an application along with the final report and the* *compliance certificate in form H to the Adjudicating Authority for –*

a) closure of the liquidation process of the corporate debtor where the corporate debtor is sold as a going concern; or

(b) for the dissolution of the corporate debtor, in cases not covered under clause (a).”

2.1.15. Ms. Sonu Jain had filed dissolution application on 23.04.2022 which was rejected by the AA on 10.11.2023 due to the absence of the Form H. The DC notes the submission of Ms. Sonu Jain that the said dissolution application had been prepared by the advocate and the Form H was inadvertently missed by the junior of the advocate. However, it is responsibility of Ms. Sonu Jain, as a liquidator, to ensure the filing of the dissolution application correctly with all the required enclosures. Form H is an important document and mandated by Regulation 45(3) of Liquidation Regulation to be annexed with the dissolution application. Therefore putting the blame on the junior of the advocate by Ms. Sonu Jain, for missing Form H with the dissolution application, is not tenable as the prime responsibility of all actions/ inactions continue to rest with the Liquidator.

2.1.16. Further, upon perusal of the Form H, submitted by Ms. Sonu Jain with her additional written submission, subsequent to the personal hearing, the DC notes that the preliminary report and asset memorandum were submitted to the AA on 10.02.2020 and 12.02.2020, respectively. The DC also notes that Ms. Sonu Jain has stated that the CD had no realisable assets. When the CD had no realisable assets, there was no point in prolonging the liquidation process. However, Ms. Sonu Jain filed the final report before the AA only on 31.03.2021, almost one and half year after the liquidation commencement date and the dissolution application was filed one year thereafter, on 23.04.2022. Ms. Sonu Jain, thus, unnecessarily delayed the conclusion of the liquidation process.

2.1.17. In view of the above findings, the DC holds the contravention.

3. Order.

3.1. The DC, in exercise of the powers conferred under Section 220 (2) of the Code read Regulation 11 of the IP Regulations and Regulation 13 of the Investigation Regulations hereby suspends the registration of Ms. Sonu Jain having Registration No. IBBI/IPA-001/IP-P00575/2017-2018/11016 for a period of one year.

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 sent to the CoC/ Stakeholder Consultation Committee (SCC) of all the Corporate Debtors in which Ms. Sonu Jain is providing her services, if any. The CoC/SCC may decide whether to continue her services or not. In case, the CoC/SCC decide to discontinue her services, the CoC/SCC may file an appropriate application before the AA.

3.4. A copy of this order shall be forwarded to the Insolvency Professional Agency of Indian Institute of Insolvency Professional of ICAI where she is enrolled as a member.

3.5. A copy of this Order shall also be forwarded to the Registrar of the Principal Bench of the National Company Law Tribunal, for information.

3.6. Accordingly, the show cause notice is disposed of.

Sd/-
(Jayanti Prasad)
Whole Time Member
Insolvency and Bankruptcy Board of India

Dated: 06 March, 2025
Place: New Delhi