

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

(Disciplinary Committee)

No. IBBI/DC/349/2026

30 October 2026

ORDER

This Order disposes of the Show Cause Notice (SCN) No. COMP-11012/26/2026-IBBI/1956/717 dated 22.06.2026, issued to Mr. Fanendra Harakchand Munot, who is an Insolvency Professional (IP) registered with the Insolvency and Bankruptcy Board of India (IBBI/Board) having Registration No. IBBI/IPA-001/IP-P00515/2017-2018/10916 and a Professional Member of the Insolvency Professional Agency of Indian Institute of Insolvency Professionals of ICAI.

1. Background

- 1.1. The Corporate Insolvency Resolution Process (CIRP) of Shree Bhimeshwari Ispat Private Limited (Corporate Debtor/CD) commenced *vide* order dated 28.11.2019, of the NCLT Mumbai Bench (Adjudicating Authority/AA) on an application under section 7 of the Insolvency and Bankruptcy Code, 2016 (“Code”) filed by the financial creditor Oriental Bank of Commerce, wherein Mr. Fanendra Harakchand Munot was appointed as the interim resolution professional (IRP). Thereafter, he was appointed as Resolution Professional (RP) on 04.01.2020.
- 1.2. The Board took cognizance of the order dated 28.04.2025 passed by the AA in IA No. 141/2023 in CP IB No. 4550/MB-II/2018 wherein the AA made observations with respect to his conduct in the capacity of RP of the CD.
- 1.3. The Board examined the said observation of the AA vis-à-vis reply of Mr. Fanendra Harakchand Munot to the same and other material available on record. Based on such examination and material available on record, the Board formed a prima facie view that Mr. Fanendra Harakchand Munot had contravened provisions of the Code and Regulations framed thereunder and issued SCN to Mr. Fanendra Harakchand Munot on 22.06.2026. Mr. Fanendra Harakchand Munot submitted his reply to the SCN on 06.07.2026.
- 1.4. The SCN and its response by Mr. Fanendra Harakchand Munot were referred to the Disciplinary Committee (DC) for disposal of the SCN. Mr. Fanendra Harakchand Munot availed the opportunity of personal hearing before the DC through virtual mode on 16.10.2026 where he appeared with his advocate Ms. Prashansa Agrawal. Mr. Fanendra Harakchand Munot also submitted his additional written submissions on 17.10.2026. The DC has considered the SCN, the reply to SCN, oral and written submissions of Mr. Fanendra Harakchand Munot, and proceeds to dispose of the SCN.

2. **Alleged Contravention, submissions of Mr. Fanendra Harakchand Munot and analysis and findings of the DC.**

Incorrect computation and misrepresentation of CoC voting results leading to erroneous declaration of approval of the resolution plan

- 2.1 Section 30(4) of the Code provides that the committee of creditors may approve a resolution plan by a vote of not less than sixty-six per cent of the voting share of the financial creditors, after considering its feasibility and viability, the manner of distribution proposed, which may take into account the order of priority amongst creditors as laid down in sub-section (1) of section 53, including the priority and value of the security interest of a secured creditor and such other requirements as may be specified by the Board.
- 2.2 Regulation 26 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (“CIRP Regulations”) governs voting through electronic means and requires the resolution professional to provide each member of the committee the means to exercise its vote by either electronic means or through electronic voting system in accordance with the provisions of this Regulation. The regulation further mandates that at the conclusion of a vote, the resolution professional shall announce and make a written record of the summary of the decision taken on a relevant agenda item along with the names of the members of the committee who voted for or against the decision or abstained from voting.
- 2.3 It was noted that the resolution plan submitted by Khatav Man Taluka Agro Processing Limited was put to vote before the CoC in the 8th meeting held on 21.10.2020. The voting results reflected 61.31% votes in favour of the resolution plan, 30.37% votes against the resolution plan, while State Bank of India (SBI), holding 8.32% voting share, did not cast its vote during the e-voting process.
- 2.4 It was also noted that while computing the voting percentage, Mr. Fanendra Harakchand Munot excluded the voting share of SBI from the denominator on the ground that SBI had not participated in the e-voting process. Consequently, the active voting share was recalculated as 91.68% by considering only those members of the CoC who participated in the e-voting process. Accordingly, the votes cast in favour of the resolution plan i.e., 61.31% were treated as constituting approximately 67% of the active voting share of 91.68%. On this basis, the resolution plan was declared approved by the CoC with approximately 67% voting share.
- 2.5 It was further noted from the minutes of the 8th CoC meeting that SBI was a member of the CoC and had attended the said meeting. Therefore, the exclusion of SBI's voting share was not on account of absence from the CoC meeting but solely on account of non-casting of vote during the e-voting process.
- 2.6 It was further observed from the application (IA No.146 of 2021) filed by Mr. Fanendra Harakchand Munot before the AA seeking approval of the resolution plan that the

resolution plan was presented as having been approved with 67% voting share in favour and 33% voting share against the resolution plan. However, the said representation was based on exclusion of SBI's voting share from the denominator while calculating the voting percentage. The relevant extracts of the said application are reproduced hereunder:

"After the 8th CoC meeting, the voting was held through electronic platform and the period for voting was from 9th November, 2020 to 23rd November, 2020. One member did not vote. Hence, as per the voting results 67% of CoC members voted in favour of the plan and 33% rejected the Plan."

- 2.7 In his reply to the Board, Mr. Fanendra Harakchand Munot submitted that the e-voting platform provided three options, namely, "Approve", "Reject" and "Abstain", and that SBI did not log into the voting portal. Mr. Fanendra Harakchand Munot contended that SBI was therefore "absent" from the voting process and not merely "abstaining" from voting. He further submitted that the methodology adopted by him was based on the judgments in IDBI Bank Ltd. versus Anuj Jain and Tata Steel Ltd. v. Liberty House Group Pvt. Ltd., wherein absent creditors were excluded from voting calculations. Mr. Fanendra Harakchand Munot also submitted that neither the Code nor the CIRP Regulations expressly prescribe the methodology for treatment of creditors who remain absent from e-voting.
- 2.8 However, it was noted that section 30(4) of the Code requires approval by not less than sixty-six per cent of the voting share of the financial creditors and not merely sixty-six per cent of those creditors who actively voted. The voting share of SBI formed part of the total voting share of the financial creditors constituting the CoC. Therefore, by excluding SBI's voting share from the denominator and recalculating the voting percentage as approximately 67%, Mr. Fanendra Harakchand Munot incorrectly treated the resolution plan as approved under Section 30(4) of the Code despite the resolution plan having secured only 61.31% of the total voting share of the financial creditors. Such incorrect computation of the voting outcome resulted in an erroneous declaration regarding approval of the resolution plan.
- 2.9 It was further observed that on the basis of the aforesaid computation, Mr. Fanendra Harakchand Munot misrepresented before the AA that the resolution plan had been approved by the requisite majority of the CoC and sought approval of the resolution plan.
- 2.10 It was further noted that the AA, in its order dated 28.04.2025 also examined the issue and held that the voting share of SBI could not be excluded from the denominator merely because SBI did not cast its vote. The relevant observations of the AA are reproduced hereunder:

"...

In the instant case where the Resolution Plan submitted by Khatav Man Taluka was put for voting, the voting results are that 6131 votes in favour of the Resolution Plan, 3037 votes against the Resolution Plan and one voter i.e. SBI, having a total vote value of 832 votes, did not cast its vote. Therefore, applying the provisions of Section 30(4) of the Code

and the law laid down by the Hon'ble Supreme Court in K. Sashidhar (supra), we are of the considered view that while calculating the voting percentage in favour of the plan we cannot eliminate the vote share of State Bank of India, which attended the meeting through electronic, from the denominator merely on the ground that it did not cast its votes. Accordingly, we hold that out of 10,000 votes in total, only 6131 votes i.e. 61.31% votes have been cast by the financial creditors of the Corporate Debtor in favour of the Resolution Plan of Khatav Man Taluka, which is not sufficient for approval of a resolution plan u/s 30(4) of the Code. Hence, we have no hesitation in holding that the learned RP/Respondent has erred in concluding that the Resolution Plan submitted by Khatav Man Taluka has been approved by the CoC with 67% votes in favour."

- 2.11 In view of the foregoing facts and circumstances, the Board was, prima facie, of the view that Mr. Fanendra Harakchand Munot failed to correctly ascertain and record the voting outcome in respect of the resolution plan in accordance with Section 30(4) of the Code read with Regulation 26 of the CIRP Regulations, resulting in the resolution plan being incorrectly treated and presented as approved by the CoC despite not securing the requisite voting threshold. Further, Mr. Fanendra Harakchand Munot misrepresented the resolution plan as approved before the AA based on a computation methodology that was inconsistent with section 30(4) of the Code. Consequently, the AA remitted the resolution plan for reconsideration by the CoC vide order dated 28.04.2025, thereby causing avoidable delay in the CIRP.
- 2.12 Accordingly, the Board was of the prima facie view that Mr. Fanendra Harakchand Munot has contravened Sections 30(4), 208(2)(a) and 208(2)(e) of the Code, Regulation 26 of the CIRP Regulations, Regulations 7(2)(a) and 7(2)(h) of IP Regulations and Clauses 1, 2, 12 and 14 of the Code of Conduct specified in the First Schedule to the IP Regulations.

Submission by Mr. Fanendra Harakchand Munot

- 2.13 Mr. Fanendra Harakchand Munot submitted that the calculation of the voting percentage was based upon a bona fide legal interpretation of the provisions of the Code and the Regulations framed thereunder, on the basis of an order passed by the Hon'ble NCLAT . He stated that his conduct was completely devoid of any intent to circumvent statutory mandates or mislead stakeholders.
- 2.14 Mr. Fanendra Harakchand Munot also submitted that the present matter strictly arose from a challenging, disputed question of law regarding how to treat financial creditors who remain entirely "absent" from an electronic voting window. While the Hon'ble NCLAT subsequently provided clarity and adopted a different position in its order dated 28.04.2025, a variance in the interpretation of a statutory provision does not equate to professional misconduct.
- 2.15 Mr. Fanendra Harakchand Munot further submitted that he followed the procedural mandates of Regulation 26 of the CIRP Regulations, ensuring that every financial creditor

had equal electronic voting platform access. The portal offered three distinct options to the Committee of Creditors:

- a. Approve
- b. Reject
- c. Abstain

During the specified voting period, the actual recorded participation was as follows:

- a. Assenting Votes: Members representing sixty-one point three-one percent of the total voting power voted in favor of the plan.
- b. Dissenting Votes: Members holding thirty point three-seven percent of the voting share voted against the plan.
- c. Non-Participation: The State Bank of India, holding an eight point three two percent voting share, did not log into the voting portal and did not select any of the three available electronic options.

- 2.16 Mr. Fanendra Harakchand Munot submitted that there was absolutely no intent to misrepresent the facts before the AA. At page 191 of the Plan Approval Application (IA No. 146 of 2021), he explicitly and transparently placed the raw, unadjusted e-voting results directly before the court, clearly stating that the plan was "approved by 61.31 votes."
- 2.17 Mr. Fanendra Harakchand Munot submitted that he did not mask the numbers, alter the individual percentages, or hide the State Bank of India's position. He arrived at the active voting share by taking the total voting pool of one hundred percent and subtracting the eight point three-two percent share held by the absent State Bank of India, which resulted in an active denominator of ninety-one point six-eight percent. By dividing the assenting vote share of sixty-one point three-one percent by this active denominator of ninety-one point six eight percent, the adjusted approval rate came to approximately sixty-seven percent.
- 2.18 Mr. Fanendra Harakchand Munot further submitted that he disclosed the actual voting results, acted transparently and submitted the interpretation for the judicial scrutiny of the court. The reasoning adopted by him at the time of the computation was guided by Order of the Hon'ble National Company Law Appellate Tribunal in the matter of **IDBI Bank Ltd. v. Anuj Jain (Company Appeal (AT) (Ins) No. 536 of 2019)**, where it observed: "...if any of the 'Financial Creditor' remains absent from voting, their voting percentage should not be counted for the purpose of counting the voting shares..."
- 2.19 Mr. Fanendra Harakchand Munot submitted that pursuant to the aforesaid Order, he formed the view that because State Bank of India had not accessed the electronic system and omitted to select the "Abstain" button, it fit the definition of an "absent creditor".
- 2.20 Mr. Fanendra Harakchand Munot further submitted that while the SCN references the principles established by the Hon'ble Supreme Court in **K. Sashidhar v. Indian Overseas**

Bank (2019) 12 SCC 150, a distinction was drawn between a creditor who actively "abstains" within a meeting and one who remains entirely "absent" from the electronic portal. The issue in the present matter pertains to a financial creditor who neither accessed the electronic voting portal nor exercised any of the available voting options, thereby remaining entirely absent from the voting process, unlike a creditor who consciously abstains after participating in the voting exercise.

- 2.21 In his additional written submissions, Mr. Fanendra Harakchand Munot further submitted that, subsequent to the AA remitting the resolution plan to the CoC for reconsideration, the CoC, including SBI, approved the resolution plan of the same Successful Resolution Applicant with 96.50% voting share, and the AA, vide its order dated 15.10.2026, approved the said resolution plan. He submitted that this subsequent development demonstrates that no prejudice was caused to any stakeholder or to the CIRP by his computation of the voting share.
- 2.22 Mr. Fanendra Harakchand Munot also placed reliance on the judgments of the Hon'ble Supreme Court in **Nirbhay Singh Suliya v. State of Madhya Pradesh, (2026) 3 SCC 325**, **Krishna Prasad v. State of Bihar, (2019) 10 SCC 640** and **State of Bihar v. P.P. Sharma, 1992 Supp (1) SCC 222**, to contend that an erroneous decision or a wrong interpretation, by itself, cannot attract disciplinary proceedings unless there is evidence of mala fide intent, extraneous influence or lack of bona fides, and that his conduct was, at best, a bona fide error of judgment on a contested legal issue.

Analysis and Findings of the DC.

- 2.23 In order to appreciate the facts of the present case, the relevant events and the judicial pronouncements having a bearing on the issue are mentioned below:-

Date	Event	Particulars
04.02.2019	Tata Steel Ltd. v. Liberty House Group Pte. Ltd. & Ors. , Company Appeal (AT) (Insolvency) No. 198 of 2018	It was held by Hon'ble NCLAT that the voting share of members of the CoC who are not present in the meeting, either directly or through video conferencing, and who have thus not considered the feasibility and viability of the resolution plan, cannot be counted for computing the voting share.
05.02.2019	K. Sashidhar v. Indian Overseas Bank & Ors. , (2019) 12 SCC 150	It was held by Hon'ble Supreme Court that under section 30(4) of the Code, the voting share approving or dissenting is to be reckoned against the voting share of all the financial creditors, and not on the basis of members present and voting. A resolution plan which fails to secure the requisite threshold stands rejected.
10.06.2019	IDBI Bank Ltd. v. Anuj Jain, IRP , I.A. No. 1857 of 2019 in Company Appeal (AT)	In its interim order, with reference to the Tata Steel order, the Hon'ble NCLAT observed that the voting percentage of a financial creditor who remains absent from voting should not be counted.

Date	Event	Particulars
	(Insolvency) No. 536 of 2019	
30.07.2019	Final judgment of the Hon'ble NCLAT in Company Appeal (AT) (Insolvency) No. 536 of 2019 (along with I.A. No. 1857 of 2019)	The appeal and the I.A. were finally disposed of. The observation made in the interim order dated 10.06.2019 was not reiterated; instead, the Hon'ble NCLAT directed that the voting share be counted in terms of the Code as existing on the date of voting.
28.11.2019	Commencement of CIRP of the CD	The AA admitted the application filed by Oriental Bank of Commerce under section 7 of the Code in CP (IB) No. 4550/MB-II/2018. Mr. Fanendra Harakchand Munot was appointed as the IRP.
04.01.2020	Appointment as RP	Mr. Fanendra Harakchand Munot was appointed as the RP.
31.07.2020	Submission of resolution plan	Khatav Man Taluka Agro Processing Limited submitted its resolution plan for a total consideration of Rs. 27.50 crore.
21.10.2020	8 th CoC meeting	The resolution plan along with its addenda was deliberated upon and it was resolved to put the same to vote. SBI attended the meeting. Thereafter, the consideration was increased to Rs. 29,00,11,000.
09.11.2020 to 23.11.2020	E-voting on the resolution plan	6131 votes (61.31%) were cast in favour of and 3037 votes (30.37%) against the resolution plan. No member opted to abstain. SBI, having 832 votes (8.32%), did not cast its vote.
23.11.2020	Declaration of result	Mr. Fanendra Harakchand Munot treated the resolution plan as approved with about 67% (66.87%) voting share, after excluding the voting share of SBI from the denominator.
20.01.2021	IA No. 146 of 2021	Application filed by the RP before the AA for approval of the resolution plan, stating that 67% of the CoC members had voted in favour of and 33% against the plan, with the total voting rights shown as 100%.
10.01.2023	IA No. 141 of 2023	Application filed by Mr. Rohit Jindal, suspended director of the CD, challenging the computation of the voting share on the resolution plan.
28.04.2025	Order of the AA in IA No. 141 of 2023	The AA held that the voting share of SBI could not be excluded from the denominator, that the plan had secured only 61.31% of the voting share, which was insufficient under section 30(4) of the Code, and

Date	Event	Particulars
		that the RP had erred in concluding otherwise. The plan was remitted to the CoC for reconsideration.
05.08.2025 to 23.09.2025	Re-voting by the CoC	The resolution plan, with the consideration enhanced to Rs. 40 crore, was approved by the CoC with 97% voting share.
15.10.2026	Order of the AA in IA No. 119 of 2025	The AA approved the resolution plan of Khatav Man Taluka Agro Processing Limited.

2.24 The DC further notes the following details regarding the voting on the resolution plan by the members of the CoC:

S. No.	Name of the CoC member	Voting share (%)	Vote
1.	Andhra Bank (now merged with Union Bank of India)	47.82	In favour
2.	Oriental Bank of Commerce (now merged with Punjab National Bank)	26.87	Against
3.	State Bank of India	8.32	Did not cast vote
4.	Bank of Baroda	9.21	In favour
5.	Phoenix ARC	4.28	In favour
6.	Reliance Home Finance (now Authum Investment & Infrastructure Limited)	3.50	Against
	Total	100.00	
	Voting share in favour	61.31	
	Voting share against	30.37	
	Voting share not cast	8.32	

2.25 The DC notes that the SBI was a member of the CoC and attended the 8th CoC meeting held on 21.10.2020, in which the resolution plan was deliberated upon. However, SBI did not exercise any of the options, namely, approve, reject or abstain, available on the e-voting portal. The DC notes that as submitted by its counsel before the AA, SBI could not vote as it was awaiting instructions from its higher authorities. Mr. Fanendra Harakchand Munot excluded the voting share of SBI of 8.32% from the total voting share, took the denominator as 91.68% after excluding the voting share of SBI and computed the voting share in favour of the plan as 66.87% (61.31/91.68), and on that basis treated the resolution plan as approved under section 30(4) of the Code.

2.26 Section 30(4) of the Code provides that the CoC may approve a resolution plan by a vote of not less than sixty-six per cent of the **voting share of the financial creditors**. Section 5(28) of the Code defines “voting share” as the share of the voting rights of a single financial creditor in the CoC which is based on the proportion of the financial debt owed to such financial creditor in relation to the financial debt owed by the corporate debtor. The threshold under section 30(4) is thus to be computed with reference to the voting share of all the financial creditors in the CoC, and not merely of those who are present or who cast

their votes. The Hon'ble Supreme Court in **K. Sashidhar** (supra) has categorically held as under:-

“48. Concededly, Regulations 25 and 39 must be read in light of Section 30(4) of the I&B Code, concerning the process of approval of a resolution plan. For that, the “per cent of voting share of the financial creditors” approving vis-à-vis dissenting—is required to be reckoned. It is not on the basis of members present and voting as such. At any rate, the approving votes must fulfil the threshold per cent of voting share of the financial creditors. Keeping this clear distinction in mind, it must follow that the resolution plan concerning the respective corporate debtors, namely, KS&PIPL and IIL, is deemed to have been rejected as it had failed to muster the approval of requisite threshold votes, of not less than 75% of voting share of the financial creditors. It is not possible to countenance any other construction or interpretation, which may run contrary to what has been noted hereinbefore.”

- 2.27 The DC further observes that the computation of voting share in the CoC is not a mere arithmetical exercise. In the case of voting on approval of resolution plan, the vote of a financial creditor not only determines whether the plan is approved under section 30(4) of the Code but also determines the entitlement of that creditor under the plan. A financial creditor which assents to the resolution plan receives what the plan provides for it. On the other hand, section 30(2)(b) of the Code mandates that the financial creditors ‘who do not vote in favour of the resolution plan’ shall be paid an amount not less than the amount to be paid to such creditors in accordance with section 53(1) of the Code in the event of liquidation of the corporate debtor. Further, Regulation 38(1)(b) of the CIRP Regulations requires that such amount be paid in priority over the financial creditors who voted in favour of the plan. The Code thus draws the line only between the financial creditors who assent to the resolution plan and those who do not.
- 2.28 Accordingly, a financial creditor which does not assent to the resolution plan may express its position by voting against the plan, by abstaining from voting, or by not casting its vote at all. Whichever of these courses it adopts, its treatment under the Code remains the same, namely, the treatment stipulated in section 30(2)(b) of the Code. The further sub-classification of non-assenting financial creditors into those who dissented, those who abstained and those who did not vote is, therefore, immaterial to their rights under the Code. When the Code recognises only two categories for the purpose of a resolution plan, namely, those who assent and those who do not, it is impermissible to carve out a third category of ‘absent’ creditors and exclude their voting share from the computation under section 30(4) of the Code. Such a classification is artificial and contrary to the scheme of the Code, as it inflates the approval percentage by removing from the denominator those creditors who, for all purposes of the plan, stand on the same footing as those who voted against it. This is also in consonance with the law laid down in **K. Sashidhar** (supra).
- 2.29 The DC notes that the judgment in **K. Sashidhar** (supra) was delivered on 05.02.2019, i.e., more than twenty-one months before the e-voting on the resolution plan in the present matter. The reliance placed by Mr. Fanendra Harakchand Munot on **Tata Steel** (supra) is misplaced, since that judgment pertained to members who were not present in the meeting

of the CoC, whereas SBI had attended the 8th CoC meeting. Further, the position as laid down in that order stood overruled on the very next day by the judgment of Hon'ble Supreme Court in the matter of **K. Sashidhar** (supra).

- 2.30 Another order relied on by Mr. Fanendra Harakchand Munot viz., **IDBI Bank** (supra) was only an interim order passed after the judgment in **K. Sashidhar** (supra) and is founded on specific circumstances of the matter. The CIRP of Jaypee Infratech Limited was initiated on an application filed by IDBI Bank Limited under section 7 of the Code. Pursuant to the amendment to the Code with effect from 06.06.2018, by which allottees under a real estate project came to be treated as financial creditors, and the directions of the Hon'ble Supreme Court in **Chitra Sharma v. Union of India** (order dated 09.08.2018), the CoC of Jaypee Infratech Limited was reconstituted to include thousands of homebuyers, who together held the majority of the voting share in the CoC. At that time, neither the Code nor the regulations prescribed how the voting share of such a large class of allottees, many of whom did not participate in the voting, was to be reckoned. The homebuyers' associations, therefore, approached the NCLT, Allahabad Bench on 17.09.2018 seeking clarity on the manner of computing the voting percentage of the allottees.
- 2.31 The two Members of the NCLT differed in their opinion vide the order dated 13.12.2018. The Judicial Member was of the view that where the allottees, as a class, held a majority of the voting share and there was a deadlock, the highest number of votes cast in favour of a resolution should be taken into consideration, except for decisions under sections 12A, 30(4) and 33(2) of the Code. The Technical Member was of the view that the homebuyers should be treated as a class and their votes reckoned with reference to the total voting share of that class. The matter was, therefore, referred to a third Member who, by order dated 24.05.2019, held that the CoC '*must be construed as one and cannot be segmented class wise*' for the purpose of computation of voting share, that the voting thresholds under the Code '*are mandatory in nature and cannot be held to be directory*', and that class wise voting of financial creditors, be it home buyers or lenders or otherwise and to treat the majority vote of that particular class in relation to a resolution, particularly by adding the voting share of those financial creditors who had abstained, as the will and vote of the entire class in the COC cannot be accepted.
- 2.32 In the meantime, the voting on the resolution plans in the CIRP of Jaypee Infratech Limited was being conducted under the directions of the Hon'ble NCLAT. While such voting was in progress, IDBI Bank Limited filed I.A. No. 1857 of 2019 in its pending Company Appeal (AT) (Insolvency) No. 536 of 2019, in which the Hon'ble NCLAT passed the following interim order on 10.06.2019 :-
- "As the voting is on, which is likely to be completed today by 5.00 p.m., we are not inclined to pass any specific order in the present I.A. No. 1857 of 2019 filed by the 'IDBI Bank Limited'. ... We make it clear that if any of the 'Financial Creditor' remains absent from voting, their voting percentage should not be counted for the purpose of counting the voting shares, as held by this Appellate Tribunal in 'Tata Steel Ltd. vs. Liberty House Group Pte. Limited & Ors.' – 'Company Appeal (AT)*

(Insolvency) No. 198 of 2018’ disposed of on 4th February, 2019. Place the case ‘for orders’ along with ‘Interlocutory Application’ on 2nd July, 2019.”

- 2.33 Thus, the observation relied upon by Mr. Fanendra Harakchand Munot was made in an interim order passed while the voting was in progress, in which the Hon’ble NCLAT expressly declined to pass any specific order on the application and listed the matter ‘for orders’. The said observation did not attain finality. The Hon’ble NCLAT vide judgment dated 30.07.2019 delivered the final judgment and noted that ‘no regulation was framed’ under the Code as to how the voting share of the allottees was to be counted, and described the situation as ‘an extra-ordinary situation when the law was silent and there was no guideline’. The Hon’ble NCLAT declined to interfere with the impugned order and did not reiterate the observation made in the interim order dated 10.06.2019. Rather, it held that the voting share was to be counted in terms of the provisions of the Code, as under:-

“23. ... The voting share of the allottees should be counted in terms of ‘I & B Code’ as existing on the date of voting/‘Regulation’ and/or in accordance with majority decision of the Adjudicating Authority. ...”

- 2.34 The legislative void noticed by the Hon’ble NCLAT was addressed by the insertion of sub-section (3A) in section 25A of the Code by the Insolvency and Bankruptcy Code (Amendment) Act, 2019, with effect from 16.08.2019, which provides that the authorised representative of a class of creditors shall cast his vote on behalf of all the financial creditors he represents in accordance with the decision taken by a vote of more than fifty per cent of the voting share of the financial creditors he represents, who have cast their vote. Thereafter, the judgment of the Hon’ble NCLAT dated 30.07.2019 was carried in appeal before the Hon’ble Supreme Court, which, vide order dated 06.11.2019 in ***Jaiprakash Associates Ltd. & Anr. v. IDBI Bank Ltd. & Anr.*** (Civil Appeal No. 6486 of 2019 and connected appeal), disposed of the appeals by issuing directions under Article 142 of the Constitution of India for completion of the CIRP of Jaypee Infratech Limited, and clarified that such directions were not to be treated as a precedent. Thus, the observation in ***IDBI Bank*** (supra) never attained the status of a settled principle even in the CIRP in which it was made and could not have been treated by Mr. Fanendra Harakchand Munot as an authority for excluding the voting share of SBI.

- 2.35 It is, therefore, evident that the controversy in which the interim order in ***IDBI Bank*** (supra) came to be passed related to the manner of reckoning the votes of a class of creditors, namely, thousands of allottees, at a time when the Code and the regulations were silent on the issue. It was this void in law which led to the difference of opinion between the Members of the AA, and which was ultimately addressed by the Hon’ble NCLAT in its final judgment and by the legislature through section 25A(3A) of the Code. The present case stands on an entirely different footing. The CoC of the CD comprised only six financial creditors, each of which voted in its own right, and no class of creditors was involved. The voting by such financial creditors is squarely governed by section 30(4) of the Code, the language of which is clear, and by the law declared by the Hon’ble Supreme Court in ***K. Sashidhar*** (supra). There was neither any ambiguity in the law nor any scope for two views.

The attempt of Mr. Fanendra Harakchand Munot to portray the issue as one on which two views were available is, therefore, not correct.

- 2.36 The DC further notes that Mr. Fanendra Harakchand Munot has contended that the issue was a disputed question of law and that an error in interpretation does not amount to professional misconduct. In this regard, the DC is of the view that an insolvency professional discharging statutory functions under the Code is expected to exercise due diligence and to act in accordance with the statutory provisions and the binding judicial pronouncements. The plain language of section 30(4) of the Code and the law declared in **K. Sashidhar** (supra) left no room for the interpretation adopted by him. Further, the DC also notes that Mr. Fanendra Harakchand Munot has not provided any contemporaneous record to the DC to show that whether these judgments were actually considered by him while computing the voting share.
- 2.37 The DC has also examined the manner in which the outcome of the voting was presented before the AA. In IA No. 146 of 2021 filed by Mr. Fanendra Harakchand Munot for approval of the resolution plan, it was stated as under:-

“...After the 8th CoC meeting, the voting was held through electronic platform and the period for voting was from 9th November, 2020 to 23th November, 2020. One member did not vote. Hence as per the voting results 67% of CoC members voted in favour of the plan and 33% rejected the Plan.”

- 2.38 Immediately thereafter, the voting details were presented in the application in the following tabular format:-

Sr. No.	Name of the Member	Voting Rights (%)	Percentage of Voting member	In Favour	Against
1	Union Bank of India (erstwhile Andhra Bank)	Voted	47.82	√	
2	Punjab National Bank (Including voting share of Oriental Bank of Commerce)	Voted	26.87		√
3	State Bank of India	Absent	8.32		
4	Bank of Baroda	Voted	9.21	√	
5	Phoenix ARC	Voted	4.28	√	
6	Reliance Home Finance	Voted	3.5		√
	TOTAL	100	100	67	33

- 2.39 A plain reading of the aforesaid table shows that the total voting rights of the members of the CoC have been shown as 100%, inclusive of the voting share of 8.32% of SBI, while the votes in favour of and against the resolution plan have been shown as 67% and 33% respectively, which together add up to 100%. The table nowhere discloses that the figures of 67% and 33% were arrived at by excluding the voting share of SBI and recomputing the votes on a reduced base of 91.68%. On the face of the table itself, the voting share of the

members marked as having voted in favour, namely, Union Bank of India (47.82%), Bank of Baroda (9.21%) and Phoenix ARC (4.28%), aggregates to only 61.31% of the total of 100%, and could not have been 67% of that total. Neither the narrative nor the table in the application discloses that the resolution plan had secured only 61.31% of the voting share of the financial creditors, that the voting share of SBI had been excluded from the denominator, or the basis on which such exclusion was made.

- 2.40 The DC has considered the contention of Mr. Fanendra Harakchand Munot that the actual voting results were placed before the AA. The e-voting result annexed as Annexure-N to the application displayed the result as 67% in favour and 33% against, while separately recording that one voter having a vote value of 832 had not voted. It also shows SBI under the head “Not Voted”. However, the DC notes that how this figure of 67% of the total voting share who have voted in favour has been obtained is neither stated in the body of the application nor in the annexure. The availability of raw vote counts in a system-generated report cannot substitute for an explicit disclosure, in the application itself, of the material fact that the threshold under section 30(4) of the Code was met only upon exclusion of the voting share of a member of the CoC. Whether the resolution plan had been approved by the requisite majority was the foundational fact on which the AA was called upon to exercise its jurisdiction under section 31 of the Code.
- 2.41 The DC is of the view that the RP, who conducts the CIRP and places the resolution plan approved by the CoC before the AA, is expected to disclose fully and fairly all material facts relating to its approval, particularly where the approval turns on a method of computation that departs from the plain terms of section 30(4) of the Code. If Mr. Fanendra Harakchand Munot had acted on a bona fide belief that the voting share of SBI was liable to be excluded, nothing prevented him from stating it explicitly in the application, setting out how the voting share of 67% was calculated by him. Rather, only the figure of voting outcome as 67% for favour and 33% for against out of total of 100% was mentioned, with SBI described as “Absent”. Such presentation conveyed the impression that the plan had been approved by members holding 67% of the total voting share. This is inconsistent with the claim of transparency made by Mr. Fanendra Harakchand Munot and reflects a lack of bona fides on his part. The DC is, therefore, unable to accept the plea that the matter was a mere bona fide error of interpretation.
- 2.42 The DC has also considered the submission of Mr. Fanendra Harakchand Munot that the resolution plan was subsequently approved by the CoC and by the AA vide order dated 15.10.2026. Such subsequent approval was obtained only after the AA remitted the resolution plan for reconsideration on account of the incorrect computation of the voting share, and does not regularise the non-compliance with section 30(4) of the Code at the relevant time. In the given circumstances as noted above, the conduct of Mr. Fanendra Harakchand Munot in presenting the voting outcome before the AA does not reflect bona fides.
- 2.43 Accordingly, the DC holds that Mr. Fanendra Harakchand Munot has contravened sections 30(4), 208(2)(a) and 208(2)(e) of the Code, Regulation 26 of the CIRP Regulations,

Regulations 7(2)(a) and 7(2)(h) of the IP Regulations and Clauses 1, 2, 12 and 14 of the Code of Conduct specified in the First Schedule to the IP Regulations.

- 2.44 The DC further notes that section 30(2) of the Code casts a duty upon the resolution professional to examine each resolution plan received by him to confirm that it, *inter alia*, provides for payment to the financial creditors which do not vote in favour of the resolution plan, of an amount not less than the amount to be paid to such creditors in accordance with section 53(1) of the Code in the event of liquidation of the corporate debtor. Having treated SBI as a financial creditor which had ‘not voted’ on the resolution plan, Mr. Fanendra Harakchand Munot was required to examine and ensure the treatment to be given to SBI under the plan in that capacity. However, it is not mentioned anywhere, either in the application filed before the AA or in the material on record, as to what treatment was given to SBI under the resolution plan, i.e., whether SBI was to receive what the plan provided for the assenting financial creditors, or the amount stipulated in section 30(2)(b) of the Code for the financial creditors which did not vote in favour of the plan. The DC is of the view that had such an examination been made, Mr. Fanendra Harakchand Munot would have come to know that SBI, having chosen not to vote, was entitled to the same treatment under section 30(2)(b) of the Code as a dissenting financial creditor, and that its voting share could not, therefore, be excluded from the computation of the voting outcome under section 30(4) of the Code.
- 2.45 The absence of such examination is also reflected in the case of Reliance Home Finance (now Authum Investment & Infrastructure Limited), a dissenting financial creditor, whose entitlement vis-à-vis the liquidation value of the CD has also not been disclosed anywhere on record. As recorded in the minutes of the 1st CoC meeting held on 27.12.2019, Reliance Home Finance (now Authum Investment & Infrastructure Limited) held exclusive charge over the office premises of the CD. Reliance Home Finance voted against the resolution plan in the e-voting held from 09.11.2020 to 23.11.2020. The resolution plan proposed a payment of Rs. 1,66,30,260 to it against its admitted claim of Rs. 19,92,85,033. However, neither the resolution plan nor the application for approval of resolution plan discloses the amount that Reliance Home Finance, as a dissenting financial creditor holding an exclusive security interest, would have received under section 53(1) of the Code in the event of liquidation, or demonstrates that the amount payable to it under the plan was not less than such amount. The DC further notes that, in the re-voting held in 2025, the resolution plan was approved with about 97% voting share, which indicates that Authum Investment & Infrastructure Limited, holding 3.50% voting share, did not vote in favour of the plan on that occasion as well. The monetary entitlement of Reliance Home Finance (now Authum Investment & Infrastructure Limited) as a dissenting financial creditor has not been disclosed anywhere in the material on record.
- 2.46 Since this aspect does not form part of the SCN, the DC refrains from recording any finding thereon. However, the Board may examine whether Mr. Fanendra Harakchand Munot had verified the plan with reference to the correct treatment being accorded to the dissenting

financial creditors, under section 30(2)(b) of the Code read with Regulation 38(1)(b) of the CIRP Regulations.

3. Order.

- 3.1 The DC has found that Mr. Fanendra Harakchand Munot, while acting as the RP of the CD, excluded the voting share of SBI from the computation of the voting outcome on the resolution plan, contrary to the express mandate of section 30(4) of the Code and the law declared by the Hon'ble Supreme Court in ***K. Sashidhar*** (supra), and thereby treated and declared as approved a resolution plan which had secured only 61.31% of the voting share of the financial creditors. He further presented the outcome of the voting before the AA in a manner that did not disclose the exclusion of the voting share of SBI from the denominator while calculating the voting percentage.
- 3.2 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. Fanendra Harakchand Munot (Registration No. IBBI/IPA-001/IP-P00515/2017-2018/10916) for a period of three months.
- 3.3 This order shall come into force on expiry of 30 days from the date of its issue.
- 3.4 A copy of this order shall be sent to the CoC of all the Corporate Debtors in which Mr. Fanendra Harakchand Munot is providing his services, for their consideration.
- 3.5 A copy of this order shall be forwarded to Indian Institute of Insolvency Professionals of ICAI where Mr. Fanendra Harakchand Munot is enrolled as a member.
- 3.6 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.
- 3.7 Accordingly, the show cause notice is disposed of.

Sd/-

(Sandip Garg)

Whole Time Member

Insolvency and Bankruptcy Board of India

Dated: 30 October 2026

Place: New Delhi