

# INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

## (Disciplinary Committee)

No. IBBI/DC/312/2026

30 March 2026

### ORDER

This Order disposes of the Show Cause Notice (SCN) No. COMP-11012/22/2025-IBBI/1805/1293 dated 27.08.2025 issued to Mr. Keyur Jagdishbhai Shah, who is an Insolvency Professional registered with the Insolvency and Bankruptcy Board of India (IBBI/Board) with Registration no. IBBI/IPA-002/IP-N00244/2017-2018/10729 and a Professional Member of the ICSI Institute of Insolvency Professionals.

#### 1. Background

- 1.1 The National Company Law Tribunal, Ahmedabad Bench (AA) *vide* its Order dated 17.07.2023, admitted the application filed by M/s. Raj Radhe Finance Limited, the financial creditor under Section 7 of the Insolvency and Bankruptcy Code, 2016 (Code) for initiating corporate insolvency resolution process (CIRP) against the Corporate Debtor - M/s Shree Ram Cottex Industries Private Limited (CD). Mr. Keyur Jagdishbhai Shah was appointed as the Interim Resolution Professional (IRP) who was later confirmed as the Resolution Professional (RP).
- 1.2 The AA while deciding the application for approval of resolution plan of the CD *vide* its order dated 30.09.2024, made certain observations regarding the conduct of Mr. Keyur Jagdishbhai Shah and rejected the application for approval of the Resolution Plan. The Board examined the observation made by the AA in the said order against Mr. Keyur Jagdish Bhai Shah in conducting the CIRP of CD. The Board sought response of Mr. Keyur Jagdishbhai Shah through email dated 24.02.2025 on which he provided his response *vide* email dated 07.03.2025.
- 1.3 Based on the findings of the examination, the Board formed a *prima facie* view that Mr. Keyur Jagdishbhai Shah had contravened provisions of the Code and issued the SCN to him on 27.08.2025 alleging contraventions of several provisions of the Code, the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (CIRP Regulations) and the IBBI (Insolvency Professionals) Regulations, 2016 (IP Regulations). The reply of Mr. Keyur Jagdish Bhai Shah to the SCN was received by the Board on 09.09.2025.
- 1.4 The SCN and the responses of Mr. Keyur Jagdishbhai Shah were referred to this Disciplinary Committee (DC) for disposal. Mr. Keyur Jagdishbhai Shah availed the opportunity of personal hearing before the DC through virtual mode on 20.02.2026 and further submitted additional submissions to the DC, post hearing.

#### 2. Alleged Contraventions, Submissions of Mr. Keyur Jagdishbhai Shah and Findings of DC

The contravention alleged in the SCN, submissions by Mr. Keyur Jagdishbhai Shah, analysis and findings of the DC are summarized as follows:

**Exclusion of the Valuable Assets of CD in the resolution process and failure of RP in rectification of the title of the asset of the CD.**

- 2.1 It was observed that the AA vide its order dated 30.09.2024 rejected the Resolution Plan in the matter of CD on the ground that a piece of land measuring 14,568 sq. mtrs. which was a valuable asset of the CD, had been left out of the CIRP and no value was offered by the Successful Resolution Applicant (SRA) for this land.
- 2.2 It was observed that the CD was a partnership firm by the name of Shree Ram Cotton Industries and on 17.09.2013 it was converted into a private limited company by the name of Shree Ram Cottex Industries Private Limited. Para VI(b) of the Memorandum of Association (MoA) of the CD, states that "*all properties of the said firm whether movable or immovable, including actionable claims belonging to the said firm and all liabilities of the said firm, as on the closing of the business hours of the day preceding the date of issuance of incorporation certificate by the Registrar of Companies shall be vested in the company pursuant to its registration in accordance with the provisions of Part IX of the Companies Act, 1958.*"
- 2.3 It was further observed that the balance sheet as on 20.08.2013 of the erstwhile partnership firm later converted to a private limited company (CD) that the said partnership firm owned land valued in the balance sheet at Rs. 16,59,817.
- 2.4 It was thus noted that the CD was the owner of the land measuring approximately 14568 sq. mtrs. That the said land was the asset of the CD is further reinforced by the fact that the audited provisional financial statement as on insolvency commencement date also shows the land in the books of the CD at Rs. 16,59,817.
- 2.5 The AA in its order dated 30.09.2024 had also noted that there was a pre-existing land rent agreement. However, after commencement of the CIRP, Mr. Keyur Jagdishbhai Shah started a new Lease and License Land Rent Agreement with Aaradhya Cotfeb LLP and received rental income too. This further indicates that the land was an asset of the CD.
- 2.6 It was further noticed that the said land being an asset of the CD earning revenue by way of rental income, Mr. Keyur Jagdishbhai Shah have got the land valued in two scenarios – one including the land value and other considering the legal opinion that land is in the name of erstwhile partnership firm creating uncertainty and ambiguity into the resolution process.
- 2.7 It is alleged in the SCN that as a result of the above-mentioned actions of Mr. Keyur Jagdishbhai Shah, significant asset of the CD was left out of the resolution process, which is evident from the resolution plan which states that the amount proposed to be paid by the Resolution Applicant does not include the payment for factory land and building which is presently in the name of M/s Shree Ram Cotton Industries and its partners. The said resolution plan also states that the resolution applicant would approach them directly if the plan is approved by the AA and make necessary arrangement with them to transfer the land to the Resolution Applicant by following due process of the law simultaneously with the handing over of the assets of the company.
- 2.8 Further, it was noticed that despite being aware about the ownership status of the land, Mr. Keyur

Jagdishbhai Shah submitted the resolution plan, which did not include the significant asset of the CD, for consideration and voting by the CoC and subsequently before the AA for its approval. However, the AA rejected the resolution plan after noticing exclusion of the significant asset of the CD from the resolution process.

- 2.9 It was further noted that the legal opinion obtained by Mr. Keyur Jagdishbhai Shah also states that upon conversion, all assets and liabilities of the erstwhile partnership firm automatically vest in the private limited company by operation of law, without the necessity of any separate instrument of transfer or payment of stamp duty. Thus, the only pending procedural requirement was rectification of the name in the revenue records, which is administrative in nature and does not, in any way, affect or modify the legal ownership of the land, which stands vested in the CD. It was, however, observed that required necessary steps were not taken by Mr. Keyur Jagdishbhai Shah for rectification of the name of owner in the revenue records. The AA has also noted that at no stage, Mr. Keyur Jagdishbhai Shah have filed any application under Section 19(2) of the Code for non-cooperation, or against the erstwhile partners for transfer of the land in name of the CD.
- 2.10 In his reply to the IA, Mr. Keyur Jagdishbhai Shah has stated that he had duly disclosed the land issue to the CoC and Resolution Applicants, highlighting that the title remained with the erstwhile partnership firm despite its conversion in 2013. Mr. Keyur Jagdishbhai Shah has further stated that he sought legal opinion which confirmed that the land was not an asset of the Corporate Debtor due to absence of a formal transfer or sale deed and that valuation was transparently done under two scenarios-with and without land. It is, however, seen from the MoA that the land remains the property of the CD and only the administrative and legal action was needed to rectify the name of the owner in the revenue records. It is alleged in the SCN that despite having access to the relevant records, Mr. Keyur Jagdishbhai Shah have failed to take any steps to rectify the revenue records or to file an application before the Adjudicating Authority (AA) seeking directions to the erstwhile partners for such rectification. Mr. Keyur Jagdishbhai Shah's inaction in not taking any steps for rectification of the revenue records to effect transfer of ownership in the name of CD and your wilful ignorance of the provision in the resolution plan excluding the significant asset of the CD defeated one of the objectives of the Code, which is value maximisation. Further, the actions of Mr. Keyur Jagdishbhai Shah also led to rejection of the resolution plan and resultant delay in the process.
- 2.11 In view of the above, the Board formed a *prima facie* view that Mr. Keyur Jagdishbhai Shah has contravened Sections 208(2)(a) & (e) of the Code, Regulations 7(2)(a) and (h) of IP Regulations read with Clause 14 of the Code of Conduct provided under the first schedule of the IP Regulations.

#### **Submissions by Mr. Keyur Jagdishbhai Shah**

- 2.12 Mr. Keyur Jagdishbhai Shah submitted that the land became the property of the CD in the year 2013 by virtue of the operation of the law. However, no formal legal transfer of land was recorded in the name of the CD in the revenue records. The revenue records (7/12 extracts) continued to reflect the names of the erstwhile partnership firm and its partners as owners. This is also mentioned in the audited financial Statement of the CD.
- 2.13 Mr. Keyur Jagdishbhai Shah also submitted that to address this situation, he diligently took the

following steps:-

- i. He sought legal opinion from practicing advocate regarding the land on 07.11.2023. The legal opinion dated 07.11.2023 expressly advised that in view of the unresolved title in revenue records, the land should not be indicated as owned by the CD in the IM to avoid potential "unnecessary and long drawn-out litigation" with the erstwhile partners.
- ii. After seeking the legal opinion, he conducted two valuations by appointing two registered valuers. One valuation included the land in question, and another valuation was done excluding the land in question.
- iii. He also disclosed in the Information Memorandum about the said title defect of the land of the CD. Further, this land issue was also part of the resolution plan including the legal opinion advising to treat the land as belonging to the partnership firm, for which title change in the revenue record was pending.

2.14 Mr. Keyur Jagdishbhai Shah further submitted that the entire process of changing the title of the land in the revenue records was not straightforward process and that it could not have been done within the timeline of the CIRP. Moreover, it was not a mandate of the RP as per the Code. Mere absence of change in mutation does not affect the legal ownership of the land, as stated in the SCN and consistently upheld by settled law. Rectification of the title in the revenue records would have required recourse to the procedure before the State Revenue Department.

2.15 Mr. Keyur Jagdishbhai Shah further submitted that about recourse to Section 19(2) of the Code is concerned, this issue was raised before the suspended management of the CD and they confirmed in writing that the land was still registered in the old firm's name and had never been formally transferred. Under Section 19(2) of the Code, an RP may apply to NCLT for directions if personnel of the CD did not cooperate. Significantly, there was no instance of non-cooperation by the suspended directors with the RP in this case. They provided all information and even the revenue documents to him. Further, the NCLT's own jurisdiction over such matters was limited and as a bankruptcy tribunal, it cannot by itself adjudicate title disputes or directly order Governmental authorities to update land records.

### **Finding and Analysis of the DC**

2.16 The DC notes that in terms of Section 17(1) of the Code, the Interim Resolution Professional is vested with the management of affairs of the corporate debtor. Further, under Section 18(d) of the Code, it is the duty of the interim resolution professional to monitor the assets of the corporate debtor and manage its operations until a resolution professional is appointed by the committee of creditors.

2.17 The DC notes that in the instant case, as mentioned in Para VI(b) of the MoA of the CD, all the assets of the erstwhile partnership firm stood vested with the CD on its incorporation. Accordingly, the land asset of the erstwhile partnership firm should also vest in the CD. Even the legal opinion sought by Mr. Keyur Jagdishbhai Shah stated that a conjoint reading of Para VI(b) of the MoA and sections 366, 368 and 369 falling under Part I of Chapter XXI of the Companies Act, 2013 would entail that on conversion of the partnership firm i.e. M/s Shree Ram Cotton Industries into the

private limited company viz. the Corporate Debtor vide Certificate of Incorporation dated 17.7.2013, all the assets and liabilities of the partnership firm immediately before the conversion would automatically vest in the company and become its assets and liabilities. No instrument of transfer would be required to be executed and consequently no stamp duty would be required to be paid.

- 2.18 Further, the audited financial statements of the CD as on the insolvency commencement date continued to reflect the land in the books of the CD at Rs. 16,59,817, which is a strong evidentiary indicator of ownership under accounting standards as well. The rental income earned by Mr. Keyur Jagdishbhai Shah himself through a Lease and License Agreement with Aaradhya Cotfeb LLP further conclusively establish that the Mr. Keyur Jagdishbhai Shah treated the land as an asset of the CD when it suited him, while simultaneously excluding it from the resolution process.
- 2.19 Therefore, the DC is of the view that upon incorporation of the CD, the said land asset did become part of the asset of the CD and only administrative procedural formalities with respect to change of name in the revenue records was required. In such a situation, after taking control of the CD, Mr. Keyur Jagdishbhai Shah was required to take necessary steps to formalise the ownership of CD on the said land, to maximise the value of CD. Section 20(1) of the Code provides as follows:

***“20. Management of operations of corporate debtor as going concern. –***

*(1) The interim resolution professional shall make every endeavour to protect and preserve the value of the property of the corporate debtor and manage the operations of the corporate debtor as a going concern”*

- 2.20 Further, the DC notes that under Section 29(1) of the Code read with Regulation 36 (2) of the CIRP Regulations, Mr. Keyur Jagdishbhai Shah being the Resolution Professional of the CD was duty-bound to prepare an Information Memorandum that provides an accurate and complete picture of the CD's assets. The DC notes that following was mentioned in the Information Memorandum of the CD –

“ ...

*Further, as mentioned on Page 7 and 26 of the Annual Report for the Financial Year 2022-23, The Factory Land and Building thereon, the immovable property owned by the company has been held in the name of erstwhile partnership firm M/s Shree Ram Cotton Industries. The legal formalities to update the revenue records of the said immovable property to give effect of the resolution of erstwhile partnership firm and conversion into Private Limited Company in the revenue records is pending as on date.*

...”

- 2.21 The DC observes that while Mr. Keyur Jagdishbhai Shah as resolution professional did disclose the land dispute, mere disclosure does not absolve him of his duty to take positive steps to resolve the dispute and ensure the asset is included in the resolution process. Due to his inaction, the resolution plan received from the resolution applicant was without including factory land and building of the CD since it is still in the name of erstwhile partners and not been transferred in the name of CD.

2.22 The DC further notes that the conduct of dual valuations — one including and one excluding the land of the CD is illegal and not sustainable under the Code and created unnecessary ambiguity and effectively facilitated the exclusion of the asset by resolution applicants. The DC is of the view that Mr. Keyur Jagdishbhai Shah ought to have taken definitive steps to establish and include the asset rather than present it as optional. By doing so, Mr. Keyur Jagdishbhai Shah allowed the resolution plan to be formulated and voted upon by the CoC without the significant immovable asset of the CD and thereby jeopardising the value maximisation principle of the Code.

2.23 The DC notes that because of non-inclusion of land asset in the assets of the CD, the erstwhile resolution applicant had put it a provision in their resolution plan which provided that they would approach the erstwhile partners directly to arrange the transfer of land separately. The DC views such a provision in the resolution plan as highly inappropriate, as excluding the asset of CD from the scope of statutory framework under the Code is illegal and has wider implications. The DC notes that the AA in its order dated 30.09.2024, has recorded the objections of State Tax Department as under:

“ ...

*46. it is seen from the record that at no stage RP has filed any application u/s 19 (2) for non-cooperation, or against the erstwhile partners for transfer of the land in name of the corporate debtor.*

*47. Perusal of the Form H reveals that no application is pending for PUFEE transactions.*

...  
...

*49. Upon receipt of notice, State Tax Department has brought to our notice that certain assets more particularly land and building have not been included in the information memorandum. The total area of land is approximately 14568 sq. mtrs. It was pleaded that the present Resolution Plan, if approved, would result into severe loss of tax revenue and thereby loss to the public exchequer since against admitted claim of Rs. 10.16 Crore, the plan proposes payment of Rs. 0.25 Crore.*

...

*51. Under the circumstances, we are of the view that RP has not performed his duties properly as per S. 25 of the Code as though he has taken custody of land, gave it on fresh lease and license and received rental income from the land, he failed to include the same in the information memorandum. The valuable assets of the CD were left out of CIRP and no value was offered by the Successful Resolution Applicant for the same”*

2.24 Therefore, the DC notes that on one hand where Mr. Keyur Jagdishbhai Shah, being resolution professional of the CD was getting a rental income through Lease and License agreement, paradoxically on the other hand he is claiming that the said land was not asset of the CD as the change in land title was not recorded in the revenue records. Such an act of Mr. Keyur Jagdishbhai Shah has led to undervaluation of the assets of the CD.

2.25 Accordingly, 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 registration of Mr. Keyur Jagdishbhai Shah (Registration No. IBBI/IPA-002/IP-N00244/2017-2018/10729) for a period of two years. The DC also notes that Mr. Keyur Jagdishbhai Shah was replaced as Resolution Professional by SPP Insolvency Professionals LLP (Mr. Mahalingam Suresh Kumar) as Resolution Professional. At present, the CD is under liquidation and Mr. Pankaj Khetan has been appointed as liquidator of the CD.
- 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/ Stakeholders Consultation Committee of all the Corporate Debtors in which Mr. Keyur Jagdishbhai Shah is providing his services, if any and the CoC/SCC may decide on the continuation of services of Mr. Keyur Jagdishbhai Shah. In case the CoC/SCC decides to continue with the services of Mr. Keyur Jagdishbhai Shah, it shall record reasons for the same.
- 3.4. A copy of this order shall be forwarded to the ICSI Institute of Insolvency Professionals where Mr. Jagdishbhai Shah 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, 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/-

**(Jayanti Prasad)**

**Whole Time Member**

Insolvency and Bankruptcy Board of India

Date:- 30 March 2026

Place:- New Delhi