

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA
(Disciplinary Committee)

No. IBBI/DC/279/2025

28th March 2025

ORDER

This Order disposes of the Show Cause Notice (SCN) No. IBBI/C/2023/00855/887/636 dated 30.08.2024, issued to Mr. Rajiv Chakraborty who is an Insolvency Professional registered with the Insolvency and Bankruptcy Board of India (IBBI/Board) with Registration No. IBBI/IPA-001/IP-P00602/2017-2018/11053 and Professional Member of the Indian Institute of Insolvency Professionals of ICAI (IIIP-ICAI).

Background

- 1.1. The National Company Law Tribunal, Mumbai Bench (AA) had admitted the application filed under Section 7 of the Insolvency and Bankruptcy Code, 2016 (Code) for CIRP of Uttam Galva Metallics Limited (CD-1) *vide* order dated 11.07.2018 and appointed Mr. Rajiv Chakraborty as Interim Resolution Professional (IRP) who was later confirmed as Resolution Professional (RP).
- 1.2. The National Company Law Tribunal, Mumbai Bench (AA) had admitted the application filed under Section 7 of the Insolvency and Bankruptcy Code, 2016 (Code) for initiating corporate insolvency resolution process (CIRP) of Uttam Value Steels Limited (CD-2) *vide* order dated 26.06.2018 and appointed Mr. Rajiv Chakraborty as Interim Resolution Professional (IRP) who was later confirmed as Resolution Professional (RP).
- 1.3. The CIRP of CD-1 and CD-2 were independently initiated and since functioning for these two CDs being inter linked to each other, the AA ordered to take up joint hearing on the Resolution Plans filed in the respective CDs. The AA approved the resolution plans of CD-1 and CD-2 on 06.05.2020.
- 1.4. The Board received two complaint against Mr. Rajiv Chakraborty in respect of CD-1 and CD-2 based on the forensic audit report commissioned by Financial Creditors of respective CDs. Accordingly, IBBI in exercise of its powers conferred under Section 218 of the Code read with Regulations 7(1) and 7(2) of the IBBI (Inspection and Investigation) Regulations, 2017 (Investigation Regulations), appointed an Investigating Authority (IA) to conduct another investigation in the matter of the CIRP of the CD-1 and CD-2. The IA served a notice of investigation as per Regulation 8(1) of the Investigation Regulations on 31.07.2023 and 12.09.2023. He submitted his response on 10.08.2023 and 22.09.2023. After considering his responses to the notice of investigation, the IA submitted the investigation report to the Board.
- 1.5. 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 Mr. Rajiv Chakraborty had contravened several provisions of the Code and Regulations made thereunder and issued the SCN to Rajiv Chakraborty on 30.08.2024. He submitted his reply to the SCN on 21.09.2024.

1.6. The SCN and its response by Rajiv Chakraborty were referred to the Disciplinary Committee (DC) for disposal. Mr. Rajiv Chakraborty availed an opportunity of personal hearing before the DC through virtual mode on 21.03.2025. Mr. Rajiv Chakraborty submitted his additional written submissions on 27.03.2025.

2. Alleged Contravention, submissions of Mr. Rajiv Chakraborty and findings of the DC.

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

Misutilisation of funds Contraventions during CIRP of CD-1.

2.1. Variation in purchase prices of iron ore from its market prices.

2.1.1. There is a substantial variation in the trend of purchase prices of “Iron Ore” when compared with its market prices available in the public domain. There were instances wherein the procurement price of the iron ore increased even when the market prices were constant and, in some cases, it was observed that when the market prices of iron ore were reduced, the procurement price of iron ore remained unchanged or decreased marginally.

2.1.2. The forensic audit report calculation adjusts the freight and other charges in the base price of iron ore and computed the total financial impact due to variation in purchase price versus price available in public domain to be Rs.37.34 crore.

2.1.3. The variation in the purchase price of iron ore versus price available in public domain indicates discrepancies and lack of due diligence in the procurement process. Hence, Mr. Rajiv Chakraborty’s actions, *prima facie*, are in violation of provisions of Section 25(1) of the Code, Regulation 7(2)(a) and (h) of the IBBI (Insolvency Professional) Regulations, 2016 (IP Regulations) read with Clauses 1, 2, 3 and 14 of the Code of Conduct specified in the first schedule of the IP Regulations.

2.2. Non-recovery / adjustments of advances given during CIRP period.

2.2.1. The CD-1 had given advances amounting to Rs.6.19 crore to various vendors during the CIRP period as follows:

- An amount of Rs.2 crores was in respect of payments made to insurance companies. The details of ultimate beneficiaries of the said insurance premiums were not made available to the IA. Further, it is observed that neither the expense was booked in accounts, nor the insurance policies were made available on record.
- An amount of Rs.3.44 crore was paid to various vendors towards purchase of raw materials and other expenses. These advances remained unadjusted as on 06.05.2020. Mr. Rajiv Chakraborty submitted that some advances were booked post CIRP period, however, the purchase orders, invoices and ledger copies were not made available to the IA.

- An amount of Rs.0.75 crore was paid as advance to Uttam Galva International Pte Ltd., a wholly owned subsidiary of CD-1. This advance remained unadjusted as on 06.05.2020. Mr. Rajiv Chakraborty submitted that the advance was paid to meet the expenses, however, you did not submit any documentary evidence indicating the nature of expenses.

2.2.2. The advances given to vendors without proper documentation and justification reflect a lack of due diligence and potential misappropriation of funds, resulting in an undue financial burden amounting to Rs.6.19 crores, as calculated in the forensic audit report. Hence, Mr. Rajiv Chakraborty's actions, *prima facie*, are in violation of provisions of Section 25(1) of the Code, Regulation 39A of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (CIRP Regulations), Regulation 7(2)(a) and (h) of the IP Regulations read with Clauses 1, 2, 3, 14 and 19 of the Code of Conduct.

2.3. Transportation of goods through vehicles not fit for transportation creating a doubt on actual physical movement of goods.

2.3.1. Various instances were observed wherein the CD-1 had recorded transactions in which the vehicles entered were either not fit for transportation of goods or for which no records were found as per the data available in public domain. For instance, the forensic audit report observed that 23 MT of waste & scrap was transported through Moped (Two-Wheeler) or 26 MT of Nut Coke was transported through Motor Car. Instances were also observed wherein vehicle no. has not been recorded at all.

2.3.2. The recording of transactions with implausible vehicle entries and no entries in some cases, suggests serious discrepancies and weakness in the internal control systems of the CD. The failure to ensure accurate and genuine documentation of goods' transportation raises significant doubts about the authenticity of the transactions. Hence, Mr. Rajiv Chakraborty's actions, *prima facie*, are in violation of provisions of Section 25(1) of the Code, Regulation 39A of CIRP Regulations, Regulation 7(2)(a) and (h) of the IP Regulations read with Clauses 1, 2, 3, 14 and 19 of the Code of Conduct.

2.4. Variation in purchasing prices of coking coal.

2.4.1. It was noted in the forensic audit report, but it could not be verified due to non-submission of documentary evidence in support of the justification provided by Mr. Rajiv Chakraborty.

2.4.2. It is observed that there is significant variance in the price of coking coal purchased from Tata International Limited and Jwala Energy Resources Pvt. Ltd. during the FY 18-19. The forensic audit report computed the financial impact due to said variations in purchase price of coking coal to be Rs.10.03 crore. Mr. Rajiv Chakraborty submitted before the IA that the coking coal prices are impacted by global demand and supply trends, and the commercial terms for procurement of coking coal from Tata International Limited and Jwala Energy Resources Pvt. Ltd. were different. The procurements from Jwala Energy Resources Pvt. Ltd. were ad-hoc in nature, whereas the commercial understanding with Tata International

Limited was on a long term basis and payment term was advance. However, Mr. Rajiv Chakraborty did not submit any documentary evidence to justify the necessity of making ad-hoc procurements from Jwala Energy Resources Pvt. Ltd. Hence,, Mr. Rajiv Chakraborty *prima facie* violated the provisions of Regulation 39A of CIRP Regulations, Regulation 7(2)(a) and (h) of the IP Regulations read with Clause 19 of the Code of Conduct.

Misutilisation of funds Contraventions during CIRP of CD-2.

2.5. Doubtful recovery of balance receivable from debtors

2.5.1. It is observed that the balances receivable amounting to Rs.145.28 crore as on 06.05.2020 indicated that 48.48% of total receivables belong to only three debtors which are connected/related to CD-2, as reported in forensic audit report. Mr. Rajiv Chakraborty took the decision to sell goods to various parties during the CIRP period even after being aware of the fact that some of these parties already owe a huge amount to CD-2 and the recovery is doubtful, as provision for doubtful debts was already existing in the books of CD-2, in respect of some debtors.

2.5.2. Further, Mr. Rajiv Chakraborty failed to submit any response and documentary evidence to substantiate the recovery efforts made to realise the outstanding balances amounting to Rs.145.28 crore. Hence, Mr. Rajiv Chakraborty's actions, *prima facie*, are in violation of provisions of Section 25(1) of the Code, Regulation 39A of CIRP Regulations, Regulation 7(2)(a) and (h) of the IP Regulations read with Clauses 1, 2, 3, 14 and 19 of the Code of Conduct.

2.6. Advances to new vendors during the CIRP period.

2.6.1. It is observed that Mr. Rajiv Chakraborty provided advances amounting to Rs.1.19 crore to four new parties during CIRP period. There were no transactions with these parties during the CIRP period other than giving them the advance. Vendor codes were created during the CIRP period indicating that there were no dealings with these vendors in the past. Mr. Rajiv Chakraborty did not submit any documentary evidence substantiating the purpose of giving advance to these parties. Regarding the advances which are said to have been booked post CIRP period, the invoices were not made available to the IA.

2.6.2. The fact that the advances amounting to Rs.1.19 crore, remained unadjusted and were given without clear justification suggests financial mismanagement on the part of the RP. Hence, Mr. Rajiv Chakraborty's actions, *prima facie*, are in violation of provisions of Section 25(1) of the Code, Regulation 39A of CIRP Regulations, Regulation 7(2)(a) and (h) of the IP Regulations read with Clauses 1, 2, 3, 14 and 19 of the Code of Conduct.

2.7. Unrecovered advances from 24 parties.

2.7.1. It is observed that Mr. Rajiv Chakraborty provided advances amounting to Rs.4.66 crore to 24 parties during the CIRP period. The said advances lacked any documentary evidence

substantiating the purpose of advance. Regarding the advances which are said to have been booked post CIRP period, the invoices were not made available to the IA.

2.7.2. The advances given to vendors without proper documentation and justification reflect a lack of due diligence and financial mismanagement on the part of RP. Hence, Mr. Rajiv Chakraborty's actions, *prima facie*, are in violation of provisions of Section 25(1) of the Code, Regulation 39A of CIRP Regulations, Regulation 7(2)(a) and (h) of the IP Regulations read with Clauses 1, 2, 3, 14 and 19 of the Code of Conduct.

2.8. Increase in consumption of hot metal in FY 19-20:

2.8.1. It was noted in the forensic audit report, but it could not be verified due to non-submission of documentary evidence in support of the justification provided by Mr. Rajiv Chakraborty.

2.8.2. There is an unusual increase in consumption of raw material (hot metal) in comparison to production of finished goods in FY 19-20. The consumption of hot metal increased from 45.97% in FY 16-17 to 55% in FY 18-19 and 66.10% in FY 19-20. The forensic audit report computed the total financial impact on account of increase in consumption of raw material as Rs.275.72 crore. The forensic audit recorded that the quantity details of raw material consumption and finished product were not made available to them, and therefore, the analysis was done on value basis. Mr. Rajiv Chakraborty did not submit sufficient details to the IA, so as to compute the financial impact on account of increase in consumption of hot metal vs. production of finished product. Hence, Mr. Rajiv Chakraborty's actions, *prima facie*, are in violation of the provisions of Regulation 39A of CIRP Regulations, Regulation 7(2)(a) and (h) of the IP Regulations read with Clause 19 of the Code of Conduct.

2.9. Submissions by Mr. Rajiv Chakraborty.

2.9.1. Mr. Rajiv Chakraborty explained the process for procurement of raw materials. He submitted that quotations/offers received from the vendors and suppliers were processed and evaluated by the procurement team. Initial rounds of negotiations were held with the vendors/suppliers and subsequently referred to the departmental heads and KMPs for further improvement in terms (price and credit period) of supplies. After following the above process, the proposals were forwarded to the representatives of the process advisors of the RP (Price Waterhouse Coopers Private Limited/PwC-PL) for their review. PwC-PL were the advisors appointed by him with approval of Committee of Creditors (CoC) to support and assist in maintaining the requisite control. The authority for release of payments were also delegated to certain identified employees of the PwC-PL with the approval of the CoC.

2.9.2. He submitted that to take control of the perimeter security and the incoming and outgoing of raw material and finished goods from and to the factory he appointed a security agency with approval by the CoC. The security agency maintained registers of inward and outward movement of goods from the plants of CD-1 and CD-2 and operated under the oversight of PwC-PL.

- 2.9.3. During the entire period of the CIRP of both CD-1 and CD-2, the banking operations (receipts and payments) of the CDs were received and released through a Trust and Retention Account (TRA) (operated by State Bank of India) which was set up under the aegis of the Joint Lender Forum (JLF) in 2017 i.e prior to the insolvency commencement date. All payments which were recommended by the management of the CDs were subsequently reviewed and recommended for release by the personnel deployed by PwC-PL.
- 2.9.4. The physical documents including the relevant quotations, approval notes, working documents and invoices were maintained at the plants and the head office of the CDs. The purchase orders and the books of accounts of the CDs were maintained in a standard ERP of SAP. The party wise payment requests along with details including nature, basis of these recommendations were sent to State Bank of India in a format which was supplied by them. State Bank of India after their due diligence and satisfaction released these recommended/approved payments.
- 2.9.5. He submitted that the operating performance of the CDs was presented to the CoC members in various CoC meetings. The operating performance was discussed in detail in these CoC meetings and follow-up information as required by the CoC was submitted. These included review of sales including sales realizations achieved by the CDs, prices of raw materials, effect of interlinkages between the CDs on their respective financial metrics and the financial performance of the Companies. The process of operation reviews continued even after the approval of the resolution plans by the CoC and the same was done in various lender meetings which were convened for this purpose by State Bank of India. During the CIRP period, the officers of the lead bank of the erstwhile consortium of lenders (State Bank of India) continued to visit and conduct inspections of the manufacturing plants of the CDs and even audited the process followed by PwC PL for maintaining operating control at the Wardha complex. During the CIR period, the stock reports also continued to be regularly submitted to the lenders of the Companies including State Bank of India and no observation/query was received from any lender.
- 2.9.6. The terms of the approved resolution plans of the CDs dealt with the custody of documents in terms of assets and operations of the CDs. The relevant portion extracted from the approved resolution plan(s) is captured below for convenience. *“The Resolution Professional shall deliver to the Company all the documents in relation to its assets and operations (including but not limited to tax returns; title documents relating to land parcels in which the Company has any right or interest or on which the Company's plant and machineries have been installed; books of accounts; agreements entered into by the Company with any third party; and approvals and licenses in relation to the business and operations of the Company”* In compliance with this term of the approved resolution plan, he duly handed over all the documents in relation to its assets and operations of the Companies to the advisors appointed by the Monitoring Agency (E&Y). These documents included the physical documents, party wise files containing the relevant quotations, approval notes, working documents and invoices which were maintained at the plants and

the head office of the Companies. He also handed over the control of the ERP containing the books of accounts maintained by the Companies to E&Y. Other than the documents pertaining to the CIRP, he retained soft copies of certain critical documents pertaining to the operations of the CDs.

2.9.7. The quantum and size of the business and operations data was too vast for him as the RP to maintain digital / physical copies of all such documents pertaining to the operations of the Companies. He submitted that he has not been associated with the stakeholders of the CDs in any capacity post May 2020 and hence not aware of the specific persons who may presently have access to this data pertaining to business and operations of the CDs.

Date	Event
06.05.2020	The Resolution plans of CD-1 and CD-2 were approved by the Honorable NCLT.
23.05.2020	E&Y, the advisor appointed by the Monitoring Agency initiated the process of taking handover of all the documents in relation to the assets and operations of the Companies from the RP and PwC-PL. The same was successfully concluded as a part of the implementation steps of the approved resolution Plan(s).
11.11.2020	The purported Forensic Auditor sent an email to the Companies communicating their appointment by State Bank of India and requesting the management of the Companies for information.
19.11.2020 24.11.2020 26.11.2020 27.11.2020 28.11.2020 10.12.2020 15.12.2020 18.12.2020	Various interactions meetings discussions and visits happened between the management of the CDs and the Forensic Auditors. He was neither involved nor aware of these interactions, meetings, discussions and visits and came to know about it from an email shared with him in December 2020/ January 2021
18.12.2020	The Forensic Auditor wrote to State Bank of India stating “.....in case of Uttam Value Steel Ltd, and Uttam Galva Metallics Ltd., we are planning to conduct a visit to the State Bank of India branch for inspection of documents/information which forms necessary part for this audit. As we are not getting requisite cooperation from both the borrower companies, we are planning to visit on 23.12.2020 I.e. Wednesday, in view of the same we request you to provide access to relevant documents....” The Companies during this period was under the management and control of the Monitoring Agency set up as per the terms of the approved Resolution Plan and he was neither a member of this Monitoring Agency and in no way involved in the operations and management of the CDs.
21.12.2020	The Forensic Auditor got in touch with the undersigned and requested for

	support to arrange for the data as per an initial requisition list.
31.12.2020	The resolution plans of CD-1 and CD-2 stood implemented.

2.9.8. He submitted that it is evident from the above sequence of events that the alleged Forensic Audit was initiated post the conclusion of the insolvency process of the CDs, during a period when the CDs were under the control of the Monitoring Agency and he as the erstwhile RP was neither in control or management of the CDs and nor was he a part of the Monitoring Agency. The CDs which were at that time under the management and control of the Monitoring Agency was in the possession of all the documents in relation to the assets and operations of the CDs and were obligated to provide the requisite business information/ and backups documentation pertaining to the transactions highlighted by the Forensic Auditor which was evidently available with them. The exchange of emails between the purported Forensic Auditor and the employees of the CD is a testimony to the fact that the purported Forensic Auditor was well aware of this position, the extract of the email exchange between Mr. Kamran Khan an employee of CD-1 and one Mr. Vishal Gupta an employee of the purported Forensic Auditor on 28.11.2020 is a testimony to this.

Extract of the email sent by the employee of CD-1

“As I had mentioned previously also the data would not be extracted so easily as a data dump of the whole ERP system is not possible. Hence request your team to be positioned at the plant and we will provide them with the system access, and they can extract the data and let the team know which physical documents would be required.”

Reply by the employee of the purported Forensic Auditor

“We have already advised our team to be positioned at plant till data is extracted. Regarding the physical verification of the underlying documents, we would like to inform you that we would require only sample documents for understanding the flow of work and flow of data. After the analysis of the data extracted, we would conduct the detailed physical verification based on the red flags identified.”

2.9.9. He submitted that the Monitoring Agency was privy to the document handover process to the Monitoring Agency as per the terms of the approved resolution plan, the certificate for CIRP costs of the CDs audited and issued by the respective statutory auditors of the CDs accepted the same without any objections and concluded the implementation of the resolution plans and on the other hand did not take any steps to cause the CDs to provide the requisite business information/ and backups documentation pertaining to the transactions highlighted by the purported Forensic Auditor.

2.9.10. Based on the request of the purported Forensic Auditor who was evidently facing no co-operation regarding data from the CDs and with an intent of upholding the reputation of the profession, he still went out of the way to organize data and information to the extent available and shared the same in good faith.

2.9.11. On receiving the initial observations of the purported forensic auditor in May 2021, he responded with clarifications to the extent possible based on the data available with the undersigned (while clearly highlighting that the documents pertaining to the operations of the Companies which were being requested by the purported forensic auditor had been handed over to E&Y in compliance with the terms of the approved resolution plans and the same was available with the Companies) and requested the purported forensic auditor to take steps to verify the same from the Companies. He on the request of the purported forensic auditor again participated in an online meeting on 01.03.2022 and reiterated his position regarding the responses and the information/evidence post which there was no interaction with the purported forensic auditor or anyone else on this subject.

2.9.12. Mr. Rajiv Chakraborty during the course of personal hearing submitted that the relevant documents necessary for the proper examination of the matter are not in his possession and requested for some additional time to provide reasons why those documents are not in his possession. In his additional response dated 27.03.2025 he reiterated his earlier submissions. He provided contravention wise submissions in terms of unavailability of documents.

CD-1	
Variation in purchase prices of iron ore from its market prices.	The physical documents including the relevant quotations, approval notes, working documents purchase orders and GST invoices were maintained at the plants and the head office of CD-1 and would be available for review at these locations. Detailed product wise cost statements & schedules in respect of the products duly audited and certified by the cost auditor are available in the plant premises/head office of the Company.
Non-recovery / adjustments of advances given during CIRP period.	The physical documents pertaining to insurance policies including the engagement letter issued to the insurance broker Marsh India Insurance Brokers Private Limited, the relevant quotations, minutes of negotiation meetings, approval notes, working documents, policy documents and invoices were maintained at the plants and the head office of CD-1 and would be available for review at these locations.
(a) An amount of Rs.2 crore was in respect of payments made to insurance companies.	The physical documents including the relevant quotations, approval notes, working documents purchase orders and the details of subsequent adjustments of these advances would be available for review at the plants and in the books of accounts maintained the head office of CD-1.
(b) An amount of Rs.3.44 crore was paid to various vendors towards purchase of raw materials and other expenses. these advances remained unadjusted as on 06.05.2020.	The advance of 1,00,000 USD was extended by the CD-1 to Uttam Galva International Pte Ltd. in June 2016, i.e. more than two years prior to the insolvency commencement date of CD-1. The same advance continued during the CIR Period and continued to remain as advance on 6th May 2020 (the

(c) An amount of Rs.0.75 crore was paid as advance to Uttam Galva International Pte Ltd., a wholly owned subsidiary of CD-1.	insolvency conclusion date). The movement of this advance amount in the books of the CD-1 with the years FY 18, FY 19 and FY 20 was on account of the adjustments to capture the change in the exchange rate between INR and USD which was an adjustment made as per the accounting norms. No advance was extended by the undersigned to Uttam Galva International Pte Ltd during the CIR Period.
Transportation of Goods Through Vehicles not fit for Transportation creating a doubt on Actual Physical Movement of Goods.	The physical documents including the material reconciliation registers relevant approval notes, working documents purchase orders, delivery challans, GST invoices and returns were maintained at the plants and the head office of the Companies and would be available for review at these locations. The books of accounts of the Companies including the material register, sales registers invoices, purchase orders, payment details, debit and credit notes was maintained in a SAP ERP which was hosted on a captive server. These details would be available in the premises of the Companies. The physical goods movement registers maintained by the security agencies would also be available in the plant premises for validation of these goods movements.
Variation in purchasing prices of coking coal.	The physical documents including the relevant quotations, approval notes, working documents purchase orders and GST invoices were maintained at the plants and the head office of CD-1 and would be available for review at these locations. Detailed product wise cost statements & schedules in respect of the products duly audited and certified by the cost auditor are available in the plant premises/head office of the Company for review.
CD-2	
Doubtful recovery of balance receivable from debtors.	The physical documents including the relevant quotations, approval notes, working documents purchase orders and GST invoices were maintained at the plants and the head office of CD-1 and would be available for review at these locations. Detailed product wise cost statements & schedules in respect of the products duly audited and certified by the cost auditor are available in the plant premises/head office of the Company for review.
Advances to new vendors during the CIRP period.	The physical documents including the relevant quotations, approval notes, working documents purchase orders and the details of subsequent adjustments of these advances would be

	available for review at the plants and in the books of accounts maintained the head office of CD-2
Increase of consumption of hot metal in FY 19-20.	Detailed product wise cost statements & schedules in respect of the product duly audited and certified by the cost auditor are available in the plant premises/head office of the Company for review.

2.10. Analysis and Findings.

2.10.1. The DC notes that the resolution plan in both the CDs was passed by the AA on 06.05.2020. As per the terms of the approved Resolution Plan, the RP was required to handover all the documents/information in relation to the assets and operations of the CD. Mr. Rajiv Chakraborty was not part of the Monitoring Committee as per the terms of the approved Resolution Plan. The RP submitted that he handed over all the documents and email was sent on 23.05.2020 to E&Y who was the process advisor approved by Monitoring Committee. Thereafter, the handing over of the CD from Monitoring Committee to SRA was concluded in December 2020. The resolution plans of CD-1 and CD-2 were implemented on 31.12.2020.

2.10.2. In the meantime, the forensic audit was initiated by SBI and the first email was sent by forensic auditor to the CDs seeking information from the CDs on 11.11.2020. The DC notes that the forensic auditor contacted Mr. Rajiv Chakraborty on 21.12.2020 seeking information. At that time, CDs were under control of the Monitoring Committee. The DC notes that the various documents required were maintained at the plants and head offices of the CDs. The Forensic Audit took almost 2 years to complete, and the report was prepared on 20.09.2022. The forensic audit report of CD-1 stated that many documents were not available with the auditor while preparing the report. Under the heading “Limitations of Audit/Disclaimers”, the forensic audit report noted as follows:

“While utmost care has been taken in carrying out the given assignment, there are certain limitations of use of this audit as under:

a) During the course of audit, we were not provided with certain relevant information, therefore, the effect of same has not been covered in our report. The information not provided has been covered in the relevant paragraphs of the report. Apart from the information not provided covered in the relevant paragraphs of the report, the following information was also not made available to us: -

- Complete Party wise details of all the provisions for Trade Receivables/Advances made during audit period.*
- Latest Status of advances given during the audit period.*
- Balance sheet in excel forms linked with the trial balance for the period 2019-20 and 2018-19.*
- COC approvals of the transactions made during CIRP period (Details annexed in Annexure G).*
- List of all legal cases filed against/by the companies for the period under audit i.e.,*

11.07.2018 to 06.05.2020.

- *Standard Operating Procedures / ISO Manual.*
- *Copy of ITR Along with computations.*
- *Details and Scope of Work assigned to PWC during the period under CIRP.*

...

c) As per the scope of work assigned to us, the transactions below Rs. 5,00,000/- (Rupees Five Lakh) have not been analyzed.

d) We were unable to verify the nature and type of receivables and payables pertaining to period before our audit. Further, we have relied on all the carried forward balances as on 11.07.2018.”

Further instances of lack of documents were also noted in paragraphs 10.2.4, 10.4.6.3, 10.4.6.6, 10.4.2, 10.5.7.2 10.5.7.3 in forensic audit report of CD-1.

2.10.3. Similarly, the forensic audit report of CD-2 stated as follows:

“While utmost care has been taken in carrying out the given assignment, there are certain limitations of use of this audit as under:

a) During the course of audit, we were not provided with certain relevant Information, therefore, the effect of same has not been covered in our report. The information not provided has been covered in the relevant paragraphs of the report Apart from the information not provided covered in the relevant paragraphs of the report, the following information was also not made available to us:

- *Party wise List of all the provisions made during the audit period,*
- *List of all legal cases filed against/by the companies for the period under audit i.e., 26.06.2010 to 06.05.2020.*
- *Breakup of the rates provided in the copy of order dated 16.12.2019 in the matter of State Bank of India vs. Uttam Value Steel limited i.e., Rs. 7.25 per unit and 8.05 per unit.*
- *Report from which rate of Rs. 8.15 with MSEDCL was derived as mentioned in the order.*
- *Power purchase agreement with Indrajit Power Plant Limited and all the amendments held thereafter.*
- *ISO/SOP Manual of the company,*
- *ITRs Along with the computations*
- *Details and Scope of Work assigned to PWC during the period under CIRP.*

b) In the absence of the Fixed Asset Register, Inventory Records and access to factory the item wise verification of assets and inventory was not possible.

...

d) As per die scope or work assigned to us, the transactions below Rs. 5,00,000/- (Rupees Five Lakh) have not been analyzed.

e) We were unable to verify the nature and type or receivables and payables pertaining to period before our audit Further, we have relied on all the earned forward balances as on 26.06.2018.”

Further instances of lack of documents were also noted in paragraphs 9.1.2, 9.1.3, 9.1.4, 10.1.2.2, 10.1.2.3, 10.1.2.4, 10.1.4, 10.1.7.7, 10.3.6.3, 10.4.6.4, 10.4.6.6, 10.5.5, 10.5.9.1 in forensic audit report of CD-2.

- 2.10.4. The DC notes that when the forensic audit was initiated, the CDs were going through change of guard under the aegis of monitoring committee which did not comprise RP, i.e., Mr. Rajiv Chakraborty as member. The forensic auditor contacted the CD on 11.11.2020 and RP on 21.12.2020 while the plan was implemented on 31.12.2020. Thereafter, Mr. Rajiv Chakraborty provided his clarifications and documents to the forensic auditor, however the continuous line of his submissions reflects that not all documents were available with him and they were majorly available at the plant sites and office of the CD. It is not clear to the DC why the information was not provided by the monitoring committee to the forensic auditor as the forensic audit was initiated at the instance of SBI which was a major financial creditor and also a part of the monitoring committee which was in control when the information was asked by the forensic auditor from the monitoring committee.
- 2.10.5. The DC notes that during the entire CIRP, of both CD-1 and CD-2, the banking operations (receipts and payments) of the CDs were received and released through a TRA (which was operated by SBI) which was set up under the aegis of the JLF in 2017, i.e., prior to the insolvency commencement date. The CoC was aware of the TRA and even resolved for different payments being made through TRA. All payments which were recommended by the management of the CDs were subsequently reviewed and recommended for release by the personnel deployed by process advisor. Subsequently, the party wise payment requests along with details including nature, basis of these recommendations were sent to SBI. The Bank released these recommended/approved payments from the said TRA account operated by them. Therefore, in a way, SBI was monitoring these transactions during the entire CIRP.
- 2.10.6. Mr. Rajiv Chakraborty in its reply to SCN and in the additional submissions has submitted that the documents which are necessary to examine the contraventions are not with him. He has also brought out how these documents are necessary to establish his defense against the alleged contraventions. He also brought out from whom these documents can be obtained. The details of all these submissions are contained in his reply dated 21.09.2024 and 27.03.2025. It is necessary in the interest of justice that these documents or any other relevant documents be provided to him, especially in view of the fact that several findings of the forensic audit report are in absence of crucial documents. In light of the above facts, the DC refer the matter back to the Board to re-examine by obtaining additional information or documents from the complainant.

3. Order.

- 3.1. In view of the foregoing, the DC in the exercise of the powers conferred under section 220 of the Code read with regulation 13 of the IBBI (Inspection and Investigation) Regulations, 2017 hereby directs the Board to re-investigate the alleged contraventions in the CD-1 and CD-2. The submissions made by Mr. Rajiv Chakraborty vide reply dated 21.09.2024, and additional written submission dated 21.09.2024 and 27.03.2025 along with all the documents which were provided by him in support of his submissions before the DC may

be forwarded to the Board.

3.2. This order shall come into force immediately.

3.3. A copy of this order shall be forwarded to Indian Institute of Insolvency Professionals of ICAI where Mr. Rajiv Chakraborty is enrolled as a member.

3.4. 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.

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

Dated: 28th March 2025

Place: New Delhi

Sd/-

(Sandip Garg)

Whole Time Member

Insolvency and Bankruptcy Board of India