

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA
(Disciplinary Committee)

No. IBBI/DC/272/2025

25th February 2025

ORDER

This Order disposes of the Show Cause Notice (SCN) No. F. No. IBBI/C/2024/01088/870/308 dated June 10, 2024, issued to Mr. Sandeep Goel (herein referred as Mr. Goel/IP), who is a Professional Member of the Insolvency Professional Agency of Institute of Cost Accountants of India and an Insolvency Professional registered with the Insolvency and Bankruptcy Board of India (IBBI/Board) with Registration No. IBBI/IPA-003/IP-N00073/2017-18/10583.

1. Background

- 1.1. The Him Cylinders Limited (Corporate Debtor-1/CD-1), Him Alloys and Steels Private Limited (Corporate Debtor-2/CD-2) and Omid Engineering Private Limited (Corporate Debtor-3/CD-3) were admitted into Corporate Insolvency Resolution Process (CIRP) vide orders dated 21.11.2022, 22.11.2022 and 22.11.2022, respectively, of the Adjudicating Authority (AA). Mr. Goel was appointed as the RP of all the three CDs.
- 1.2. The Board received a complaint against Mr. Goel in the matters of CD-I, CD-2, and CD-3. A copy of the complaint was shared with Mr. Goel via email on 13.03.2024. He submitted his reply regarding the allegations in the complaint via email on 26.03.2024. On perusal of the complaint and reply of Mr. Sandeep Goel to the complaint, IBBI formed a *prima facie* view that Mr. Sandeep Goel had contravened provisions of the Code and Regulations made thereunder and issued the SCN to Mr. Sandeep Goel on 10.06.2024. The SCN alleged 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 the IP to the SCN was received by the Board on 10.07.2024.
- 1.3. The SCN, response of Mr. Sandeep Goel to the SCN and the material available on records were referred to the Disciplinary Committee (DC) for disposal of the SCN. Mr. Sandeep Goel availed an opportunity of personal hearing before the DC on 11.02.2025 through virtual mode and provided additional submissions.

2. Alleged Contraventions, Submissions of Mr. Sandeep Goel and Findings of the DC

The contraventions alleged in the SCN, submissions by the IP and findings of the DC are summarized as follows:

2.1. Technical objections raised by Mr. Sandeep Goel:

- 2.1.1. Mr. Goel stated that from bare perusal of the complaint, it was clear that the complainant Mr. Adith Menon was not even a “stakeholder” as defined under the Insolvency and Bankruptcy Board of India (Grievance and Complaint Handling Procedure) Regulations, 2017 (Grievance and Complaint Regulations). The complaint under Grievance and Complaint Regulations was maintainable by a “stakeholder”. The complainant had miserably failed to demonstrate in its complaint that how he was a stakeholder in relation

to the insolvency/liquidation process of the corporate debtors in question. It appeared from the complaint that it was a clear attempt to malign the image of Mr. Goel by way of filing present complaint.

- 2.1.2.** Therefore, before the complaint was considered on its merits, it was imperative that the IBBI come to a finding that the complaint had been lodged by a ‘stakeholder’ as per Regulation 2(j) of Grievance and Complaint Regulations. In this regard, the reply of Mr. Goel dated March 26, 2024 in respect of the complaint sent vide email dated March 13, 2024, where a specific plea was taken that the complaint was not maintainable as it had not been lodged by any ‘stakeholder’ should have been considered.
- 2.1.3.** He submitted that the SCN issued did not reflect any determination of this material issue by the IBBI. In this regard, it is important to note that Regulation 2(j) of Grievance and Complaint Regulations provides as: “*Stakeholder*” means a debtor, a creditor, a claimant, a service provider, a resolution applicant and any other person having an interest in the insolvency, liquidation, voluntary liquidation, or bankruptcy transaction under the Code”.
- 2.1.4.** The DC notes the submission of Mr. Goel that the complainant is not the stakeholder as defined under Regulation 2(j) of the Grievance and Complaint Regulations. On perusal of the said Regulation, the DC finds that the definition of the stakeholder is: “Stakeholder” means a debtor, a creditor, a claimant, a service provider, a resolution applicant and any other person having an interest in the insolvency, liquidation, voluntary liquidation, or bankruptcy transaction under the Code. Considering the definition provided under the said Regulation, the DC views that interpretation of Mr. Goel about the definition of Stakeholder is misconstrued, particularly in the context of insolvency processes under the Code which are *proceedings in rem*, where broader public interest and the integrity of the process is paramount. The definition of ‘stakeholder’ cannot be construed in a narrow or restrictive manner as it encompasses any person with an interest in the insolvency, liquidation, voluntary liquidation, or bankruptcy proceedings under the Code. Furthermore, the Disciplinary Committee cannot disregard or remain indifferent to any actionable information that comes to its knowledge. Where the material on record *prima facie* discloses an actionable cause, the Board is legally obligated to take cognizance of it and act in accordance with the law.

Contraventions:

In the matter of Him Cylinders Limited (CD-1)

2.2. Non-filing of list of creditors before the AA

- 2.2.1.** For non-filing of revised list of creditors of CD-I with the AA in compliance with Regulation 13(2)(d) of the CIRP Regulations, Mr. Goel had submitted that the revised list of creditors was filed on the portal of IBBI on 08.07.2023 and he had filed an IA for placing on record - the revised List of creditors before the AA on 18.07.2023 vide Filing no. 0404112/02358/2023. However, due to the carelessness of his Advocate, the defects marked in that IA were neither cured nor informed by the Advocate to Mr. Goel.
- 2.2.2.** It is the responsibility of the IP under the Regulation 13(2)(d) and (e) of the CIRP Regulations to file the list of creditors with the AA and also present these at the first

meeting of the CoC. Disclosure of such crucial information that impact every decision making in the process, must be done with utmost care and diligence to enable the stakeholders, and the AA to take informed decision and monitor effectively. The spirit of the Code and Regulations made thereunder will be defeated if such information is kept out of the reach of the AA for too long time.

- 2.2.3.** In this case, Mr. Goel had sent an email much belatedly on 11.03.2024 to the Registry of the AA for listing of the application. Thus, it was observed that he did not sincerely follow up for the removal of such defects and for the listing of the said application. Hence, for almost six months, the application for informing updated list of creditors to the AA remained under defect due to the negligence of Mr. Goel. Shifting the blame on the Advocate cannot be a valid explanation in view of such negligence much less the lethargic indifference and needless procrastination.
- 2.2.4.** In view of the above, the Board held the *prima facie* view that Mr. Goel had contravened Clause 14 of the Code of Conduct under Regulation 7(2)(h) of IBBI (Insolvency Professionals) Regulations 2016.

Submissions by the IP

- 2.2.5.** Mr. Goel submitted that the first list of creditors was prepared by the erstwhile IRP on 06.12.2022 and filed with the AA on 20.12.2022. Therefore, the list of creditors presented at the first CoC meeting was duly filed before AA. The first list of creditors was collated by the erstwhile IRP during his tenure and not by Mr. Goel. Mr. Goel further submitted that he was appointed as RP in the 2nd CoC meeting held on 21.01.2023 and the appointment of Mr. Goel as RP was confirmed by the AA vide its order dated 10.03.2023. Since in the first CoC meeting, he was not involved in the CIRP of Him Cylinders Ltd in any capacity, therefore, for that period, he cannot be held responsible.
- 2.2.6.** Regarding non-following up for the removal of the defects in the application filed with the Registry of the AA and for listing of the IA and for placing on record the list of creditors, Mr. Goel submitted that in the matter of Him Cylinders Limited at the relevant time, he had filed an application to place on record the revised list of creditors as on 08.07.2023 with the AA, Chandigarh Bench in CP(IB) No.149/Chd/HP/2019 on 18.07.2023, bearing filing no. 0404112/ 02358/ 2023 as per regulation 13(2)(d) and (e) of the CIRP Regulations. Mr. Goel submitted that he also did compliance in terms of Section 208(2)(d) of IBC, 2016 in the said application. After verification of claims, he updated the list of creditors on the portal of IBBI on 08.07.2023 in compliance of Regulation 13(2) (ca) of CIRP Regulations. After filing of the IA for placing on record the revised List of Creditors before the AA, Mr. Goel had apprised the CoC members regarding filing of updated list of creditors at Item no. 6 of the 8th CoC meeting of Him Cylinders Limited dated 09.08.2023.
- 2.2.7.** There were certain defects raised by the Registry in the IA bearing filing no. 0404112/ 02358/ 2023 and same were only communicated to his Advocate Rajiv Kumar who had filed the said IA. The concerned lawyer who was engaged in the matter never notified the defects in the listing of IA to the RP, and the said IA per se was not adversarial to anyone, it had escaped the attention of the RP to independently follow it up with the said lawyer to get the IA listed before the AA.

- 2.2.8.** Therefore, Mr. Goel was not aware of the defects in the said IA and some delay in removing the defects in the said IA which was never intentional, was evident from the above records and the CoC minutes where RP disclosed at every stage to the CoC members. Again, the stakeholders are well informed through updation of their claim at IBBI portal which is visible to Public. This is to submit that due to the absence of information regarding defect in IA, the non-listing of such IA did not show that Mr. Goel did not follow up for removal of such defects and listing of the said application. The RP informed the CoC members in the respective CoC meeting regarding updating of the list of creditors and claims. Therefore, the decision making in the process was not hampered or impacted in any manner whatsoever. Further, without prejudice, no unfair advantage has been gained by anyone in the process or no loss has been caused to any of the stakeholder involved in the process.
- 2.2.9.** Mr. Goel and Advocate Viren Sharma have followed up since then at several times with Registrar's office and after removing of defects, submitted the hard copy on 05.01.2024. Mr. Goel had also sent an email on 11th March 2024 to the registry to list this application for hearing. The RP sent a Letter to Registry for the same via India Post Speed Post AWB no. ED607267720IN. The Counsel, namely Advocate Viren Sharma had visited the NCLT Registry office at Chandigarh many times, after follow-ups with the Registry, it was informed that the application filed might have been misplaced, and the RP needed to file a new IA.
- 2.2.10.** Thereafter, Mr. Goel immediately filed a new application having filing receipt number 0404112/01140/2024 under Section 60(5) IA no. IA(IBC)/1093(Chd)2024 on 29th March 2024. The RP acknowledged the claims of Operational Creditors (Employees) for a sum of Rs. 1,15,63,368/-. The claim amount represented 3.26% of the total claim, which was below the 10% threshold, thereby not affecting the operational creditor rights to join the meeting at the Committee of Creditors' (CoC). On 13th, 14th and 30th May 2024, the said IA was listed for hearing. The RP along with the counsel present throughout the hearing but due to paucity of time, the matter was not taken up and the matter was adjourned for next date of hearing on 8th July, 2024. The RP never intended to hide any information with any stakeholders or the AA. Further, the revised list of creditors if not yet taken on record, the same was beyond the control of Mr. Goel and not affect the interest of any stakeholders since the interests of stakeholders and voting rights were well taken care of.
- 2.2.11.** Furthermore, Mr. Goel's adherence to Clause 14 of the Code of Conduct under Regulation 7(2)(h) of the Insolvency and Bankruptcy Board of India (IBBI) (Insolvency Professional) Regulations, 2016, demonstrated by the proactive approach in addressing the updated list of creditors at the CoC meeting and uploaded at the portal of IBBI while the records of the CD was not available. Mr. Goel submitted that he went extra mile to verify the claim and carried out the updation. This clause mandates the insolvency professional to act with diligence, which, in this context, has been observed through the timely communication and follow-up actions taken by the RP.
- 2.2.12.** Mr. Goel submitted that he did not contravene the stipulated code of conduct, and actions taken were in compliance with the regulatory framework and were aimed at rectifying the process for the benefit of the stakeholders involved. The essence of such Regulations is to ensure that the insolvency process is conducted in a fair, transparent manner.

Analysis and Findings of the DC

- 2.2.13.** The DC notes the submissions of Mr. Goel that he had filed application to place on record the revised list of creditors as on 08.07.2023 with the AA on 18.07.2023. The DC further notes the submission of Mr. Goel that since there were certain defects raised by the Registry and same were only communicated to his Advocate through portal and Mr. Goel was not aware of the defects. Mr. Goel admitted that there was some delay in removing the defects which was never intentional, and it escaped his attention to independently follow it up with the said lawyer to get the IA listed before the AA.
- 2.2.14.** It is to be noted that the RP conducts the entire insolvency resolution process: he is the fulcrum of the process and the link between the AA and stakeholders – debtor, creditors – financial as well as operational, and resolution applicants. IP is a crucial pillar responsible for the effective, timely and credible functioning of the entire CIR process. To assist RP in carrying out his responsibilities, the Code read with Regulations made thereunder allow an insolvency professional to appoint accountants, legal or other professionals, as may be necessary, however, the RP remains fully responsible for all actions taken, regardless of any external support received.
- 2.2.15.** The DC also notes the submission of Mr. Goel that he had filed the final list of creditors with the Board as on 8.07.2023 and after filing the IA for placing on record the revised List of Creditors before the AA, Mr. Goel as RP had also apprised the CoC members regarding filing of updated list of creditors in the 8th CoC meeting dated 09.08.2023. Thus, Mr. Goel submitted that the said IA per se was not adversarial to anyone as he was disclosing the same to CoC at every stage.
- 2.2.16.** In view of the above discussion, the DC finds that there had been a significant delay between the filing of an IA for placing on record the revised list of creditors before the AA on 18.07.2023 and the email sent by Mr. Goel to the Registry of the AA on 11.03.2024 for listing the application. It is the duty of the RP to manage the affairs of the CD and oversee the work of professionals appointed by him. The RP cannot delegate or evade his responsibilities, as he remains fully accountable for all actions, decisions, and the overall conduct of the insolvency resolution process. Thus, the DC views that Mr. Goel is accountable for this unwarranted delay, which hindered the timely progression of the matter. Hence, the DC holds the contravention on this count.

In the matter of Him Alloys and Steels Private Limited (CD-2)

2.3. Non-updation of claim of EPFO in list of creditors

- 2.3.1.** The Regulation 13(2)(ca) of the CIRP Regulations provides that the list of creditors shall be filed on the electronic platform of the Board for dissemination on its website. Further, Regulation 13(2)(d) of the CIRP Regulations provides that the list of creditors shall be filed with the AA. The EPFO filed its claim of Rs.1,839 before the erstwhile IRP. Thereafter, EPFO submitted additional claim of Rs. 43,56,531. The subsequent claim was submitted in the form of a letter instead of the Form provided in the Regulations under the Code. Mr. Goel updated the subsequent claim in the Information Memorandum.
- 2.3.2.** On perusal of list of creditors dated 22.02.2023 uploaded by the erstwhile IRP on IBBI's website, it was observed that the claim of Rs. 1,839 filed by the EPFO was admitted

provisionally with remark “Claim not submitted in Form B. The claim had been admitted provisionally subject to verification with books of account of Corporate Debtor.” However, there was no further update about the additional claim of Rs.43.56 lakh filed by the EPFO on the IBBI website. The Board viewed that the stakeholders should have been informed through mandated filings of List of Creditors with the AA and IBBI that the said claim had been filed, irrespective of its admission status.

2.3.3. In view of the above, the Board held the *prima facie* view that Mr. Goel had contravened the provisions of Regulation 13(2) (ca) and (d) of the CIRP Regulations read with clause 14 of the Code of Conduct under Regulation 7(2)(h) of IBBI (Insolvency Professionals) Regulations 2016.

Submissions by the IP

2.3.4. Mr. Goel submitted that IRP had earlier already communicated to the EPFO on 05-03-2023 and 18-04-2023 that “*at the time of taking over the possession of HIM Alloys & Steel Pvt Ltd, PLOT NO-1 TO 4, IND.AREA AMB UNA 177203 undersigned had not found any books/records/files/registers of the company there. Undersigned is regularly following up with the ex-directors to get the records/files of the company, but they are not cooperating. Undersigned has already reported this fact to Hon’ble NCLT, Chandigarh bench while submitting the progress report.*”

2.3.5. Mr. Goel had further submitted that he was confirmed as the RP in the 2nd CoC meeting convened on 21.01.2023. Further, vide order dated 16.05.2023 passed by the AA, he was appointed as the RP. Mr. Goel as the RP took the charge and control of the CD on 20.05.2023.

2.3.6. Mr. Goel after taking charge as RP in the 6th meeting of Committee of Creditors (“CoC”) convened on 8th June 2023, had already apprised the CoC regarding the Claim received from the EPFO department on 26.04.2023 to the tune of Rs.43,54,692/- and also discussed with the Ex-directors of the CD-2 wherein ex-directors responded that there was no such debt owed by the CD-2 and that regular payments had been made to the EPFO, along with the settlement of employee debt. In view of the statement of the ex-directors and in the absence of the complete record of the CD-2, the RP had not been able to verify the claim amount mentioned by the EPFO department. Mr. Goel had also filed application under Section 19(2) of the Code, bearing IA No.1426/2023 dated 01.06.2023 against ex-directors for seeking assistance and co-operation of the ex-directors of CD.

2.3.7. Mr. Goel as the RP had also attended several hearings of the EPFO on 18.04.2023, 03.05.2023, 24.05.2023, 07.06.2023, 21.06.2023, 21.07.2023 & 28.07.2023 in the group company i.e. Him Cylinders Ltd. It was apprised to the EPFO from time to time that, in the absence of the records of the CD, neither was the RP able to verify the claim, nor could the department provide any documents and submit the claim in requisite form with supporting documents.

2.3.8. Further, Mr. Goel had apprised in the 10th meeting of the CoC held on 27th September 2023, that the RP had received a claim letter from the EPFO claiming Rs. 43,56,531/- dated 12.06.2023 and also apprised the CoC that ex-management had not completed the books of accounts, so it was difficult to verify the dues of the EPFO Department in absence of records of the CD. Further, the RP apprised the CoC that as per the last audited

Balance Sheet of FY 2016-17 available with the RP, there was outstanding amount of Rs.7,55,300/- under the head of 'Employee Benefit Expenses'. The ex-management informed that they did not have any dues of the EPFO and the Claim of EPFO was not maintainable, in the CoC meeting.

- 2.3.9.** Further, it was decided that EPFO had not submitted the claim in the proper claim form and in the absence of the records, the RP was not in a position to decide on the subject. The RP had already intimated about the letter from the EPFO in the Information Memorandum to all the Prospective Resolution Applicant and the Resolution Applicant, allowing them to treat the same as per law .
- 2.3.10.** On 04.03.2024, Mr. Goel informed the EPFO that the ex-management were not cooperating with the RP and had not provided the books of accounts to verify the claim. An application under Section 19(2) of the Code had already been filed against the ex-management. Further, the RP informed that he had already filed the Liquidation Application under Section 33 of the Code (IA No. 2604/2023 on 18th October 2023), which is pending before the AA. The department was also advised to file its claim in the liquidation process.
- 2.3.11.** In the 12th meeting of the CoC held on 13th March 2024, Mr. Goel had again discussed with the CoC regarding the claim of EPFO and apprised the CoC that the RP had received the claim of EPFO of Rs.43,56,531/- (Rupees Forty-three lakh fifty-six thousand five hundred thirty-one Only). However, in the absence of the records, the said claim could not be verified. Further, the EPFO department was apprised about the liquidation process of the CD vide email dated 04.03.2024. On 8th June 2024, Mr. Goel as the RP had also again intimated the EPFO that as per decision of the CoC, that RP had filed the application under Section 33(2) for the liquidation of the CD. The application for liquidation vide IA No. 2604/2023 was filed on 18.10.2023 and was last listed on 30.05.2024, however, due to paucity of time, the matter could not be taken up and next date in the matter was fixed on 08.07.2024.
- 2.3.12.** This clearly showed that RP had been diligently trying to verify the claim of the EPFO but in the absence of proper record, could not verify the same. Further, to protect the interest of all the stakeholders, the RP had updated the information regarding the letter received from the EPFO in the Information Memorandum so that the prospective resolution applicants could give treatment to the same as per law. Further, in view of the non-verification of the claim of the EPFO due to the absence of records, the question of updating the list of creditors with the AA and IBBI did not arise at the relevant time. However, the IM had been uploaded, no prejudice or loss had been caused to any of the stakeholders in the process and no unfair advantage had been gained by Mr. Goel or anyone else.
- 2.3.13.** It clearly showed the intent of the RP that he had made all efforts to verify the claim of the EPFO and updated the development to the department from time to time. The stakeholders had no complaint against the same. The EPFO itself had not raised any dispute regarding the verification of their claim nor did they approach the AA for the same.
- 2.3.14.** Mr. Goel has submitted that the requirement of Regulation 13(2)(ca) of the IBBI (Insolvency Professional) Regulations, 2016 to upload "List of Creditors" on the

electronic platform of IBBI would only arise once a claim is verified. The expression “List of Creditors” would only include a person whose claim is verified. Similarly, the requirement of Regulation 13(2)(d) of the IBBI (Insolvency Professional) Regulations, 2016 to file “List of Creditors” with the Adjudicating Authority would only arise once a claim is verified. The expression “List of Creditors” would only include a person whose claim is verified.

2.3.15. In order to inform the stakeholders in the meantime, the claim was duly brought to the notice of the Committee of Creditors and duly recorded in the CoC minutes. Also, the factum of having received a claim was also duly disclosed in the Information Memorandum, which is accessible to all stakeholders. Non-verification of the claim by the resolution professional was due to the absence of a record, therefore, there was no contravention of Regulation 13(2)(ca) and (d) of the IBBI (Insolvency Professional) Regulations, 2016 .

2.3.16. In any case and without prejudice, since a plain reading of the Regulations do not warrant in so many terms that a claim, irrespective of the fact whether it is under verification or admitted or not, is required to be filed before the AA and on the website of IBBI, the non-filing may be construed only as an inadvertent mistake. Mr. Goel undertook to be more cautious in future and would take steps for uploading the claims as well as filing the same with the AA, without awaiting the admission status thereof.

Analysis and Findings of the DC

2.3.17. The DC notes that the erstwhile IRP had verified the initial claim of Rs.1,839 but Mr. Goel, who was later on appointed as the RP, submitted that he was unable to verify the claim of EPFO of Rs.43,56,531/- when submitted subsequently. Mr. Goel submitted that the department did not provide any documents or submit the claim in requisite form with supporting documents. Also, as reported by the RP, ex-directors responded that there was no such debt owed by the CD-2 and regular payments had been made to the EPFO, along with the settlement of employee debt.

2.3.18. The DC notes the submission of Mr. Goel that (i) he had apprised the CoC regarding the claim received from the EPFO department and (ii) since ex-management had not completed the books of accounts, it was difficult to verify the dues of EPFO Department in absence of records of the CD. The DC finds that submissions of Mr. Goel that the requirement to upload list of creditors on the platform of IBBI would only arise once a claim is verified is not tenable. It is the responsibility of the RP to verify the claims, take a decision regarding the acceptance or rejection of those claim and update the list of creditors.

2.3.19. The DC further took note of the documents provided by Mr. Goel which shows the communication made to the EPFO regarding correction of the format as per the prescribed forms and non-verifiability of its additional claim. Mr. Goel also submitted that the EPFO itself had not raised any dispute regarding the verification of their claim nor have they approached the AA for the same. However, in order to protect the interests of stakeholders, Mr. Goel, in his capacity as the RP, included the EPFO letter in the Information Memorandum, allowing prospective resolution applicants to consider it. Additionally, Mr. Goel has confirmed that he has taken the necessary steps to inform the EPFO to file its claim in the liquidation process using the prescribed format.

2.3.20. In view of the above discussion, the DC cautions Mr. Goel to perform his duties diligently under the Code.

In the matter of Him Cylinders Limited, Him Alloys and Steels Private Limited and Omid Engineering Private Limited (CD-I, CD-2 And CD-3)

2.4. Appointment of related party as the legal advisor

2.4.1. The Regulation 23B of IP Regulations provides that an Insolvency Professional shall not engage or appoint any of his relatives or related parties, for or in connection with any work relating to any of his assignment. Further, the Circular No. IP/005/2018 dated 16.01.2018 provides that an Insolvency Professional shall disclose his relationship, if any, with (i) the Corporate Debtor, (ii) other Professional(s) engaged by him, (iii) Financial Creditor(s), (iv) Interim Finance Provider(s), and (v) Prospective Resolution Applicant(s) to the Insolvency Professional Agency of which he is a member, within the time specified therein. The nature of relationship and timeline for disclosures is also presented in the said circular.

2.4.2. It is noted that Mr. Goel had appointed one Stalwart Resolution Professional LLP as IPE on 20.06.2023. The said IPE was recognized as an IPE by the Board on 16.10.2023, i.e., after Mr. Goel had admittedly appointed and availed its services. It is also noted from the MCA database that Mr. Goel was a designated partner of the said IPE. In view of the aforesaid, it was observed that the appointment of a Stalwart Resolution Professional amounts to the appointment of a related party in the present assignments.

2.4.3. Further, it was noted that Mr. Goel availed services of an Advocate namely Mayank Singhal. The said services were admittedly availed through Stalwart Resolution Professional LLP. The said advocate submitted his disclosures with respect to CD-I, CD-2 and CD-3, however, Mr. Goel did not upload the said disclosures on the dedicated website of concerned IPA and the CoC has only been informed about the said appointment after receipt of complaint in the present matter and not before.

2.4.4. In view of the above, the Board held the *prima facie* view that Mr. Goel had contravened the provisions of Regulation 23B of IP Regulations and Circular No. IP/005/2018 dated 16.01.2018.

Submissions by the IP

2.4.5. Mr. Goel submitted that as per the clarification provided under Insolvency Professional Regulation 23C Explanation 1 this explanation delineates the scope of 'related party' as defined in Clause (24A) of Section 5 of the IBC, explicitly excluding an insolvency professional entity where the Insolvency Professional holds a position as a partner or director. Consequently, the engagement of Stalwart Resolution Professional LLP does not constitute the appointment of a related party in the current assignment. Therefore, a clear understanding of the Regulations is that services of an IPE in which Insolvency Professional is a partner, or a director can be duly availed, other *than service related to valuation and audit*. The Regulations per se do not create a bar in relation to appointment of an IPE.

- 2.4.6.** In the present case, Mr. Goel submitted that steps were being taken to register the IPE with the Board at the relevant time. Mr. Goel submitted that knowing that registration was pending as on 20.06.2023, the RP availed services of Advocate Viren Sharma, and Advocate Rajeev Kumar through Stalwart Resolution Professional LLP and disclosure were filed for both the advocates at the IPA.
- 2.4.7.** Mr. Goel submitted that the said IPE was providing legal and other support services through Advocates associated with it. This was required to be done because the CoC wished to spend a minimum fee on legal expenses looking at the defunct status of the CD, however, an advocate with IPE provided the support services in drafting and filing the applications at the NCLT along with local counsel at Chandigarh, Mr Viren Sharma appointed in the matter without compromising on quality. The RP himself had appeared at the NCLT along with local advocates and the Bank officials joining the hearing appreciated the conduct of the RP at NCLT.
- 2.4.8.** Further, Mr. Goel submitted that the engagement of lawyers for rendering professional legal services is an integral and perhaps the most important part of a CIR process. In case of CDs where the CoC do not find or expect a healthy resolution/value in the company, the engagement of lawyers to assist RP at a meagre price becomes extremely difficult or else it might have resulted into compromising with the quality of work. Mr. Goel submitted that he appointed independent Advocate Viren Sharma and filed the disclosure and paid him directly, further no payment has been made to the IPE therefore charges for the appointment of IPE as legal services provider before recognition by the Board may be dropped.
- 2.4.9.** Mr. Goel submitted that Stalwart Resolution Professional LLP, established with the intent to provide ancillary services to Insolvency Professionals (IPs) and to function as an IP, aligns with the objectives of supporting the insolvency resolution framework. In accordance with the provisions of the Code, specifically under Sections 20(2)(a) and 25(2)(d), the authority is vested in the Interim Resolution Professional (IRP) or Resolution Professional (RP) to appoint professionals during the Corporate Insolvency Resolution Process (CIRP).
- 2.4.10.** The ratification of the professionals' fees of Advocates through Stalwart Resolution Professional LLP by the Committee of Creditors (CoC) in 7th CoC meeting dated 5th June, 2023 in the CIRP of Him Cylinders Limited, in 6th CoC meeting dated 8th June, 2023 in the CIRP of Him Alloys and Steels Private Limited and in 6th CoC meeting dated 8th June, 2023 in the CIRP of Omid Engineering Private Limited further substantiates the procedural adherence to the stipulated norms of the IBC.
- 2.4.11.** Also, the disclosure of Stalwart Resolution Professional LLP was filed with the IPA and the IBBI on 29th November 2023. Since the IPE was not recognized as on 20.06.2024, therefore disclosure of advocates appointed in the matter i.e Advocate Viren Sharma and Advocate Rajeev Kumar were filed at the IPA and the services of Advocate Mayank Singhal and other advocate associated with the IPE were availed along with counsel Advocate Viren Sharma and direct payment had been made to Advocate Viren Sharma. Further, for the services of Advocate Mayank Singhal through Stalwart Resolution Professional LLP was availed, the disclosure was made on 02.05.2023 in the CIRP of Him Cylinders Limited and on 16.05.2023 in the CIRP of Him Alloys & Steels Private

Limited & Omid Engineering Private Limited.

2.4.12. Therefore, the professional providing services through the IPE does not require separate disclosure to be filed with the IPA while the Stalwart Resolution Professional LLP has already submitted its disclosure. Further the Stalwart Resolution Professional LLP has not charged any amount before the recognition as IPE. Further, Advocate Mayank Singhal has not charged any sum separately for the work done by him in the CIRP of Him Cylinders Limited, the CIRP of Him Alloys & Steels Private Limited & Omid Engineering Limited and no amount is paid to him from the CD account. It is submitted that there are many compliances to be done pursuant to the IBC and CIRP Regulations, for such routine filing the services of Advocate Mayank Singhal was taken through the Stalwart Resolution Professional LLP in order to save cost and provide assistance. The services of Advocate Mayank Singhal were rendered alongside the other lawyers namely Mr. Viren Sharma and Mr. Rajiv Kumar and their respective disclosure has been filed with IPA on 10.06.2023 and 05.06.2023, respectively. Further, the filings done by Advocate Mayank Singhal were alongside other lawyers namely Mr. Viren Sharma and Mr. Rajiv Kumar. Additionally, the services of other legal professionals, including Advocate Mayank Singhal, were being facilitated through Stalwart Resolution Professional LLP, who aided in the preparation and submission of applications at the NCLT.

2.4.13. The Stalwart Resolution Professional LLP, functioning as an Insolvency Professional Entity (IPE), was registered with the IBBI under the registration number IBBI/IPE/0162, and the managing partner of the said entity, who is also the Resolution Professional (RP) in this matter, ensured that all necessary disclosures concerning Stalwart Resolution Professional LLP filed with the IPA. Furthermore, Mr. Goel had not acted in negligent manner as the undersigned has fulfilled his duty as reasonable and prudent would have done. Further, none of the acts alleged in the show cause notice has resulted into any injury to any of the stakeholder.

Analysis and Findings of the DC

2.4.14. The DC notes that Mr. Goel as the RP had appointed Stalwart Resolution Professional LLP as IPE on 20.06.2023. As per MCA records, Mr. Goel is the partner of Stalwart Resolution Professional LLP, which has not been denied by Mr. Goel. The DC further notes that Explanation 1 of Regulation 23C of IP Regulations is not applicable here as the said IPE was recognized as an IPE by the Board on 16.10.2023, i.e., after Mr. Goel had admittedly appointed and availed its services. It is further corroborated by the submission of Mr. Goel that *“knowing that registration is pending as on 20.06.2023, RP had availed services of Advocate Viren Sharma, and Advocate Rajeev Kumar through Stalwart Resolution Professional LLP and disclosure were filed for both the advocates at IPAICMAI”*. Thus, the appointment of a Stalwart Resolution Professional amounts to the appointment of a related party, till Stalwart Resolution Professional was recognised as an IPE. It is to be noted that Regulation 23B of IP Regulations mandates that an IP shall not engage or appoint any of his relatives or related parties, for or in connection with any work relating to any of his assignment. Thus, the Stalwart Resolution Professional LLP should have been considered as IPE only after being recognized by the IBBI as IPE. The DC further notes that the submission of Mr. Goel that the disclosure of Stalwart Resolution Professional LLP was filed with the IPA and the IBBI on 29th November 2023. The DC observed that in Mr. Goel’s disclosure, the appointment date of Stalwart

Resolution Professional LLP was recorded as 20.06.2023, while the column indicating the relationship with the IRP/RP stated “No.” Therefore, the DC finds that Mr. Goel not only failed to disclose the relationship with Stalwart Resolution Professional LLP within the prescribed timeframe of three days from appointment but also failed to accurately disclose the nature of this relationship during the period when the entity had not yet been recognized as an IPE.

- 2.4.15.** With regard to disclosure of appointment of professionals, the DC notes the submission of Mr. Goel that *“the ratification of the professionals' fees of Advocates through Stalwart Resolution Professional LLP by the Committee of Creditors (CoC) in 7th CoC meeting dated 5th June, 2023 in the CIRP of Him Cylinders Limited, in 6th CoC meeting dated 8th June, 2023 in the CIRP of Him Alloys and Steels Private Limited and in 6th CoC meeting dated 8th June, 2023 in the CIRP of Omid Engineering Private Limited further substantiates the procedural adherence to the stipulated norms of the IBC...”*. The DC considered the submission of Mr. Goel that no payment has been made to the IPE for services availed through professionals. With regard to the appointment of the Advocate Mr. Mayank Singhal, the DC observes that no disclosure has been made on IPA portal. Mr. Goel had submitted that the services of other legal professionals, including Advocate Mayank Singhal, were being facilitated through Stalwart Resolution Professional LLP, who aided in the preparation and submission of applications at the NCLT.
- 2.4.16.** In view of the above discussions, the DC finds that by engaging the Stalwart Resolution Professional LLP before its recognition as an IPE, Mr. Goel has not acted as per the provision of Regulation 23B of IP Regulations read with Circular No. IP/005/2018 dated 16.01.2018.

3. ORDER

- 3.1. In view of the foregoing, the DC finds that due to the negligence of Mr. Goel, the application for informing updated list of creditors to the AA remained under defect for nearly six months. Furthermore, Mr. Goel had violated the provision of Regulation 23B of IP Regulations read with Circular No. IP/005/2018 dated 16.01.2018 by engaging the Stalwart Resolution Professional LLP before its recognition as an IPE and without making the necessary disclosures in this regard.
- 3.2. 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 and Regulation 11 of the IBBI (Insolvency Professionals) Regulations, 2016 hereby imposes penalty of Rs.5,00,000/- (Rupees Five lakh only) on Mr. Sandeep Goel and cautions him to be extremely careful and diligent in performance of his duties for assignments under the Code and to ensure full compliance with the Code and Regulations made thereunder.
- 3.3. This Order shall come into force immediately in view of the paragraph 3.2 of the order.
- 3.4. A copy of this order shall be forwarded to the Insolvency Professional Agency of Institute of Cost Accountants of India where Mr. Sandeep Goel 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/-
(Jayanti Prasad)
Whole Time Member
Insolvency and Bankruptcy Board of India

Sd/-
(Ravi Mital)
Chairperson
Insolvency and Bankruptcy Board of India

Dated: 25th February 2025
Place: New Delhi