

# INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

## (Disciplinary Committee)

No. IBBI/DC/322/2026

08 June 2026

### ORDER

This Order disposes of the Show Cause Notice (SCN) No. COMP-11012/169/2025-IBBI dated 26.02.2026, issued to Mr. Sachin Naveen Sinha, who is an Insolvency Professional (IP) registered with the Insolvency and Bankruptcy Board of India (IBBI/Board) having Registration No. IBBI/IPA-002/IP-N00939/2019-2020/12985 and a Professional Member of the ICSI Institute of Insolvency Professionals.

#### 1. Background

- 1.1. The corporate insolvency resolution process (CIRP) of M/s Virata Exports Private Limited (CD) commenced *vide* order of the National Company Law Tribunal, Jaipur Bench (AA) dated 12.04.2023 on an application filed by M/s Tushar Tradelink Pvt. Ltd under Section 9 of the Insolvency and Bankruptcy Code, 2016 (Code/IBC) and Mr. Sachin Naveen Sinha was appointed as Interim Resolution Professional (IRP) in the matter. The AA made some observation regarding of conduct Mr. Sachin Naveen Sinha as IRP of the CD and replaced him with Mr. Ajay Kumar Atolia *vide* order dated 26.09.2025.
- 1.2. The Board took note of orders of the AA dated 29.07.2025, 19.08.2025, 29.08.2025 and 26.09.2025, wherein some observations regarding non-performance of statutory duties by Mr. Sachin Naveen Sinha were made and the AA referred the matter to the Board for initiating appropriate action.
- 1.3. The Board examined the observations made by AA *vis-à-vis* reply of Mr. Sachin Naveen Sinha. Based on such examination the Board formed a *prima facie* opinion that Mr. Sachin Naveen Sinha contravened provisions of the Code and Regulations made thereunder and issued SCN to Mr. Sachin Naveen Sinha on 26.02.2026. Mr. Sachin Naveen Sinha submitted his reply to the SCN on 13.04.2026.
- 1.4. The SCN and its response by Mr. Sachin Naveen Sinha were referred to the Disciplinary Committee (DC) for disposal. Mr. Sachin Naveen Sinha availed the opportunity of personal hearing before the DC through virtual mode on 26.05.2026.

#### 2. Orders of the AA and the Hon'ble NCLAT.

- 2.1. The NCLT *vide* its order dated 26.09.2025 made the following observations: -

*“The present CP was listed by the Hon’ble Court suo moto as no information was ever provided by the IRP after the CD was admitted to CIRP vide Order dated 12.04.2023. Despite expiry of time provided for completion of the CIRP in the code, no extension was ever sought by the IRP. Consequently, this adjudicating authority deem it appropriate to list the matter and a show cause notice was issued to the IRP as to why the matter should not be referred to IBBI to initiate appropriate proceedings against the IRP as he has failed to take any effective steps in the CIRP of the CD. The said order was passed on 29.07.2025 and the matter was posted for 19.08.2025.*

*Despite clear instruction in the earlier order dated 29.07.2025, the IRP failed to file any status report on the said date. In view of the fact that no information was provided to the Court, the court was left with no other option but to impose a cost of Rs. 30,000/- upon the IRP and the matter was posted to 29.08.2025.*

*On 29.08.2025, the IRP was present in person and informed the Court that the cost imposed has been deposited. He informed that the status report has already been filed. On perusal of the status report, it was noticed that the status report did not contain timelines with respect to the CIRP. Thereafter, the RP prayed for one weeks time to file an affidavit giving the details of the entire process and the steps taken. The IRP also stated that he was facing difficulty in the present CIRP of the CD as he has not been able to take physical possession of the CD till date.*

*On the next date of hearing i.e., 15.09.2025 wherein the RP informed that an affidavit qua the timeline of CIRP has already been filed. Thus, the matter was posted to 26.09.2025.*

*On perusal of the affidavit filed by the IRP dated 10.09.2025, it is evident that the IRP in the present case has not constituted the CoC. The SBI, the only FC had filed its claim for an amount of Rs. 28668192.37/-. The contention of the IRP is that in view of the fact that it was a belated claim which was filed after the expiry of 90 days, hence he considered it appropriate not to admit the claim and thus did not constitute the COC. During the hearing the IRP reiterated that till date the possession of the CD has not been taken by the IRP. In this present affidavit, he also stated that he is yet to file an application u/s 19(2) against the Suspended Management. He states that SBI that is the only FC has been carrying out the proceedings under the SARFAESI Act since the admission order of the CP 63 of 2020. After having perused the affidavit filed by the IRP, it is evident that despite the OC being there and the claim having been filed by the FC though belated, the IRP choose not to constitute the CoC at all and the IRP has failed to take possession of the CD till date. Though orally, the IRP submits that the Suspended Management has not been cooperating and yet, the IRP has miserably failed even to initiate any proceedings against them. In the affidavit, he has clearly stated that he is yet to file an application u/s 19(2). The timelines and details of the claims against the Corporate Debtor as given in the affidavit are as under:*

*Constitution of Committee of Creditors of Viratra Export Private Limited shall be as follows:-*

<b>S. No</b>	<b>Name of the Creditor</b>	<b>Claimed Receipt (Rs.)</b>	<b>Date of Receipt of Claim</b>	<b>Claim Admitted</b>	<b>Remarks</b>
1	Tushar Tradelink Private Limited	10,88,408	12.04.2023	10,88,408	Claim admitted as per admission order.
2	State Bank of India	2,86,68,192.37	24.07.2023		Claim not admitted due to delay in submission of claim.

<b>Model Time line under Regulation 40A of the IBBI (Insolvency Resolution for Corporate Persons) Regulations, 2016</b>					
<b>12.04.2023</b>					
<b>Section Regulation</b>	<b>Description of Activity</b>	<b>Norm</b>	<b>Latest Timeline</b>	<b>Actual Time</b>	
Section 16(1)	Commencement of CIRP and appointment of IRP	-	12.04.2023	12.04.2023	
Regulation 6(1)	Public announcement inviting claims	Within 3 days of appointment of IRP	15.04.2023	15.04.2023	
Section 15(1)(c) / Regulation 6(2)(c)	Submission of claims	For 14 days from appointment of IRP	26.04.2023	-	
Regulation 12(2)	Submission of claims	Up to the 90 <sup>th</sup> day of commencement	11.07.2023	24.07.2023 - delay claims. Email sent to SBI but no response	

<i>Regulation 13(1)</i>	<i>Verification of claims received under Regulations</i>	<i>Within 7 days from receipt of the claim</i>	<i>03.05.2023</i> <hr/> <i>18.07.2023</i>	<i>-</i> <hr/> <i>-</i>
<i>Section 21(6A)(b)</i>	<i>Application for appointment of AR</i>	<i>Within 2 days from verification of claims received under regulation</i>	<i>05.05.2023</i> <hr/> <i>05.05.2023</i>	<i>-</i> <hr/> <i>-</i>
<i>Regulation</i>	<i>Report certifying constitution of CoC</i>			<i>*10.09.2025</i>
<i>Section 22(1) / Regulation 19(2)</i>	<i>1<sup>st</sup> meeting of the CoC</i>	<i>Within 7 days of filing of report certifying constitution of the CoC, but with five days' notice</i>	<i>12.05.2023</i>	<i>* 17.09.2025</i>
<i>Section 22(2)</i>	<i>Resolution to appoint RP by the CoC</i>	<i>In the first meeting of the CoC</i>	<i>12.05.2023</i>	<i>* 17.09.2025</i>
<i>Section</i>	<i>Appointment of RP</i>	<i>On approval by the AA</i>	<i>-</i>	<i>-</i>

*From a perusal of the tables above, it is evident that in the present case the CIRP was initiated on 12.04.2023. Since commencement of the CIRP and issuance of the public notice on 15.04.2023, the IRP has not carried out any of the processes of the CIRP. It is only on the notice by the Court that the IRP presented himself and gave the entire details.*

*In the affidavit, it is stated as under:*

*Dates are given for refence and the permission of the Hon'ble Tribunal shall be required.*

*“The applicant begs before this Hon'ble Tribunal to not take any further strict steps against the applicant IRP. The applicants submits that the CIRP cannot be continued without the participation of the committee of creditors of the corporate debtor. The Insolvency Professional being an IRPZRP/Liquidator/Bankruptcy Trustee have performed statutory*

*duties under the IBC, 2016 for the purpose of CIRP process/Liquidation Process/Bankruptcy Process/Personal Insolvency Process and in the absence of Committee of Creditors or creditors nothing can happen.”*

*“Thus the applicant on the basis of the submission/s above, prays before this Hon'ble Tribunal to issue directions to the applicant operational creditor namely M/s Tushar Tradelink Private Limited to take the CIRP ahead in accordance with the provisions of the IBC, 2016.”*

*“The IRP humbly submits that since the commencement of the criminal proceedings in another assignment, the IRP has been several financial difficulties in continuing the CIRP process and has also paid cost of Rs. 30,000/- in compliance the interim order dt. 19.08.2025, and the IRP/RP/Liquidator cannot bear the expenses of the CIRP. The cost of bearing of CIRP expenses lies upon the Committee of Creditors.”*

*On perusal of the documents, it transpires that the IRP has derelicted in performing his duties and has failed miserably to even undertake basis formalities which are required post initiation of CIRP. At this juncture, it is relevant to point out that though the CIRP was initiated on 12.04.2023, however, till date the IRP has neither constituted the COC nor approached this Adjudicating Authority for any directions. Further, what shocks are conscience is not only the complete disregard of the timeline prescribed under the IBC by the IRP but also the fact that IRP seems to be unaware of provisions of the Code. The aforementioned conclusion can be corroborated by the fact that in the status report filed by the IRP one of the reasons given by him to justify the delay is that the suspended board assured him to settle the matter with the creditors. **In our understanding of the Code, we are yet to come across any provision which empowers the IRP to derail the CIRP proceedings post admission of the matter on the assurances of the suspended board.***

**After having appreciated the contentions of the IRP and perusing the status report and the affidavit filed on record, we are left with no other option but to refer the matter to IBBI for initiating appropriate action against the IRP. Further, we would like to express our displeasure at the unprofessional conduct of the IRP.**

**Given the conduct of the present IRP namely, Mr. Sachin Naveen Sinha, this bench has lost complete faith and confidence in his working in the present CIRP of the Corporate Debtor as the IRP has miserably failed to follow the due process of law....”**

2.2. Mr. Sachin Naveen Sinha filed an appeal before Hon'ble NCLAT and following order was passed by NCLAT on 25.03.2026

*“New IRP, Mr. Ajay Kumar Atolia has appeared. He prays for and is allowed two weeks' time to file Reply. Two weeks' time is allowed to file Rejoinder.*

*List this Appeal on 05.05.2026.*

*Any action taken in pursuance of the impugned order shall abide by the result of the appeal.”*

- 2.3. The CIRP is conducted under the supervision of the Adjudicating Authority (AA), and the Insolvency and Bankruptcy Board of India (IBBI) plays no direct role in these judicial proceedings. However, the professional conduct of the Resolution Professional (RP) falls squarely within the regulatory purview of the IBBI.
- 2.4. The present Show Cause Notice (SCN) specifically relate to the conduct of the RP. Under Section 217 of the IBC, the Board has been empowered to independently examine the conduct of an Insolvency Professional (IP). While an order passed by the AA may act as a trigger point for such an investigation, the Board's examination and subsequent actions are neither limited to nor restricted by the specific references made in that order.
- 2.5. Pursuant to Sections 196, 208, 217 and 220 of the Code, the Board possesses the explicit statutory authority to monitor the professional conduct of an IP and is vested with the power to initiate disciplinary proceedings and pass appropriate order.

**3. Alleged Contravention, submissions of Mr. Sachin Naveen Sinha and findings of the DC.**

The DC has considered the SCN, the reply to the SCN, submissions of Mr. Sachin Naveen Sinha, and proceeds to dispose of the SCN.

**Contravention-I**

**3.1. Non-Constitution of Committee of Creditors.**

- 3.1.1 Section 21(1) of the Code provides that the IRP shall after collation of all claims received against the CD and determination of the financial position of the CD, constitute a Committee of Creditors (CoC). Further, Regulation 17(1) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations 2016 (CIRP Regulations) provides that the IRP shall file a report certifying constitution of the committee to the AA within two days of the verification of claims received under sub-regulation (1) of regulation 12. Further, Regulation 17(2) of the CIRP Regulations provides that the IRP shall hold the first meeting of the committee within seven days of filing the report under this regulation.
- 3.1.2 The Board observed that pursuant to the public announcement dated 15.04.2023, Mr. Sachin Naveen Sinha received claim from State Bank of India (SBI), a Financial Creditor (FC), amounting to Rs.2,86,68,192 and from the Original Applicant/Operational Creditor (OC) amounting to Rs.10,88,408. Despite receipt and collation of claim from SBI, no CoC was constituted from April 2023 till replacement of IP in September 2025. Consequently, no report certifying the constitution of the CoC was filed with the AA and no meeting of the CoC was conducted. Moreover, on the basis of the affidavit dated 10.09.2025 filed by Mr. Sachin Naveen Sinha, the AA also recorded that Mr. Sachin Naveen Sinha did not constitute the CoC despite receipt of claims of the OC and the FC. Mr. Sachin Naveen Sinha submitted that SBI preferred to continue proceedings under the SARFAESI Act and was not willing to

participate in the CoC. He further submitted that there were no assets in the CD and that the OC had limited financial capacity, and therefore CoC was not constituted.

3.1.3 It was observed by the Board that the obligation under aforesaid sections is mandatory in nature, and the Code does not provide discretion to the IRP to refrain from constituting CoC on the ground that a creditor is unwilling to participate or prefers alternative proceedings. There is also no provision permitting withdrawal of CIRP except through the mechanism under Section 12A of the Code.

3.1.4 In view of the above, the Board held *prima facie* view that Mr. Sachin Naveen Sinha had contravened Sections 21(1) and Section 208(2)(a) and (e) of the Code, Regulation 17 of the CIRP Regulations, Regulation 7(2)(a) and (h) read with Clause 13 and 14 of the Code of Conduct as specified in the First Schedule of IBBI (Insolvency Professionals) Regulations 2016 (Code of Conduct).

### **3.2. Submissions by Mr. Sachin Naveen Sinha.**

3.2.1 Mr. Sachin Naveen Sinha submitted that as per Section 21(2) of the Code, the CoC shall comprise all FC(s) of the CD. The public announcement was made on 15.04.2023 in the newspaper namely The Indian Express (English) and Mahanagar Times (Hindi), Jaipur Edition. The copy of public announcement was also sent to the State Bank of India i.e. FC on 26.04.2023. The last date for submission of claims was 28.04.2023 and the 90<sup>th</sup> day (from the insolvency commencement date) for submission of claim ended on 12.07.2023. The composition of the CoC consists of the FC(s) only. Thus, he personally visited the State Bank of India, Stressed Assets Recovery Branch in Jaipur, to fulfill his obligation of submitting claims and ascertaining assets related to the CD. The Bank officials at that time informed that they do not wish to participate in the ongoing CIRP of the CD, because they have initiated SARFAESI Proceedings against the personal guarantors of the CD. The Bank officials stated that the CD did not have any immovable property/assets in its own name. Thus, no claims were submitted by the SBI in the prescribed timeline.

3.2.2 Further, the claim of the SBI was received on 24.07.2023 and Mr. Sachin Naveen Sinha informed the Bank on 25.07.2023, that he was keeping the claim on record and asked the Bank to file application before the AA. The CD did not have any immovable asset/property which could have been provided to the SBI for security for the loan extended to the CD by the SBI. The SBI informed in the claim documents that no immovable secured asset of the CD was available. Mr. Sachin Naveen Sinha submitted that he did not move application on behalf SBI, i.e., FC before the AA, for admission of claim of the FC as it was the duty of the FC to approach the AA for decision of claims amount. The IRP/RP had only administrative powers and not adjudicatory powers. If Mr. Sachin Naveen Sinha, in the capacity of IRP/RP had made such application on behalf of SBI before the AA, then type of activities/conduct could have been regarded as the conflict of interest as prescribed in Clause 3 of Code of Conduct.

3.2.3 Further, the claim of the FC was received on 24.07.2023 after the completion of 90<sup>th</sup> day of the insolvency commencement date which ended on 12.07.2023 (insolvency commencement date i.e. I.C.D. 12.04.2023). He sent email to the Bank on 25.07.2023 and asked them to make application before the AA and bank did not respond to that email. The claim of the FC was not admitted but was kept for record. The FC claim was not admitted at that time as there was not any specific order provided by the FC from the AA on the basis of which he could have admitted the Bank's claim. The Bank did not show any interest in the ongoing CIRP process and chose to proceed in the SARFAESI proceedings. The FC was of the view that there was no asset of the CD and only the assets/properties of the personal guarantor/s, directors, promoters, shareholders were available with bank and hence they had already initiated SARFAESI Proceedings since 2022. He submitted that there was no such provision which provided that IRP/RP had to file application before the AA for admission of claims of the FC(s), if the claims were received belated after the expiry of time period. It was the duty of all such claimants whose claims did not get admitted on the ground of belated claims or other reasons, then such claimants had to make application.

3.2.4 In the instant case, after the determination of the financial position of the CD, it was found that the CD did not have any assets in its own and the IRP could not have constituted CoC because there was denial by the FC to participate in the ongoing CIRP process of the CD. Thus, no CoC was constituted in the absence of any orders which was to be obtained by the FC from the AA with respect to the delayed claims submitted by the Bank. As the CoC was not constituted, no CoC report was available for filing at that time.

3.2.5 He submitted that whether IRP/RP could constitute CoC only on the basis of OC, the answer was negative. The constitution of the CoC with single OC was not allowed under the Code. He referred to the order of the National Company Law Appellate Tribunal, Chennai Bench, (NCLAT) in the Company Appeal (AT)(CH)(Ins) No.25/2022, wherein vide order dated 23.06.2023, following was held-:

*6. This Tribunal is of the earnest view that there is no provision in the Code for the Corporate Debtor to constitute the CoC with a single Operational Creditor, when it is seen from the record that despite the public announcement being made inviting claims from its stakeholders, the Appellant has not received a single 'Claim' from the date of initiation of the Corporate Debtor into CIRP. As the CoC itself is not constituted and in the light of the fact that not a single 'Claim' was received by the IRP even after the public announcement, as well as the fact that the Corporate Debtor Company has been struck off from the Registrar of Companies, this Tribunal is of the considered view that the CIRP may be closed with respect to the subject company.*

3.2.6 He further submitted that neither the OC nor the FC was interested to participate in the CIRP process of the CD. The FC had preferred SARFAESI Proceedings and OC was not having resources for carrying out CIRP process. As per available information from the applicant

OC, the OC had initiated criminal litigation against the CD and its directors under Section 138 of the Negotiable Instruments Act, 1881. The applicant OC submitted that it was having financial difficulties. From the information available in public domain, the CD does not have any assets/properties under Section 18(1)(f) of the Code. Some properties were owned by the shareholders and personal guarantors of the CD. Even the registered office of the CD located in Jodhpur was the residential premise owned by the shareholder of the CD.

3.2.7 He further submitted that one observation was mentioned in the SCN that without the constitution of CoC, there was no provision permitting the withdrawal of the CIRP admission application of the applicant even on the ground of settlement under Section 12A of the IBC, 2016. It was further submitted that in this connection the relevant Regulation 30A of the CIRP Regulations states as below:

*“An application for withdrawal under Section 12A may be made to the Adjudicating Authority –*

*(a) before the constitution of the committee, by the applicant through the interim resolution professional;*

*(b) after the constitution of the committee, by the applicant through the interim resolution professional or the resolution professional, as the case may be: .....”*

3.2.8 In this connection, the settlement between the parties may take place before the constitution of the CoC as per Regulation 30A of the CIRP Regulations. Further, The Insolvency and Bankruptcy Code (Amendment) Act, 2026 was notified on 06.04.2026 and Section 12A was substituted by the IBC (Amendment) Act, 2026 as follows:

*“12A. (1) Subject to sub-section (2), the Adjudicating Authority may allow the withdrawal of an application admitted under section 7, 9 or 10, on an application made by the resolution professional, with the approval of ninety per cent. voting share of the committee of creditors in such manner as may be specified.*

*(2) Notwithstanding anything contained in any law for the time being in force, an application admitted under section 7, 9 or 10 shall not be withdrawn—*

*(a) before the constitution of the committee of creditors under sub-section (1) of section 21; and (b) after the first invitation for submission of a resolution plan has been issued by the resolution professional.*

*(3) The Adjudicating Authority shall pass an order under sub-section (1) within a period of thirty days from the date of receipt of the application: Provided that if the Adjudicating Authority has not passed an order within such period, it shall record the reasons for such delay in writing.”*

3.2.9 Mr. Sachin Naveen Sinha submitted that he was being approached by Mr. Ganpat Salecha, former director cum promoter and present shareholder of the CD. Mr. Ganpat Salecha sent some messages and word file for settlement purpose so that withdrawal of CIRP application

could be made at that time as there was no constitution of CoC on the ground of submission of belated claim documents by the FC. Mr. Ganpat Salecha, sent some draft settlement deed through whatsapp communication on 27.06.2023 and furnished letter dated 23.06.2023.

3.2.10 It was further submitted by Mr. Sachin Naveen Sinha that all steps were taken in good faith for settlement of the matter between parties before the constitution of the CoC, as per Regulation 30A of the CIRP Regulations (which remained in force, as there was no participation of the FC and OC and neither the FC was approaching the AA for the purpose of admission of their financial debt claims nor the OC was ready to make contribution into the CIRP of the CD. Hence, the CIRP could not be completed in time.

3.2.11 He submitted that C.P. (IB) No. 63 of 2020 was *suo moto* called up for hearing on 29.07.2025 by the AA and the IRP unintentionally could not appear on that date. However, the matter came up for hearing on 19.08.2025, 29.08.2025, 15.09.2025 and 26.09.2025 and the Mr. Sachin Naveen Sinha made appearances on all those dates of hearings through online and physical mode. Mr. Sachin Naveen Sinha further submitted that when the AA asked for constitution of the CoC of the CD, he immediately apprised the AA about the belated claims of the FC. The IRP refiled Status Report in I.A. No. 382 of 2025 on 18.08.2025 which was listed on 29.08.2025. In the affidavit dated 10.09.2025, furnished in application no. IA/382/2025 and in C.P. (IB) No. 63 of 2020, he submitted that constitution of CoC was taken on record and IA/382/2025 was disposed of on 12.12.2025. He further submitted that, even for the delay in CIRP Mr. Sachin Naveen Sinha was imposed cost of Rs. 30,000 and he has deposited in the PM relief fund as per the order of the AA dated 19.08.2025. Mr. Sachin Naveen Sinha submitted that he made efforts to streamline the CIRP and was in the process of filing CoC report and by refiling other necessary application/s but the he was replaced by new IRP namely Mr. Ajay Kumar Atolia on 26.09.2025 Hence, he did not contravene any of the provisions of the Code and the CIRP Regulations.

### **3.3 Analysis and Findings of the DC**

3.3.1 The Disciplinary Committee (DC) notes that the primary charge against Mr. Sachin Naveen Sinha focuses heavily on his professional misconduct and systemic failure to constitute the CoC and adhere to the statutory timelines governing CIRP. Despite receiving claims from both the Financial Creditor (State Bank of India) and the Operational Creditor, Mr. Sinha failed to constitute the CoC from the commencement of the CIRP on 12.04.2023 until his eventual replacement in September 2025. Clause 13 of the Code of Conduct of IP Regulations mandates that

*“An insolvency professional must adhere to the time limits prescribed in the Code and the rules, regulations and guidelines thereunder for insolvency resolution, liquidation or bankruptcy process, as the case may be, and must carefully plan its actions, and promptly communicate with all stakeholders involved for the timely discharge of its duties.”*

- 3.3.2 By permitting a statutory standstill to persist for a period exceeding two years, his conduct directly contravenes the time-bound mandate of the Code. While Regulation 13(1B) & 13(1C) of the CIRP Regulations introduced on 18.09.2023, casts an explicit obligation on the Interim Resolution Professional (IRP) to place belated claims before the CoC and subsequently approach the Adjudicating Authority (AA) for approval, Mr. Sinha failed to avail himself of this mechanism to examine SBI's claim and immediately constitute the CoC, notwithstanding that the CoC had still not been formed on the date the amendment came into force.
- 3.3.3 Furthermore, a perusal of the list of claims uploaded to the IBBI website reveals that Mr. Sinha recorded that SBI preferred pursuing the SARFAESI process; however, as a certified professional, the IRP was duty-bound to provide proper legal guidance and advise the creditor that Section 14 moratorium provisions strictly prohibit SARFAESI actions against the Corporate Debtor (CD) during the CIRP. This lack of diligence and failure to clarify the law constitutes a breach of the statutory duties as an RP. The statutory obligation to constitute the CoC is strictly mandatory, and the Code does not vests discretionary authority in the IRP to defer its formation.
- 3.3.4 Consequently, Mr. Sinha's attempts to justify his ongoing inaction by citing private settlement discussions between the Operational Creditor and the suspended director are legally untenable. Clause 14 of the Code of Conduct of IP Regulations mandates that "*An insolvency professional must not act with mala fide or be negligent while performing its functions and duties under the Code.*" An RP possesses no legal or discretionary authority to bypass mandatory statutory timelines based on informal assurances from a suspended board or the anticipation of a Section 12A withdrawal. This casual and indifferent attitude directly demonstrates an abdication of regulatory duties, paralyzes the CIRP mechanism, and defeats the primary objective of the Code regarding the swift resolution of the CD. The record indicates that this professional inaction and misconduct would have continued indefinitely if the AA had not taken *suo motu* cognizance of the delay. Such misconduct is gross negligence on the part of the RP. Accordingly, given this established pattern of professional misconduct and failure to drive the statutory process forward, the DC holds that the contravention against Mr. Sachin Naveen Sinha.

### **Contravention-II**

#### **3.4 Failure to take control and custody of the assets of the CD.**

- 3.4.1. Section 18(1)(f) of the Code provides that the IRP shall take control and custody of any asset over which the CD has ownership rights as recorded in the balance sheet of the CD, or with information utility or the depository of securities or any other registry that records the ownership of assets including – (i) assets over which the CD has ownership rights which may be located in a foreign country; (ii) assets that may or may not be in possession of the CD; (iii) tangible assets, whether movable or immovable; (iv) intangible assets including

intellectual property; (v) securities including shares held in any subsidiary of the CD, financial instruments, insurance policies; (vi) assets subject to the determination of ownership by a court or authority. Further, Section 19(2) of the Code provides that where any personnel of the CD, its promoter or any other person required to assist or cooperate with the IRP does not assist or cooperate, the IRP may make an application to the AA for necessary directions.

- 3.4.2. From the commencement of CIRP on 12.04.2023 till replacement of Mr. Sachin Naveen Sinha in September 2025, Mr. Sachin Naveen Sinha failed to take effective control and custody of the assets of the CD. He admitted before the AA that possession of the assets of the CD was taken by him. Mr. Sachin Naveen Sinha submitted that he visited the registered office and residences of the suspended management but faced resistance and threats, that the premises were locked and that he was alone during visits. The AA also observed that despite alleging non-cooperation, he failed to initiate appropriate proceedings against suspended director regarding relinquishing control over of assets of the CD, in a timely manner. It was observed that in case of non-cooperation or resistance, the Code specifically provides recourse under Section 19(2) of Code. Mr. Sachin Naveen Sinha was required to promptly seek directions from the AA and pursue appropriate remedies, including seeking police assistance if required. That personal inconvenience or resistance cannot justify prolonged inaction extending over two years towards protecting and preserving the assets of the CD. The material available on record does not reflect diligent pursuit of statutory remedies.
- 3.4.3. It was further noted that in the affidavit filed before the AA, Mr. Sachin Naveen Sinha stated that he was yet to file an application under Section 19(2). The same was also recorded by the AA in its order dated 26.09.2025. However, in reply to the Board, he submitted that an application was electronically filed but hard copy could not be delivered therefore proceedings did not progress. Mere electronic filing without ensuring service, listing, and effective prosecution of appropriate application does not amount to compliance with statutory obligation. Therefore, the submissions to the AA and to the Board with regard to filing of section 19(2) applications are inconsistent and misleading too. The prolonged failure to secure cooperation reflects lack of professional diligence.
- 3.4.4. In view of the above, the Board held *prima facie* view that Mr. Sachin Naveen Sinha had contravened Section 18(1)(f) read with Section 19 and Section 208(2) of the Code read with Clause 12 and 14 of the Code of Conduct.

### **3.5. Submissions by Mr. Sachin Naveen Sinha.**

- 3.5.1. Mr. Sachin Naveen Sinha submitted that all the assets and properties were owned by the personal guarantor and shareholders of the CD. He referred to explanation to Section 18 which stated that the term “assets” shall not include the following, namely: - (a) assets owned by a third party in possession of the corporate debtor held under trust or under contractual

arrangements including bailment; (b) assets of any Indian or foreign subsidiary of the corporate debtor; and (c) such other assets as may be notified by the Central Government in consultation with any financial sector regulator.

- 3.5.2. He submitted that SBI in the claim documents stated that there was no secured asset of the CD available. Apart from the bank submission, the last audited financial statements of the CD for the year 2018-19, did not mention any immovable property/assets. The IRP was not having access to the premises owned by the third parties and was facing difficulties at that time from the family members of the shareholders and related party of the CD.
- 3.5.3. He further submitted that the IRP took steps and filed application under Section 19(2) of the Code through online mode on 06.09.2023 i.e. within 6 months from the date of his appointment as IRP on 12.04.2023. But the same application was not registered in the registry of the AA due to technical fault. The IRP apprised the AA in IA No. 382/2025, about the Section 19(2) application which was filed *vide* efiling no. 0811101007362023 dated 06.09.2023.
- 3.5.4. With respect to submission that was recorded in the order that the IRP was yet to file Section 19(2) application, was only due to mistake and error. The IRP in the status report in I.A. No. 382 of 2025 had annexed copy of Section 19(2) application. The said Status Report accompanied by the affidavit was taken on record on 26.09.2025. The I.A. 382 of 2025 was later disposed of by the AA on 12.12.2025.
- 3.5.5. He submitted that, the IRP made efforts to streamline the CIRP and was in the process of filing/refiling necessary application/s but he was replaced by the new IRP namely Mr. Ajay Kumar Atolia on 26.09.2025. Hence, he did not contravene any of the provisions of the Code and the IBBI CIRP Regulations.

### **3.6. Analysis and Findings of the DC**

- 3.6.1. The DC notes that absence of assets does not dilute the statutory obligation of the IRP under Section 18(1)(f) of the Code. The IRP is required to take control of all assets of the CD, ascertain its position, and take necessary steps. The absence of immovable assets does not extinguish this duty. Mr. Sachin Naveen Sinha could have taken custody and control of the office record of the CD including Books of Account and on perusal of the office record and books of account, Mr. Sachin Naveen Sinha could have ascertained the availability/non-availability of the assets of the CD, but no step was taken in this regard.
- 3.6.2. This professional negligence and misconduct is further compounded by his handling of the Section 19(2) application for non-cooperation. Clause 12 and 14 of the Code of Conduct of IP Regulations mandates that “*An insolvency professional must not conceal any material information or knowingly make a misleading statement to the Board, the Adjudicating Authority or any stakeholder, as applicable and must not act with mala fide or be negligent*”

*while performing its functions and duties under the Code.*” While the application was electronically filed on 06.09.2023 and defects were notified by the Adjudicating Authority (AA) on 06.10.2023, Mr. Sinha allowed the matter to languish in the "refiling" stage for nearly two years without taking any steps to cure the defects. The DC firmly notes that mere electronic filing, absent proactive follow-up to ensure formal registration, listing, and effective prosecution, does not constitute regulatory compliance. Such prolonged and unaddressed inaction cannot be characterized as an oversight/mistake; rather, it demonstrates grave professional negligence and misconduct that actively stalled the insolvency process. Accordingly, given this established pattern of non-performance and failure to safeguard the estate of the CD, the DC holds that the contravention against Mr. Sachin Naveen Sinha.

### **Contravention-III**

#### **3.7. Failure to seek extension of timelines for CIRP Process.**

- 3.7.1. Section 12(1) of the Code provides that subject to sub-section (2), the CIRP shall be completed within a period of one hundred and eighty days from the date of admission of the application to initiate such process. Further, Section 12(2) of the Code provides that the Resolution Professional (RP) shall file an application to the AA to extend the period of the CIRP beyond one hundred and eighty days, if instructed to do so by a resolution passed at a meeting of the CoC by a vote of sixty six per cent, of the voting shares. It is noted that the CIRP commenced on 12.04.2023. That pursuant to admission order, neither the CoC was constituted nor extension under Section 12 of the Code was sought. That between April 2023 and July 2025, no substantive progress in the CIRP of CD occurred.
- 3.7.2. It was further noted that the matter was listed *suo moto* by the AA wherein Mr. Sachin Naveen Sinha submitted that the delay was due to assurance from the director of the suspended board regarding settlement with the creditors. Mr. Sachin Naveen Sinha submitted that settlement discussions were ongoing and creditors were reluctant to proceed under IBC. Once CIRP was admitted, the process must proceed strictly in accordance with the Code. Post-admission settlement is governed exclusively by Section 12A, and the IRP has no authority to suspend statutory functions on informal assurances of settlement. Therefore, the conduct of Mr. Sachin Naveen Sinha demonstrates blatant disregard for the time-bound objective of the Code.
- 3.7.3. In view of the above, the Board held *prima facie* view that Mr. Sachin Naveen Sinha had contravened Section 12(1) and (2) of the Code and Section 208(2), Regulation 40 of the CIRP Regulations read with Clause 14 of the Code of Conduct.

#### **3.8. Submissions by Mr. Sachin Naveen Sinha.**

- 3.8.1. Mr. Sachin Naveen Sinha submitted that there was no CoC and as per Section 12(2) of the Code, the IRP/RP cannot file extension application in the absence of

confirmation/approval/consent of the CoC members with a vote of 66%. He submitted that he formed CoC and mentioned the same in the Affidavit dated 10.09.2025 submitted by him in I.A. 382 of 2025.

- 3.8.2. He submitted that, he made efforts to streamline the CIRP process and was in the process of filing CoC report and by refiling other necessary application/s but the IRP was replaced on 26.09.2025.
- 3.8.3. He reiterated his submissions that settlement talks were going on among the OC and the shareholder of the CD but never materialized. In the stand circumstances had the settlement taken place between the creditor and the suspended director then withdrawal of application might have taken place.
- 3.8.4. He submitted that the IRP performed its statutory obligations like public announcement, intimation to the suspended management and the creditors about the commencement of the CIRP process of the CD, visited to the registered office of the CD and residential premises of the personal guarantors and suspended directors cum shareholders of the CD, visited to the office of SBI Stressed Assets Recovery branch, Jaipur, visited Jaipur and Jodhpur in 2023 and filed application before the AA, pending for registration.
- 3.8.5. He submitted that the fact of filing of application under Section 19(2) of the Code was mentioned in the second status report dated 18.08.2025 and the impugned order was passed on the basis of the 2<sup>nd</sup> status report which was apparent from perusal of the impugned order dated 26.09.2025.
- 3.8.6. He submitted that against the impugned order dated 26.09.2025, he filed an appeal before NCLAT which is pending adjudication. He again submitted that for delay in CIRP, he had already paid cost of Rs. 30,000/- on 25.08.2025 and the same was also noted by the AA in the order dated 29.08.2025. Lastly, he prayed to absolve him from any action and consider his case sympathetically.

### **3.9. Analysis and Findings of the DC**

- 3.9.1 Section 12(1) of the Code provides that the CIRP shall be completed within 180 days from the date of admission. Section 12(2) provides that the RP shall file an application to the AA for extension beyond 180 days if instructed by a resolution passed at a CoC meeting by a vote of sixty-six per cent of the voting shares. Mr. Sachin Naveen Sinha submitted that since no CoC was constituted, he could not obtain the requisite 66% CoC approval and therefore no extension application could be filed.
- 3.9.2 The DC notes that the inability to seek extension was a direct consequence of the IRP's misconduct and own failure to constitute the CoC, as held under Contravention-I. An IP cannot take shelter behind the consequences of his own default. The CIRP commenced on

12.04.2023 and between April 2023 and July 2025, no substantive progress whatsoever was made. The IRP's explanation that settlement discussions were ongoing does not hold, as post-admission settlement is governed exclusively by Section 12A and the IRP has no authority to suspend statutory functions on informal assurances of settlement. Moreover, Mr. Sachin Naveen Sinha followed up for settlement with directors of the suspended board and the OC only on 01.10.2025 which was after the cognizance taken by the AA regarding inaction by him. His delay in checking of ongoing settlement, acting after nudge by the AA and inaction on behest of settlement shows negligent and malafide conduct of Mr. Sachin Naveen Sinha. The DC accordingly holds the contravention.

#### **4. Order.**

- 4.1 In view of the forgoing, the DC finds that the professional conduct of Mr. Sachin Naveen Sinha throughout the CIRP was marked by gross negligence, a persistent abdication of regulatory duties, misconduct and a systemic failure to adhere to the time-bound mandate of the Code. By failing to constitute the Committee of Creditors for over two years on the legally untenable pretext of private settlement discussions, neglecting his statutory obligation under Section 18(1)(f) to take immediate custody and control of the Corporate Debtor's assets and records, and failing to timely seek a statutory extension of the CIRP period and acting only after the AA took *suo motu* cognizance, Mr. Sinha's conduct fundamentally paralyzed the insolvency resolution process. Such a negligent, casual, indifferent, and non-compliant conduct directly subverts the primary objective of the Code regarding the swift and time-bound resolution of the Corporate Debtor, thereby constituting a severe and established breach of the statutory duties and professional standards mandated for an Insolvency Professional.
- 4.2 Therefore, in exercise of the powers conferred under Section 220 of the Code read with Regulation 13 of the IBBI (Inspection and Investigation) Regulations, 2017, the DC hereby suspends the registration of Mr. Sachin Naveen Sinha (Registration No. IBBI/IPA-002/IP-N00939/2019-2020/12985) for a period of 3 years. During the suspension period, Mr. Sachin Naveen Sinha will be ineligible to continue all his present assignments under the IBC from the date this order becomes effective. He shall handover records of the CD(s) to new IRP/RP/Liquidator/Bankruptcy Trustee, as the case may be, appointed by the AA.
- 4.3 This order shall come into force after 30 days from the date of issuance of this order.
- 4.4 A copy of this order shall be sent to the CoC of all the corporate debtors in which Mr. Sachin Naveen Sinha is providing his services, and the respective CoC will recommend the appointment of new IRP/RP/Liquidator/Bankruptcy Trustee.
- 4.5 A copy of this order shall be forwarded to ICSI Institute of Insolvency Professionals where Mr. Sachin Naveen Sinha is enrolled as a member.

4.6 A copy of this order shall also be forwarded to the Registrar of the Principal Bench of the National Company Law Tribunal, New Delhi, for information.

4.7 Accordingly, the show cause notice is disposed of.

-sd/-

(Ravi Mital)

Chairperson

Insolvency and Bankruptcy Board of India

Dated: 08 June 2026

Place: New Delhi