

# INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

## (Disciplinary Committee)

No. IBBI/DC/330/2026

08 July 2026

### ORDER

This Order disposes of the Show Cause Notice (SCN) No. COMP-11011/169/2025-IBBI-1850/1806 dated 02.12.2025, issued to Mr. Manish Motilal Jaju, who is an Insolvency Professional (IP) registered with the Insolvency and Bankruptcy Board of India (IBBI/Board) with Registration No. IBBI/IPA-001/IP-P00034/2016-17/10087 and a Professional Member of the Indian Institute of Insolvency Professionals of ICAI.

#### 1. Background

- 1.1 M/s CAN Enterprises Private Limited (CD) was admitted to corporate insolvency resolution process (CIRP) by the National Company Law Tribunal, Mumbai Bench (AA) vide order dated 27.01.2020 on an application filed by Malharshanti Enterprises Private Limited being Operational Creditor, under Section 9 of the Insolvency and Bankruptcy Code, 2016 (IBC/Code). Mr. Jitendrakumar Rambaran Yadav was appointed as Interim Resolution Professional and later Mr. Manish Motilal Jaju was appointed as Resolution Professional vide AA's order dated 09.06.2020.
- 1.2 The Board received a complaint raising certain allegations on conduct of Mr. Manish Motilal Jaju in respect of his assignment as RP in the CIRP of the CD. The Board examined the allegations in the above complaint vis-à-vis reply to the same by Mr. Manish Motilal Jaju and based on such examination and material available on record the Board held the *prima facie* view that Mr. Manish Motilal Jaju had contravened provisions of the Code and Regulations made thereunder and issued SCN to him on 02.12.2025 to which Mr. Manish Motilal Jaju submitted his response dated 29.12.2025.
- 1.3 The SCN, the response by Mr. Manish Motilal Jaju and other material available on record was referred to this Disciplinary Committee (DC) for disposal. Mr. Manish Motilal Jaju availed the opportunity of personal hearing before the DC through virtual mode on 09.06.2026 where he appeared along with his Advocate Mr. Deep Bisht. Mr. Manish Motilal Jaju submitted his additional written submission vide email dated 12.06.2026.

#### 2. Alleged Contravention, submissions of Mr. Manish Motilal Jaju and findings of the DC.

The DC has considered the SCN, the reply to the SCN, the oral and written submissions of Mr. Manish Motilal Jaju and proceeds to dispose of the SCN.

#### **Alleged Contravention: Wrongful rejection of an admitted claim and non-compliance with AA and NCLAT orders.**

- 2.1. In the present matter, the CD was admitted into CIRP on 27.01.2020 based on Section 9 application filed by an Operational Creditor - Malharshanti Enterprises Ltd ("OC"). It was

noted that the suspended management had filed an appeal challenging the CIRP admission order before Hon'ble NCLAT which was dismissed vide order dated 19.01.2021. Subsequently, the appeal against the said order of Hon'ble NCLAT filed before Hon'ble Supreme Court was also dismissed as withdrawn on 10.03.2021, thereby attaining finality on the issue of debt and default.

- 2.2. After taking charge as RP, Mr. Manish Motilal Jaju rejected the claim of the OC, vide email dated 02.12.2020, on the ground of non-submission of supporting documents, despite the claim having already been admitted by the IRP and forming the basis for admission of the CIRP itself. On challenge by the OC, the AA vide order dated 30.08.2021 directed the OC to furnish the required documents and directed Mr. Manish Motilal Jaju to ascertain and verify the claim by 10.09.2021. The AA further directed that a forensic audit of books of account of the CD be conducted by Mr. Amarjit Chopra, past President of the ICAI.
- 2.3. Pursuant to the above, Mr. Manish Motilal Jaju reverified the claim and, vide letter dated 10.09.2021 concluded that no amount was outstanding from the CD to the OC and again rejected the claim. The AA, after considering the forensic audit report and the entire record, vide detailed order dated 16.02.2023, set aside the rejection of the claim of the OC by Mr. Manish Motilal Jaju and directed him to admit the claim of the OC. The key observations of the AA are as under:

*“14. It has been also observed that the forensic Auditor has clearly certified an amount of Rs. 1,60,86,343/- is still due and payable by the Corporate Debtor to the Operational Creditor. It is appropriate to mention here that the forensic audit report given by an independent auditor who examined the books of accounts of the Corporate Debtor under the directions of a competent authority is an expert in the field of accountancy and his report has certain legal sanctity and evidentiary value under Section 45 of the Indian Evidence Act though it is not a conclusive proof.*

...

*19. This Bench further observes that the Resolution Professional has miserably failed to understand that the above CIRP order was passed by the adjudicating authority after prima-facie satisfying about the existence of 'debt' and 'default' of more than Rs. 1,00,000/- as on the date of filing the Company Petition and he shall not reject such claim of the Operational Creditor in toto by ignoring the concurrent findings of the adjudicating authority and the appellate authority.*

...

*21. This bench further observes that the Resolution Professional miserably failed to understand that he can legally admit the claim of the Operational Creditor without insisting any books of accounts from the Operational Creditor in view of finality of the CIRP admission order and voluntary withdrawal of SLP before Hon'ble Supreme Court by Corporate Debtor.*

22. *For the aforesaid reasons viewing from any angle, this bench is of the considered opinion that the action of RP in rejecting the claim of the Operational Creditor in toto is illegal, arbitrary and does not stand to the test of legal scrutiny....*

23. *With the above observations, the action of the RP in rejecting the claim of Operational Creditor is set aside with a direction to him to admit the claim of Operational Creditor and complete the CIRP process as expeditiously as possible.”*

2.4. It was observed that despite the above directions dated 16.02.2023, Mr. Manish Motilal Jaju did not admit the OC's claim and instead filed an appeal before the Hon'ble NCLAT. It was also noted that no stay was granted on the operation of the AA's order. The Hon'ble NCLAT, while dismissing Mr. Manish Motilal Jaju's appeal on 17.09.2024, questioned his locus, held that Mr. Manish Motilal Jaju had effectively overruled judicial orders which attained finality, and imposed a cost of ₹10 lakh, to be deposited in the Prime Minister's National Relief Fund within four weeks. The Hon'ble NCLAT observed as under:

*“45. The Appellant has defended his action in rejecting the claims of the Operational Creditor on the basis that he did not get sufficient documentation. However, we observe that the claims of the Operational Creditor were properly adjudicated and admitted at the stage of initiating CIRP proceedings against the Corporate Debtor on the basis of which Section 9 application filed by the Operational Creditor vide order dated 27.01.2020.*

*46. We have already taken into consideration that Suspended Director of the Corporate Debtor had challenged the CIRP order dated 27.01.2020 before this Appellate Tribunal and the same was dismissed on merit after going through full facts and law vide this Appellate Tribunal's earlier order dated 19.01.2021. The observation of this Appellate Tribunal order has been recorded in detail by us in earlier discussions. It is worth noting that the same was challenged before the Hon'ble Supreme Court of India by Suspended Director of the Corporate Debtor which was dismissed as withdrawn. Thus, the CIRP order dated 27.01.2020 has attained the finality.*

*47. We have already noted that the Appellant has challenged the present appeal on the merits against the Impugned Order dated 16.02.2024. On a pointed query by this Appellate Tribunal, the Appellant stated that the appeal has been filed in his personal capacity. We wonder what is the locus and personal interest of the Resolution Professional in this regard.*

...

*53. ....We are amazed to note tenacity of the Resolution Professional to assume role of the Adjudicating Authority and even role of the Appellate Tribunal and overrule the judicial orders which attained finality after the Hon'ble Supreme Court of India dismissed the appeal of Suspended Director/Corporate Debtor as withdrawn.*

...

56. *In this background, shorn of unnecessary details, since the claims have been adjudicated at all stages and had been admitted in full by the Erstwhile IRP after verification of all documents, we do not need to go into these aspects again which has attained finality at all judicial fora including the Hon'ble Supreme Court of India.*

57. *The entire sequences of events leaves much less to be desired as it become quite clear that there seems to be conjoint action on part of the Resolution Professional along with the Suspended Director of the Corporate Debtor and Unsecured Financial Creditor i.e., Paton Constructions Pvt. Ltd. to derail the process of CIRP and to deny the admitted claim of the Operational Creditor. This is evident from fact that the Resolution.*

*Professional filed CP (IB) 3753/MB/C-IV/2018, as per direction of single Member of CoC for closure of CIRP under Section 12 A of the Code.*

...

59. *Looking to frivolous appeal, we further impose cost of Rs. 10 Lakhs on the Appellant to be paid in Prime Minister's National Relief Fund within four weeks of pronouncement of this order. The compliance for the same will be reported to the Adjudicating Authority by the Appellant."*

- 2.5. It was further noted that Mr. Manish Motilal Jaju, thereafter challenged the above NCLAT order before the Hon'ble Supreme Court. The appeal was dismissed as withdrawn on 02.01.2025. Subsequently, Mr. Manish Motilal Jaju restored and admitted the claim of the OC only on 06.01.2025. Further, the cost of Rs. 10 lakhs imposed by the Hon'ble NCLAT was paid by Mr. Manish Motilal Jaju after a delay of approx. one year from the date of the NCLAT order, and more than eight months after dismissal of Civil Appeal by the Hon'ble Supreme Court.
- 2.6. In view of the above, it was observed that Mr. Manish Motilal Jaju rejected the claim of the OC despite the same having been earlier admitted by the IRP and despite the fact that the CIRP admission itself was based on this claim. Further, Mr. Manish Motilal Jaju failed to comply with the clear and unequivocal directions of both the AA and the Hon'ble NCLAT, and admitted the OC's claim only after dismissal of appeal by the Hon'ble Supreme Court, even though no stay operated on the orders of the AA or Hon'ble NCLAT at any stage. The cost imposed by the NCLAT was also paid only after a year and only after receipt of notice from the Board.
- 2.7. In view of the above, it was observed that Mr. Manish Motilal Jaju had *prima facie* contravened the provisions of Section 208(2)(a) and (e) of the Code, Regulation 7(2)(a) and (h) of IP Regulations, read with Clause 1, 2 and 14 of the Code of Conduct, as specified in the First Schedule of IP Regulations.

### **Submissions by Mr. Manish Motilal Jaju.**

- 2.8. Mr. Manish Motilal Jaju submitted that upon his assumption of charge, discrepancies were noticed concerning supporting documentation and invoices furnished by the OC. In the exercise of statutory duty under Section 18 and Regulation 13 of the CIRP Regulations, it became incumbent on him to re-verify the claim and seek supporting evidence for substantiation. His communication to the OC dated 02.12.2020 rejecting the claim was based solely on the absence of vital supporting documents necessary for a lawful determination of the debt, as per his duties under Section 208(2)(a) of the Code and Regulation 7 of the IP Regulations. He asserted that the mere fact that the CIRP was admitted on the basis of a claim does not preclude the RP from seeking supporting documentation to comply with his statutory obligations.
- 2.9. Mr. Manish Motilal Jaju also submitted that the entire controversy arose out of the peculiar directions and facts emanating from the specific orders of the Hon'ble Adjudicating Authority itself. The NCLT vide its order dated 30.08.2021 expressly directed him to re-collate and re-verify the OC's claim, after directing the OC to furnish supporting documents. This direction was neither general nor optional, but it was a binding mandate requiring him, in discharge of his statutory duties, to conduct a fresh verification exercise.
- 2.10. In view of this judicial mandate, Mr. Manish Motilal Jaju submitted that he was duty-bound to undertake the verification exercise afresh. The exercise undertaken by him was therefore not a *suo moto* deviation from the admission order nor an attempt to reopen an adjudication of debt and default, but the direct and compelled consequence of a subsequent binding judicial direction. It is settled law that once the NCLT issues a specific operational direction requiring an RP to undertake a particular action, the RP is obligated to execute such direction faithfully, even if it entails revisiting earlier material. Mr. Manish Motilal Jaju submitted that he discharged this task in strict obedience to the NCLT, and the conclusions reached at that time were based solely on the materials furnished to him.
- 2.11. Mr. Manish Motilal Jaju further submitted that every subsequent judicial forum, including the Hon'ble NCLAT adjudicated upon the correctness of the ultimate conclusion on the claim, but at no stage was he personally held guilty of any *mala fide*. The Hon'ble NCLAT's findings, although adverse on the merits of the claim, does not establish any deliberate violation, suppression, or misrepresentation. Mr. Manish Motilal Jaju has emphasized that the order of the NCLT dated 30.08.2021 was challenged before the NCLAT not only by him but also by the CoC and by the suspended director/promoter. In fact, suspended director/promoter independently carried it in appeal before the Hon'ble Supreme Court.
- 2.12. Mr. Manish Motilal Jaju submitted that the Civil Appeal filed by the suspended directors/promoters was withdrawn and came to be disposed of by the Hon'ble Supreme Court on 02.01.2025, after which the judicial position attained finality. Immediately upon disposal of the said Civil Appeal, he, without any delay or reservation, he proceeded to restore and admit the OC's claim on 06.01.2025, thereby demonstrating full, prompt, and unconditional compliance with the final judicial outcome. Mr. Manish Motilal Jaju has

further submitted that the cost imposed by the NCLAT was fully deposited. With the admission of the claim and deposit of costs, all directions of the NCLT and Hon'ble NCLAT stand duly complied with, and no issue survives for consideration, nor has any prejudice been caused to any stakeholder.

2.13. Mr. Manish Motilal Jaju in pursuant of the virtual hearing held before the DC on 09.06.2026 submitted written submission *vide* an email dated 12.06.2026. Mr. Manish Motilal Jaju submitted that the clarification issued by the forensic auditor reinforced his consistent stand that actions taken by him were undertaken in good faith, based on available material, and in discharge of his statutory duties as Resolution Professional. After passing of the order dated 16.02.2023 by the AA, which relied upon certain observations attributed to the forensic auditor, he was placed in a situation where either he may accept the order of the AA or challenge the order based on the fact that the findings recorded in the order of the AA contained factual inconsistencies and ambiguities in view of the clarification note issued by the forensic auditor clarifying that they had nowhere certified that an amount of Rs.1,60,86,343/- was payable by the CD to the OC. In these circumstances, Mr. Manish Motilal Jaju averred that acting bona fide, custodian of assets of CD and in order to safeguard the interest of other stakeholders, he was left with no option except to avail the appellate remedy available under law and subsequently filed appeal before the NCLAT.

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

2.14. The chronology of the relevant issues concerning the instant matter is tabulated as follows:

<b>Date</b>	<b>Event</b>
02.12.2017	First Demand Notice issued by the OC under section 8 of the Code served on the CD on 04.12.2017.
13.12.2017	Response of the CD denying the operational debts as well as raising issues regarding pre-existing disputes.
28.12.2017	Application bearing number (IB) No. 1823 (MB)/2017 was filed by OC against the CD.
13.03.2018	This Petition was permitted by the AA to be withdrawn by the OC
13.03.2018	The CD issued a legal notice to the Operational Creditor demanding a sum of ₹30,18,856/-.
10.04.2018	The CD issued notice invoking the arbitration clause contained in the work order of 25.05.2014.
23.08.2018	Second Demand Notice issued by the OC to the CD.
03.09.2018	The CD sent a reply to the second Demand Notice.
05.10.2018	Application bearing number C.P. (IB) 3753(MB)/C-IV/2018 filed by the OC before the AA under section 9 of the Code.
20.08.2019	Inter-Corporate Loan Deposit (ICD)/Loan Agreement Executed between Paton Construction Pvt. Ltd. and CD for a sum of Rs. 1 Lakh
06.09.2019	This loan amount of Rs. 1 Lakh was credited to the account of the CD, the very next day of completion of oral arguments before NCLT, Mumbai on 05.09.2019.
27.01.2020	Application of OC admitted by AA.
22.02.2020	Public Announcement by IRP
06.03.2020	OC filed its claim before IRP

18.03.2020	The 1 <sup>st</sup> CoC meeting conducted where the IRP admitted the claims of the OC.
29.05.2020	Paton Constructions Private Limited (unsecured financial creditor) filed an I.A. No. 1007 of 2020 for replacement of the RP.
09.06.2020	Mr. Manish Motilal Jaju appointed as RP of the CD
02.07.2020	Malharshanti Enterprises Limited (OC) filed an Interlocutory Application before the AA, inter-alia, challenging the composition of Paton Construction Pvt. Ltd. as Single Member of CoC.
04.07.2020	The 2 <sup>nd</sup> CoC meeting was conducted wherein the Financial Creditor sought to pass a resolution seeking withdrawal of CIRP against the Corporate Debtor on the ground that the Corporate Debtor is a solvent entity.
05.07.2020	Mr. Manish Motilal Jaju sought additional documents from the OC to support its claim.
13.07.2020	The OC replied to Mr. Manish Motilal Jaju
12.08.2020	The suspended management filed IA 1609 of 2020 before the AA seeking rejection of claims of the OC.
04.09.2020	Mr. Manish Motilal Jaju again asked the OC to submit additional documents
02.12.2020	RP communicated to OC regarding rejection of the claim.
07.12.2020	In the 3 <sup>rd</sup> CoC meeting the Financial Creditor, submitted that settlement had been arrived with the Corporate Debtor therefore, the RP filed an application for closure of CIRP through IA 375/2021 under section 12A of the Code.
11.01.2021	OC filed application (I.A.(I.B.C)/47/MB/2021) with the AA against the decision of the RP rejecting his claim.
19.01.2021	NCLAT on an application filed by suspended management passed judgment upholding the admission of CIRP application by the AA.
10.03.2021	The Hon'ble Supreme Court dismissed the appeal filed by suspended management as withdrawn.
30.08.2021	The AA in the IA filed by the OC directed the RP to verify the claim and also directed for forensic audit of the CD.
03.09.2021	Pursuant to the AA's order dated 30.08.2021, OC submitted documents in support of his claim.
10.09.2021	RP stated that no amount was outstanding from the CD to the OC and again rejected the claim of the OC.
04.03.2022	Report submitted by the forensic auditor
16.02.2023	The AA after considering the forensic audit report sets aside the rejection of claim and directed Mr. Manish Motilal Jaju to admit the claim of the OC.
01.04.2023	Mr. Manish Motilal Jaju RP filed an appeal before the Hon'ble NCLAT .
17.09.2024	The Hon'ble NCLAT, dismissed the appeal filed by RP and IAs filed by suspended management.
18.10.2024	Mr. Manish Motilal Jaju filed appeal before Hon'ble Supreme Court. However, the same was not registered.
19.10.2024	The Suspended Board of Directors of CD challenged the order dated 17.09.2024 before the Hon'ble Supreme Court in an Civil Appeal.
02.01.2025	Hon'ble Supreme Court dismissed the appeal filed by suspended director.
06.01.2025	Claim admitted by the RP of Rs. 195,01,079 of the OC.
31.07.2025	Complaint received by the Board
29.08.2025	IBBI sought comments of Mr. Manish Motilal Jaju on the complaint
12.09.2025	Mr. Manish Motilal Jaju deposited the cost imposed by the NCLAT
02.12.2025	SCN issued to Mr. Manish Motilal Jaju by the IBBI

2.15. The DC notes that in the instant matter, the CIRP was admitted by the AA on 27.01.2020, on application filed by the OC. In the application, the OC had produced the demand notice amounting to Rs.1,94,62,148/-. Further, post initiation of CIRP, the Paton Construction Private Limited and M/s Malharshanti Enterprises filed its claim before the IRP Mr. Jitendrakumar Rambaran Yadav who admitted the claims and constituted the CoC with sole unsecured financial creditor namely, M/s Paton Construction Private Limited and also admitted the claim of the M/s Malharshanti Enterprises as Operational Creditor. List of the claims as admitted by the IRP is as hereunder:

(Amount in Rs.)

Sr. No.	Name, Identification No., address, email id of Creditor	Type of Creditor	Form No.	Claim Submitted (Rs.)	Claim Admitted (Rs.)	Claim Disallowed (Rs.)	Security Interest
1	Paton Construction Private Limited [PAN:AAECP2600G], Add: A1,1st floor, Sagar Complex Chsl, MG Road, Vile Parle(E), Mumbai-400057 Email: darshangroup@gmail.com	Financial Creditor (unrelated)	C	105,877	105,877	0	No
		Principal		100,000	100,000	0	
		Interest		5,877	5,877	0	
2	Naresh Sevantilal Shah Flat 30-301/C, Thosar House, Hanuman Cross Road No1, Near Shiv Leela Hotel, Vile Parle(East) PAN:AAPPS2630D Email:nsshahco@yahoo.co.in	Financial Creditor (related)	C	17,724,370	17,724,370	0	No
3	M/s Maharshanti Enterprises, 59 A/12, Nagari Niwara Parishad, General A.K. Vidya Marg, Film City Road, Goregaon(East) Mumbai 400063. Email:malharshanti@yahoo.com	Operational Creditor	B	19,501,079	19,501,079	0	No
		Principal		9,464,770	9,464,770	0	
		Interest		10,036,309	10,036,309	0	
Total				37,331,326	37,331,326		

2.16. The DC further observes that after the 1<sup>st</sup> CoC meeting held on 18.03.2020, the sole Financial Creditor in the CoC i.e., Paton Construction Pvt Ltd filed an application IA No. 1007 of 2020 before the AA for seeking replacement of the IRP. The AA vide an order dated 09.06.2020 appointed Mr. Manish Motilal Jaju as the RP. Mr. Manish Motilal Jaju upon assuming the role of RP started re-examining the claim of the OC and sought additional documents vide an email dated 05.07.2020 for substantiating its claim as operational debt. The OC viz. M/s Malharshanti Enterprise submitted its response to this email on 13.07.2020. Mr. Manish Motila Jaju again vide an e-mail dated 04.09.2020 called upon the OC to submit

additional documents. Eventually, Mr. Manish Motilal Jaju vide an email dated 02.12.2020 rejected the claim of the OC on the ground of non-submissions of audited financial statements, proof of tax payments and contractually mandated certifications.

- 2.17. The DC notes that Mr. Manish Motilal Jaju in support of his contentions submitted that after examining the books of the CD it came to his notice that no dues were outstanding and payable to the OC. He has further submitted that he requested for documentations from the OC to substantiate its claims but received reply raising frivolous issues “including unauthorised constitution of CoC” etc. He further submitted that he received an e-mail dated 31.08.2020 from Arpit Shah and Co., Chartered Accountant, the Statutory Auditors of the CD who allegedly stated that no debt is due and payable to the Operational Creditor. He also submitted that the IRP namely Mr. Jitendrakumar Rambaran Yadav had admitted the claims of the OC without verifying the same from the books of the CD. He further submitted that the OC failed to provide any documents at all despite several reminders and therefore, he was constrained to reject the claims of OC for Rs.1,95,01,079/- as non-verifiable and non-substantiated claims
- 2.18. The DC further notes that simultaneously, the erstwhile director had filed an appeal before NCLAT against the order dated 27.01.2020, against the admission of CIRP of CD. The NCLAT vide an order dated 19.01.2021 dismissed the said appeal and held that there was no pre-existing dispute raised by the CD related to the operational debt to the OC prior to the issuance of first demand notice dated 02.12.2017. This order of NCLAT was then challenged by the erstwhile director in civil appeal before the Hon’ble Supreme Court. The Hon’ble Supreme Court vide order dated 10.03.2021 dismissed the appeal as withdrawn.
- 2.19. The DC further notes that aggrieved by the rejection of its claim by Mr. Manish Motilal Jaju, the OC filed an application I.A. (I.B.C.) No. 47/MB/2021 before the AA on 11.01.2021, challenging the RP's decision of rejection of claim communicated through email dated 02.12.2020. The AA vide its order dated 30.08.2021 directed the OC to submit the entire required documents to the RP for re-verification of the claim. The relevant portion from the Order is as follows:

*“On a specific question from the Bench the Resolution Professional has confirmed that his decision of rejection of claim of the Operational Creditor was based as non-submission of crucial documents which are required to ascertain the claim of the Operational Creditor, irrespective of repeatedly asking for the same. He showed his inclination for re-verification of the claim of the Operational Creditor and the Bench hereby directs the Operational Creditor to submit the entire required documents to the Resolution Professional to his satisfaction and take an acknowledgement from the Resolution Professional that the required documents have been submitted to him for verification of the claim of Operational Creditor. This exercise up to acknowledgement from the side of the Resolution Professional about receipt of entire set of documents for verification of the claim of Operational Creditor has to be completed by 03.09.2021.*

*Thereafter, the Resolution Professional is given time to ascertain and verify the claim of the Operational Creditor latest by 10.09.2021.”*

- 2.20. The DC notes that during the course of the proceedings, the AA also took note of the concerns raised regarding the books of accounts of the CD and the submission of Mr. Manish Motilal Jaju that neither a transaction audit nor a valuation of the Corporate Debtor had been conducted till that date. It was further acknowledged that no advertisement inviting Expressions of Interest (EOI) for submission of resolution plans had been issued in accordance with the decision of the CoC. In view of the aforesaid circumstances and upon consideration of the facts of the case, the Bench directed that a forensic audit of the CD be conducted by an independent and reputed firm of Chartered Accountants. Thus, AA vide order dated 30.08.2021 appointed a Forensic Auditor and directed a forensic audit of the books of account of the Corporate Debtor for the five financial years immediately preceding the commencement of CIRP.
- 2.21. The DC notes that that CIRP of the CD was initiated on the application filed by the OC where the AA had examined the records and had conclusively arrived at the existence of debt and default by the CD on the demand notice raised by the OC amounting to Rs. 1,94,62,148/-. Further, the IRP had also admitted the claim of OC for the amount of Rs. 1,95,01,079/-. Mr. Manish Motilal Jaju has not been able to justify as to what additional event took place which led to him requiring the need to re-verify the claim amount of the OC, the basis on which the CIRP itself was admitted by the AA. The DC observes that Mr. Manish Motilal Jaju has sought to explain this conduct by relying on the order dated 30.08.2021 of the AA and asserting that the AA had directed him to collate and re-verify the claim of the OC. However, the DC on perusal of the said order of NCLT finds that the NCLT Order was the result of application filed by OC against the rejection of its claim by Mr. Manish Motilal Jaju. Further, the AA had given direction to the OC to provide information to Mr. Manish Motilal Jaju because he had justified the rejection of claim on the basis that he was not supplied information by the OC and showed the inclination to re-verify on receipt of such information. Therefore, the act of Mr. Manish Motilal Jaju of rejection of the claim of OC precedes the direction of AA in this regard and can not be said to have undertaken on the directions of the AA.
- 2.22. Further, the DC also notes that it is a settled position of law that once a claim has been admitted by the IRP under the provisions of the Code and Regulations, the Resolution Professional cannot suo-moto re-verify the claim on his own. He must approach the AA for any action in this regard. The NCLAT in its order dated 18.12.2020 in the matter of *Mr. Rajnish Jain vs. Manoj Kumar Singh (RP) and Ors.* has held as follows:

*26. The above contention of the Resolution Professional is not acceptable. The IRP after collation of Claims and formation of ‘Committee of Creditors’ was not entitled to suo-moto review or change the status of a creditor from Financial to Operational Creditor. Updating list and review are different acts. If Resolution Professional was aggrieved, he should have moved the Adjudicating Authority. The aggrieved person can challenge*

*either constitution of 'Committee of Creditors' or for any grievance against rejection, incorrect acceptance or categorisation of creditors before the Adjudicating Authority. But the Resolution Professional cannot arbitrarily on its own overturn earlier decision, to change the status of a creditor from Financial Creditor to Operational Creditor.*

*27. Under the duties of RP 'to maintain an updated list of Claim, he cannot change the status of an existing creditor on his own. But to maintain an updated list of claims the IRP/RP is authorised to add to existing claims or admit or reject further claims received collating them and thus update the list of creditors accordingly.*

- 2.23. Therefore, the DC notes that in the instant case, when the claim of OC was already admitted by the IRP Mr. Jitendrakumar Rambaran Yadav, it was improper for Mr. Manish Motilal Jaju to suo-moto re-verify the claim of the OC. If as averred in his submissions, Mr. Manish Motilal Jaju had come across any material information with respect to the admitted claim of the OC, he should have approached the AA for their information and necessary direction in this regard. As held by NCLAT in the matter of *Mr. Rajnish Jain*, Mr. Manish Motilal Jaju has exceeded his role as RP of the CD, by suo-moto re-verifying and rejecting the claim of the OC which had been admitted by the IRP.
- 2.24. Further, the DC also notes that while application filed by the OC on 11.01.2021 against the rejection of its claim was pending before the AA, the NCLAT had already in a separate proceeding initiated by the suspended management vide order dated 19.01.2021 upheld the admission order of the NCLT filed by the OC wherein NCLAT had observed that that the disputes and counterclaims were raised after the issue of the first demand notice and therefore there was no pre-existing dispute with respect to the claim of the OC at the time when first demand notice was issued by the OC to the CD. Further, the suspended management had also withdrew their appeal with Hon'ble Supreme Court filed against the NCLAT order dated 19.01.2021.
- 2.25. The DC further notes that the NCLT vide the above-mentioned order had directed Mr. Manish Motilal Jaju to verify the claim of the OC by 10.09.2021. In this regard, the OC had submitted the claim again to Mr. Manish Motilal Jaju on 03.09.2021. However, Mr. Manish Motilal Jaju still came to the conclusion that the documents were not enough for him to establish the claims of the OC and therefore rejected the claim and communicated to the OC vide email dated 10.09.2021. The DC notes that at this point of time, in a separate simultaneous proceedings initiated by the suspended management against the admission of the CIRP, the NCLAT vide order dated 19.01.2021 had already upheld the CIRP admission order of NCLT dated 27.01.2020.
- 2.26. Aggrieved by the rejection of its claim by the RP, the OC filed an application with the AA. The AA disposed this application filed by the OC vide order dated 16.02.2023 where it remarked that – *“the Resolution Professional miserably failed to understand that he can legally admit the claim of the Operational Creditor without insisting any books of accounts from the Operational Creditor in view of finality of the CIRP admission order and voluntary withdrawal of SLP before Hon'ble Supreme Court by Corporate Debtor”*. The DC notes

that upon consideration of the forensic audit report and the order dated 19.01.2021 passed by the NCLAT, the AA directed Mr. Manish Motilal Jaju to admit the claim of the OC.

2.27. Mr. Manish Motilal Jaju filed an appeal before the NCLAT against the aforesaid order dated 16.02.2023. The suspended management also challenged the NCLT Order dated 16.02.2023 on the ground that the operational creditor had submitted fraudulent claims. The DC notes that these appeals were finally decided by the NCLAT on 17.09.2024. The relevant paras of the Order is as follows:

*43. We note that the role of the Resolution Professional, the Appellant herein, has been defined in the Code, inter-alia, regarding collation of claims as against the adjudicator's role given to the liquidator qua the claims filed in the liquidation proceedings, whereas, in the present case the Appellant has gone ahead in deciding the claims and also decided to offset the claims by raising a counter claims against the Operational Creditor on his own.*

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*47. We have already noted that the Appellant has challenged the present appeal on the merits against the Impugned Order dated 16.02.2024. On a pointed query by this Appellate Tribunal, the Appellant stated that the appeal has been filed in his personal capacity. We wonder what is the locus and personal interest of the Resolution Professional in this regard.*

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*49. In this detailed background, we wonder as on what basis the Resolution Professional dismissed the claims of the Operational Creditor altogether which has gone through the entire round of litigation from the Adjudicating Authority to this Appellate Tribunal to the Hon'ble Supreme Court of India. Prima-facie this is much beyond his role and scope. If such approach of Resolution Professional is to be accepted then the whole process of CIRP proceedings can get demolished.*

2.28. Thus, the NCLAT commented adversely on the conduct of Mr. Manish Motilal Jaju by observing that rather than collating the claims, Mr. Manish Motilal Jaju had exceeded his authority by deciding the claims of OC by offsetting the claims by raising a counter claim against the OC on its own. Further, it also observed that it was not clear as to what was the locus and personal interest of Mr. Manish Motilal Jaju in the admission of claim of OC that he had filed the appeal in his personal capacity. The conduct of Mr. Manish Motilal Jaju in exceeding his authority as RP by re-examining and deciding the claims of the OC paired with the event of making Paton Construction as the unsecured Financial Creditor of the CD at the very last stage and then moving an application for the withdrawal of the CIRP clearly reflects the intention of all concerned persons to stage the CIRP for ulterior gains.

2.29. The DC also notes that the NCLAT examined the complete proceedings of the CIRP and had raised doubt on the complete CIRP process being conducted by Mr. Manish Motilal Jaju. The relevant paras are as under:

50. It is further interesting to note that one Unsecured Financial Creditor, namely, Paton Construction Private Limited who is supposed to have given a loan of paltry sum of Rs. 1 Lakh knowing well that CIRP is being initiated against the Corporate Debtor, then original IRP is removed and the present Appellant is appointed as Resolution Professional, who in turn rejected the claims of Operational Creditor and accepted the claims of the Unsecured Financial Creditor and claims of promoter. This made the way for making Unsecured Financial Creditor of Rs. 1,05,877/- as a Sole Member of the CoC and ousting the Malharshanti Enterprises Limited the Operational Creditor out of CoC having claim of Rs. 1,94, 62, 148/-.

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68. The Respondent No. 1 stated that the Corporate Debtor had entered into a transaction in the form of an Inter-Corporate Loan Deposit (ICD)/unsecured Loan from M/s. Paton Construction Private Limited for a meagre sum of Rs. One lakh on 06.09.2019. Interestingly this loan amount was credited to the account of the Corporate Debtor the very next day of completion of oral arguments before NCLT, Mumbai on 05.09.2019 only to stop the Respondent No. 1 from being sole member of the Committee of Creditors in its capacity of being only Creditor and by the this act, the Corporate Debtor through its purported sole Unsecured Financial Creditor with a debt of mere Rs. 1 lakh to control the CIRP Process with ultimate aim to reject the claims of the Operational Creditor and file Section 12 A application for close of CIRP

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76. We note from the sequence of events that the Appellant has lent Rs. 1 Lakh when CIRP of the Corporate Debtor was almost imminent. We note that by giving a loan of Rs. 1 Lakh, the Appellant became Unsecured Financial Creditor and on inviting of claims from the Creditors by Erstwhile IRP, the Appellant filed claims for Rs. 1,05,877/- which barely meets the threshold of minimum Rs. 1 Lakh prevalent at that time.

77. We put a direct query to the Appellant regarding nature of his business and whether he has been involved in giving such loans to other parties and particularly how many such loans were given to the Corporate Debtor prior to this loan. The Appellant submitted that he is in a construction business and working as Real Estate Developer and not in financial business but in given circumstances he decided to give Rs. 1 Lakh loan to the Corporate Debtor which was legal for him to do so. The Appellant did not give any details of loans given to other entities or the Corporate Debtor prior to this transaction.

78. We observe that such construction companies are normally always short of funds and keep raising the funds from the banks/ NBFC's and are not in business to give such loans. We wonder as to why the Corporate Debtor, whose net worth is stated to be more Rs. 7 Crores, still took loan of Rs. 1 Lakhs knowing very well that CIRP against the Corporate Debtor is likely to happen. We could not find any satisfactory response from the Appellant as well as the Ex-Promoters on this account.

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80. We note that the forensic audit of books of accounts of the Corporate Debtor was ordered by the Adjudicatory authority and the forensic auditor made observations in relation to the purported loan transaction which took place between the Appellant and the Corporate Debtor. The Appellant vide an agreement dated 20.08.2019 had to disburse a loan of Rs 50 lakh to the Corporate Debtor of which only Rs 1 lakh was given to the appellant on 06.09.2019 i.e., the very next day when the oral arguments were concluded before the adjudicating authority. The order admitting CIRP against the Corporate Debtor was passed on 27.01.2020. This was for the first and the last time that the Appellant paid money to the Corporate Debtor. We note from the submissions that after September, 2019 till date, no further loan amount was disbursed to the Corporate Debtor. We do not find anything which prevented the Appellant to disburse further amount under the agreement and it is only after the claims of the operational creditor got rejected the Appellant expressed its intention to continue the business relations with the Corporate Debtor. Incidentally it has been brought to our notice by the Respondent No. 1 that the alleged loan agreement was backdated and unstamped documents.

- 2.30. The DC on perusal of the NCLAT Order and other material on record, notes that there was an attempt to stage the complete CIRP by ousting the OC through any means and secure the withdrawal of CIRP through the sole financial creditor which had come into existence at a very later stage and for a very nominal amount. The DC notes that the sole Financial Creditor viz., Paton Constructions entered into agreement with the CD on 20.08.2019, i.e. after the application for CIRP was filed by the applicant OC. Further, more surprisingly, although the agreement was for Rs. 50 Lakhs, only approx Rs 1 lakh was lent by the Financial Creditor to the CD and that too on the very next day when the oral arguments on the application of OC was concluded and it was imminent that the CIRP shall be initiated. Through this, the financial creditor was given a back door entry as the most important stakeholder of the CIRP of the CD, i.e. the sole member of the CoC.
- 2.31. This is further compounded by the fact that after Mr. Manish Motilal Jaju communicated to the OC on 02.12.2020 regarding rejection of its claim, in the third CoC meeting held on 07.12.2020 the COC having sole financial creditor (unsecured) decided to withdraw the CIRP and Mr. Manish Motilal Jaju filed an application under section 12A of the Code for withdrawal.
- 2.32. The DC further notes that the NCLAT vide its order dated 17.09.2024 dismissed the appeal of Mr. Manish Motilal Jaju and also imposed cost of Rs. 10 lakhs on him for filing frivolous appeal and directed him to pay the cost within four weeks from the pronouncement of the order. The DC observes that against this order also Mr. Manish Motilal Jaju decided to approach Hon'ble Supreme Court and thereafter filed Civil Appeal on 18.10.2024. The DC observes that the appeal filed by Mr. Manish Motilal Jaju before Hon'ble Supreme Court was not even registered as certain office objections/defects were raised on the appeal. The suspended management had also approached the Hon'ble Supreme Court against the NCLAT order dated 17.09.2024 and filed an appeal on 19.10.2024. However, no order was

passed by the Hon'ble Supreme Court staying the NCLAT Order dated 17.09.2024. The DC notes that that since no valid appeal was filed by Mr. Manish Motilal Jaju and no stay was granted by Hon'ble Supreme Court on the NCLAT Order dated 17.09.2024, it was incumbent on Mr. Manish Motilal Jaju to comply with the order dated 17.09.2024 of the NCLAT and admit the claim of the OC. However, the same was not done.

2.33. The Hon'ble Supreme Court dismissed the appeal filed by the suspended management on 02.01.2025 remarking as follows:

*“The facts of the present case are startling and show that there was an attempt to set up a financial creditor. Accordingly, we do not find any good ground and reason to interfere with the impugned judgment, which records that the claim of respondent No. 1, Malharshanti Enterprises, as an operational creditor, was examined and upheld by the adjudicating authority while admitting the petition/application under Section 9 of the Insolvency and Bankruptcy Code, 2016. This order was upheld by the National Company Law Appellate Tribunal and, thereafter, the civil appeal preferred before this Court was dismissed as withdrawn.”*

2.34. The DC observes that only after the dismissal of the appeal by the Hon'ble Supreme Court. Mr. Manish Motilal Jaju proceeded to admit the claim of the OC.

2.35. The DC is of the view that the chain of events clearly reflect that Mr. Manish Motilal Jaju was deliberately delaying the admission of claim of the OC and even when the NCLAT order came on 17.09.2024, the claim of OC was admitted by Mr. Manish Motilal Jaju after a delay of more than three months. Such an act of Mr. Manish Motilal Jaju is in clear violation of his duties as a Resolution Professional to carry out the CIRP in an effective and time bound manner. The DC observes that due to the conduct of unnecessary litigations by Mr. Manish Motilal Jaju, even the initial step of verification and admission of the claims has taken around 4 years.

2.36. Further, the DC also observes that the cost of Rs. 10 Lakhs imposed by the NCLAT vide order dated 17.09.2024 was payable on 17.10.2024. However, the same was paid by Mr. Manish Motilal Jaju only on 12.09.2025 i.e. after around 11 months after the same was due for payment. The cost has only been paid after comments of Mr. Manish Motilal Jaju was sought from the Board on 29.08.2025 in respect of the complaint dated 31.07.2025 received by the Board. Such an unexplained delay on part of Mr. Manish Motilal Jaju, being an Insolvency Professional, is short of the professional standards according to the Code of Conduct prescribed for the Insolvency Professionals. The DC also observes that Mr. Manish Motilal Jaju failed to disclose the adverse order passed by NCLAT to IBBI in contravention of IBBI circular bearing No. IBBI/LAD/72/2024 dated 09.05.2024.

2.37. Accordingly, the DC upholds the contravention mentioned in the SCN against Mr. Manish Motilal Jaju and finds him in violation of Section 208(2)(a) and (e) of the Code, Regulation 7(2)(a) and (h) of IP Regulations, read with Clause 1, 2 and 14 of the Code of Conduct, as specified in the First Schedule of IP Regulations.

### 3. Order

- 3.1. In view of the foregoing, the DC is of the considered view that Mr. Manish Motilal Jaju failed to discharge his duties in a fair and objective manner and with a purpose to achieve the objectives of the Code of timely insolvency resolution of the corporate debtor. His act of assuming the adjudicatory role and suo-moto re-verifying the claim already admitted by the IRP, without approaching the AA, goes beyond his duties and role of resolution professional under the provisions of the Code. Further, his continued stance of not admitting the claim of the OC even when there were orders of NCLT and NCLAT on the subject matter, raises suspicion on the independence of the Resolution Professional in the conduct of the CIRP. Further, non-acceptance of the claim of the OC even after there was no stay on the NCLAT order directing him to admit the claim shows bias against OC. Further, there was inordinate delay in depositing the cost imposed by NCLAT, which was done only when IBBI issued notice on the complaint received by it.
- 3.2. In view of the foregoing discussion, the DC in exercise of the powers conferred under Section 220 of the Code read with Regulation 13 of the IBBI (Inspection and Investigation) Regulations, 2017 hereby suspends the registration of Mr. Manish Motilal Jaju (Registration No. IBBI/IPA-001/IP-P00034/2016-17/10087) for a period of three years.
- 3.3. This Order shall come into force on expiry of 30 days from the date of its issue.
- 3.4. A copy of this order shall be sent to the CoC of all the corporate debtors in which Mr. Manish Motilal Jaju is providing his services. The CoC of the respective corporate debtors shall replace Mr. Manish Motilal Jaju with another Resolution Professional in terms of Section 27 of the Code. In the instant case of the CD, in view of the adverse findings of the NCLT and NCLAT about the CoC comprising of the sole unsecured financial creditor of Rs. 1.05 lakhs introduced at a very late stage which has brought in Mr. Manish Motilal Jaju as the RP after replacing the IRP, the AA may decide about appointment of a new Resolution Professional in place of Mr. Manish Motilal Jaju instead of the CoC.
- 3.5. A copy of this order shall be forwarded to the Indian Institute of Insolvency Professionals of ICAI where Manish Motilal Jaju is enrolled as a member.
- 3.6. A copy of this order shall also be forwarded to the Registrar of the Principal Bench of the National Company Law Tribunal, New Delhi, for information.
- 3.7. Accordingly, the show cause notice is disposed of.

Sd/-

**(Sandip Garg)**  
**Whole-Time Member**  
**Insolvency and Bankruptcy Board of India**

Dated: 08 July 2026  
Place: New Delhi