

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

(Disciplinary Committee)

No. IBBI/DC/144/2023

13th January, 2023

Order

In the matter of Mr. Ranjeet Kumar Verma, Insolvency Professional (IP) under section 220 of the Insolvency and Bankruptcy Code, 2016 read with regulation 13 of the IBBI (Inspection and Investigation) Regulations, 2017.

This Order disposes of the Show Cause Notice (SCN) No. IBBI/IP/INSP/2022/111/4060 dated 20.09.2022 issued to Mr. Ranjeet Kumar Verma, R/o CS 53, F, Ansal Plaza, Sector-1, Vaishali, Ghaziabad, Uttar Pradesh-201020 who is a Professional Member of ICSI Institute of Insolvency Professionals (ICSI-IIP) and an Insolvency Professional (IP) registered with the Insolvency and Bankruptcy Board of India (IBBI) with Registration No. IBBI/IPA-002/IP-N00301/2017-18/10859.

1. Background

- 1.1. The Hon'ble NCLT, New Delhi Bench-III (AA) *vide* order dated 19.01.2021 admitted the application under section 7 of the Insolvency and Bankruptcy Code, 2016 (Code) filed by Mr. Amit Goel for initiating Corporate Insolvency Resolution Process (CIRP) of CMYK Printech Limited (CD-1) and appointed Mr. Ranjeet Kumar Verma as Interim Resolution Professional (IRP). Mr. Ranjeet Kumar Verma was replaced by Mr. Mukesh Kumar Jain as Resolution Professional (RP) *vide* AA's order dated 20.12.2021.
- 1.2. The Hon'ble NCLT, New Delhi Court-IV (AA) *vide* order dated 26.02.2020 admitted the application under section 9 of Code filed by M/s Gupta Ji Electric Company for initiating CIRP of M/s Straight Edge Contracts Private Limited (CD-2) and appointed Mr. Ranjeet Kumar Verma as IRP. Mr. Ranjeet Kumar Verma was replaced by Mr. Ankit Kishore Sinha as RP *vide* AA's order dated 24.11.2020 and upheld by Hon'ble National Company Law Appellate Tribunal (NCLAT) on 04.01.2021.
- 1.3. The IBBI, in exercise of its powers under section 218(1) of the Code read with regulation 3(1) and 3(2) of the IBBI (Inspection and Investigation) Regulations, 2017 (Inspection Regulations) appointed an Inspecting Authority (IA) to conduct the inspection of Mr. Ranjeet Kumar Verma. In compliance with regulation 6(1) of Inspection Regulations, IA shared the Draft Inspection Report (DIR) with Mr. Ranjeet Kumar Verma on 15.05.2022 to which response was received on 13.06.2022. Thereafter, IA submitted the Inspection Report (IR) on 29.06.2022 in accordance with regulation 6(4) of the Inspection Regulations.
- 1.4. The IBBI issued the SCN to Mr. Ranjeet Kumar Verma on 20.9.2022, based on the findings in the inspection report in respect of his role as an IRP in the CIRP of CD-1 and CD-2 and material available on record. Mr. Ranjeet Kumar Verma submitted his reply to SCN *vide* email dated 13.10.2022.

1.5. The IBBI referred the SCN, response of Mr. Ranjeet Kumar Verma to the SCN and other material available on record to the Disciplinary Committee (DC) for disposal of the SCN in accordance with the Code and Regulations made thereunder. Mr. Ranjeet Kumar Verma availed opportunity of e-hearing before the DC on 27.12.2022. Thereafter, Mr. Ranjeet Kumar Verma submitted his additional written submissions on 30.12.2022.

1.6. The DC has considered the SCN, the reply to SCN, oral and written submissions of Mr. Ranjeet Kumar Verma, other material available on record and proceeds to dispose of the SCN.

2. Alleged Contraventions, Submissions, Analysis and Findings

The contraventions alleged in the SCN and Mr. Ranjeet Kumar Verma's written and oral submissions thereof are summarized as follows.

In the CIRP of CMYK Printech Limited (CD-1)

3. Contravention-I

Non-cooperation to the newly appointed RP.

- 3.1 Section 23(3) of Code provides that in case of any replacement of a RP under sub-section (4) of section 22, the IRP shall provide all the information, documents and records pertaining to the corporate debtor in his possession and knowledge to the RP.
- 3.2 The Board observed that Mr. Mukesh Kumar Jain who replaced Mr. Ranjeet Kumar Verma as RP submitted before the Board that Mr. Ranjeet Kumar Verma was not cooperating with him in the CIRP, and he is still in the process of receiving certain documents from Mr. Ranjeet Kumar Verma. Mr Mukesh Kumar Jain had filed an application before AA alleging non-cooperation of Mr. Ranjeet Kumar Verma in not sharing all the relevant documents with him despite his repeated requests.
- 3.3 The Board further noted that AA *vide* its order dated 13.04.2022 directed Mr. Ranjeet Kumar Verma to sit with the RP and resolve the issue. Only after the intervention of AA, he had extended cooperation to new RP which was evident from the order of AA dated 05.05.2022 wherein it is stated that in compliance to the directions Mr. Ranjeet Kumar Verma had already handed over records and assets of the CD-1 under his possession and control. It is, thus, evident that until the direction of AA, Mr. Ranjeet Kumar Verma did not cooperate with newly appointed RP in handing over records and assets of the CD-1 under his possession and control.
- 3.4 In view of the above, the Board held the *prima facie* view that Mr. Ranjeet Kumar Verma have, *inter alia*, violated section 23(3) and section 208(2)(a) of the Code, regulation 7(2)(a) and 7(2)(h) of IBBI (Insolvency Professionals) Regulations, 2016 (IP Regulations) read with clauses 1, 2, 3, 12, and 14, of the Code of Conduct as specified in the First Schedule of IP Regulations (Code of Conduct).

Submissions

3.5 Mr. Ranjeet Kumar Verma submitted that the allegations against the IRP are baseless and without any substance. He has already handed over all the information available with him to the new RP. He further submitted that he has fully cooperated with the new RP. He has submitted all assets, documents and provided a brief date of events as below-

November, 2021 — AA placed stay on operations of CIRP and answering IRP could not enter the premises of CD-1 from where all CIRP proceedings were undertaken.

20.12.2021— AA passed order for appointment of new RP in place of answering IRP;

22.12.2021 — He sent documents immediately as were there in its possession it is pertinent to note here that he was undertaking CIRP activities from office of CD-1 and not from his own office and all data was there at CD-1 office only, where he was denied permission to enter and access data after stay on CIRP.

23.12.2021 — New RP raised certain queries;

28.12.2021 — He met with new RP and handed over all document in physical form on 29.12.2021;

30.12.2021 — He sent all soft copies of the data as well through email;

04.01.2022 — New RP raised certain queries;

Immediately after that new RP filed complaint before AA without listening to the plea of answering IRP.

3.6 Mr. Ranjeet Kumar Verma submitted that he intimated the new RP that he is committed to provide all his cooperation when needed. He submitted that the status of the CD-1 was a going concern and he was working from the office of the CD-1. Since all documents and records kept at office of CD-1 and IRP was not allowed to enter CD-1 office after stay imposed on power of IRP by AA and not to access documents and records kept at CD-1 office so most of documents and records remained kept at CD-1 office. He reiterated that the status of the CD-1 is a going concern and now the new RP has the charge therefore, the new RP can access all the information from the CD-1's office.

3.7 That he has already handed over all the information available with him to the new RP pursuant to the e-mail received from him dated 04.01.2022. He further submitted that he fully cooperated with the new RP. He has already promised full cooperation when required to the RP and to fix meetings to make further clarifications as per requirement.

3.8 That new RP filed application against the erstwhile IRP before AA. However, AA vide order dated 13.04.2022 did not admit any allegation against his conduct.

3.9 Mr. Ranjeet Kumar Verma further submitted that based of his abilities, he tried to comply with Hon'ble NCLAT order and provisions of the Code, However, in case of any procedural

lapse in compliances the same was on account of second wave of Covid- 19. Further, he has tried to diligently discharge his duties by paying due regard to the order of Hon'ble NCLAT. In light of the above submissions, he requested to kindly take a lenient view in the matter.

Analysis and Findings

- 3.10 The DC notes that in the application filed by Committee of Creditors (CoC) for removal of IRP, AA *vide* order dated 25.10.2021 directed Mr. Ranjeet Kumar Verma not to act as IRP of CD-1. Subsequently AA replaced Mr. Ranjeet Kumar Verma with Mr. Mukesh Kumar Jain *vide* order dated 20.12.2021 with direction to handover all the documents and assets pertaining to CIRP to Mr. Mukesh Kumar Jain.
- 3.11 Mr. Mukesh Kumar Jain *vide* email dated 04.01.2021 enumerated list of documents received and due from Mr. Ranjeet Kumar Verma. Thereafter Mr. Mukesh Kumar Jain filed IA 381/2022 in CP(IB) 1018/ND/2021 on 21.01.2021 before AA for direction to Mr. Ranjeet Kumar Verma to provide information and documents as contained in email dated 04.01.2022.
- 3.12 In IA 381/2022, AA *vide* order dated 13.04.2022 directed that Mr. Ranjeet Kumar Verma and Mr. Mukesh Kumar Jain to sit together on 15.04.2022 in the office of Mr. Mukesh Kumar Jain and resolve all the issues, failing which, AA will take an adverse view. Subsequently *vide* order dated 04.05.2022 AA observed that Mr. Ranjeet Kumar Verma in compliance to the directions, has handed over the records and assets of the CD-1 which was under his possession and control to Mr. Mukesh Kumar Jain for continuation of CIRP.
- 3.13 The aforesaid events show laxity in conduct of Mr. Ranjeet Kumar Verma in handing over information and documents to RP and delaying the CIRP where time is of essence. Mr. Ranjeet Kumar Verma handed over the documents only after the intervention and direction by AA while he was mandated under section 23(3) to provide all the information, documents and records pertaining to the CD-1 in his possession and knowledge to the RP. Hence, DC finds Mr. Ranjeet Kumar Verma in violation of section 23(3) and section 208(2)(a) of the Code, regulation 7(2)(a) and 7(2)(h) of IP Regulations read with clauses 1, 2, 3, 12, and 14, of the Code of Conduct.

4. Contravention-II

Non ratification of IRP fees and other expenses by the CoC.

- 4.1 The Board noted from the minutes of the first CoC meeting dated 27.09.2021 that Mr. Ranjeet Kumar Verma had put up the following agendas for approval of the CoC:
- a. out of pocket expenses to the tune of Rs. 45,26,994/-,
 - b. remuneration of the IRP – Rs. 3 lakhs plus taxes per month.
 - c. appointment of the IRP as RP and their remuneration
 - d. to ratify the appointment of Internal Auditors of the CD-1
 - e. Appointment of forensic auditor and their remuneration.

- 4.2 The Board observed that Central Bank of India (Financial Creditor (FC) of the CD-1 with 100% voting share) *vide* email dated 27.09.2021 raised certain objections to the way in which first meeting of the CoC was conducted. In the aforementioned mail, Central Bank of India further alleged that they did not approve the agenda items. Despite objection by the Central Bank of India, FC having 100% voting share, Mr. Ranjeet Kumar Verma prepared and circulated the minutes of the first CoC meeting mentioning that all the agenda items were approved by the CoC with 100 per cent voting share. Central Bank of India *vide* its email dated 30.09.2021, objected to it reiterating that no voting was held on agenda item.
- 4.3 The Board observed that Mr. Ranjeet Kumar Verma had not conducted the first meeting of the CoC in fair and transparent manner. Despite objection on the agenda items, he recorded in the minutes that the same was passed with 100% voting which the sole FC having 100% voting share has categorically denied having voted. Agendas so put up and resolutions shown as passed in the first CoC meeting include confirmation of Mr. Ranjeet Kumar Verma as RP, his remuneration and out of pocket expenses and hence to declare such resolutions passed is *mala fide* on his part.
- 4.4 In view of the above, the Board held the *prima facie* view that Mr. Ranjeet Kumar Verma has, *inter alia*, violated section 208(2)(a) of the Code, regulation 33 of CIRP Regulations, regulation 7(2)(a) and 7(2)(h) of IP Regulations read with clauses 1, 2, 3, 12, 13, and 14, of the Code of Conduct.

Submissions

- 4.5 Mr. Ranjeet Kumar Verma denied that the first CoC was not conducted in a fair and transparent manner. He submitted that he had sent notices for CoC including all agenda items on 19.01.2021, 13.08.2021, 14.08.2021 and many more times. The Central Bank of India, the sole member of CoC never objected before or during the meeting regarding any agenda item including the IRP fees and expenses. This is worth noted that draft minutes was circulated for confirmation of agenda items approved during meeting, since CoC denied any agenda items passed during the meeting, therefore IRP had not taken any financial or other decision which could be result of financial or other loss of CD-1, after that IRP had submitted its report to AA for further direction since sole member of CoC itself involved in financial irregularities of CD-1 and they further did contempt of AA and Hon'ble NCLAT's order for which application already filed at AA, so he cannot expect positive support from CoC, meanwhile sole member of CoC also moved application to AA regarding replacement of IRP with new RP Ms. Anju Agarwal. AA heard the submissions and decided that since allegations of IRP is very serious in nature but for smooth functioning of CIRP required a amicable relationship between CoC and IRP. Further RP appointed by CoC could affect the proceeding against sole member of CoC so it is decided to replace IRP with neutral RP from the panel of IP available at AA. AA also asked to submit all CIRP expenses (certified by CFO of CD-1) to it, which was duly submitted by IRP and taken on record and no objection made by AA.
- 4.6 Mr. Ranjeet Kumar Verma submitted that Central Bank of India did not have any issues or concerns against IRP until the report of forensic audit was out. As soon as Central Bank of

India came to know that its name is reflecting in the forensic audit report, it started making various efforts and excuses to remove the IRP. He reiterated that once forensic report was submitted by forensic auditor and huge fraud of Rs. 796 Crores on the part of directors of suspended board came into light and name of Central Bank of India was mentioned at various places in forensic audit, the Central Bank of India, the sole member of COC started pressurizing the IRP to withdraw the forensic report and contempt petition submitted to AA. But when he denied to do so, the Central Bank of India, the sole member of CoC started hostile behaviour with the IRP by putting with baseless allegations on the like that no agenda item was passed during the meeting.

4.7 Mr. Ranjeet Kumar Verma draws attention towards section 208 of the Code which specifically provides that IRP shall take all necessary actions to carry on the operation of CD-1 to keep it a going concern. Therefore, he undertook all his best efforts to carry on the operations and CIRP of CD-1. He further submitted that due to the two phases of Covid-19 pandemic and the national lockdown it was a very tough period and it was not possible to survive and carryout the CIRP without enough resources. He undertook all such expenses as were necessary to carry out the operations of the CD-1 and undertake CIRP. Therefore, IRP undertook all required expenses as per agenda items passed in the COC meeting.

4.8 Mr. Ranjeet Kumar Verma submitted that he did not undertake any single decision which was against the interest of CD-1. In March, 2021, AA had passed a stay on proceeding of CIRP. Therefore, he had to do what was best in the interest of CD-1 to keep it going concern. Therefore, this scenario shall be considered while considering this allegation because in no case he could leave the CD-1 to fend for itself.

- i. He submitted that Central Bank of India is the day-to-day banker of CD-1 and all the expenses were submitted and payments were affected by Central Bank of India only. He undertook all the expenses in good faith and bona fide manner in order to carry out duties under the Code and principles of natural justice.
- ii. He submitted that Amit Goel and Central Bank of India filed a lot of false complaints before AA. However, AA did not find any fault or irregularity in the conduct of IRP and they had to withdraw all their applications.
- iii. He further submitted that in a long professional career of 17 years there is not a single instance of any allegation or notice against answering IRP. All these allegations that are put against answering IRP because of the mala fide intention of Central Bank and Amit Goel only.

4.9 Mr. Ranjeet Kumar Verma submitted that it is wrong to say that expenses were not ratified by CoC (Central Bank of India being sole member). On allegations of Central Bank of India, sole member of CoC that they have not passed any agenda including expenses of CIRP cost, AA has asked IRP to submit all expenses on affidavit. All the expenses were later on submitted before AA on affidavit and duly verified by CFO of CD-1 which was taken on record by AA without having any objections or adverse remarks. Therefore, it is evident that Central Bank

is making all the false allegations of non-ratification of expenses because of their own ill intentions and hostile attitude towards IRP.

4.10 Mr. Ranjeet Kumar Verma further gave pointwise submissions as follows:

(A) Out of Pocket Expenses to the Tune of Rs. 45,26,994/-

Mr. Ranjeet Kumar Verma denied that even a single rupee is withdrawn as out of pocket expenses. The alleged amounts were directly paid to the respective professionals/vendors from bank accounts of CD-1. He did not take any money in its bank account. In fact, these expenses include lawyer's fees for preparation of application and appearance at AA and Hon'ble NCLAT, forensic auditors fees and internal auditors fees which was directly paid from the accounts of the CD-1. Therefore, it is wrong to classify these expenses as out of pocket expenses as, he did not withdraw or undertake any out-of-pocket expenses during entire CIRP period. All CIRP expenses has been submitted to AA and duly taken on records. It is also pertinent to note that due to these expenses like appointment of forensic auditor, a fraud of Rs. 796 Crores was discovered in CD-1.

(B) Remuneration to the IRP

Mr. Ranjeet Kumar Verma submitted that he has looked after the day-to-day affairs of the CD-1 and has given his full attention and full time (24*7) to the CD-1. As the industry is media industry and a lot of work was required on daily basis and needed full attention for smooth functioning of the CIRP. He has lost his practice to give full attention and time to the CD-1. Company directors and CEO have not reported to the IRP and in absence of director and CEO all management work was discharged by him. He has made cost cutting of Rs. 25 lakh per month, further this is worth noted that IRP had decided to take fees only after Hon'ble NCLAT had put stay on constitution of CoC and meeting of CoC as well, this was evident from salary and retainership sheet of CD-1 which was communicated to Central Bank of India as well. All remuneration and expenses have been approved by Central Bank of India (sole member of COC) which is deemed ratified by them and it has never objected any of its expenses and remuneration.

He submitted that the combined salary of suspended director was Rs. 6,70,375/- per month and all such activities were solely undertaken by him without any additional or outside help and that too during the period second covid-19 wave hit the nation and it was impossible to run the operations of CD-1 without the help of resources. In a scenario where AA had stayed constitution of CoC, it was imperative to withdraw the necessary resources to keep the CD-1 functional. He submitted that CoC denies the passing of agenda items placed by him. However, CoC who is denying the remuneration of Rs. 3 lakhs to him, same CoC has approved the monthly remuneration of new RP of Rs. 2 lakhs per month who came into picture when all claims had been collected and compiled and covid hit time was over. Even if agenda items were not approved (assuming for the sake of argument) new RP did not place on record those agenda items for approval, whereas it was his duty to place those items for approval, but he never did the same and he was left to fend himself for this.

(C) Appointment of IRP as RP and its remuneration

The contents of preceding paras are corroborated herein. He also submitted that since, after circulation of draft minutes, CoC denied passing of agenda items during the meeting, therefore, he did not take any financial or other decision which could be result of financial or other loss of CD-1, after that he had submitted its report to CoC for further direction since sole member of CoC itself involved in financial irregularities of CD-1 and they further did contempt of AA and Hon'ble NCLAT's order for which application already filled at AA, so he cannot expect positive support from CoC, meanwhile sole member of CoC also moved application to AA regarding replacement of IRP with new RP Ms. Anju Agarwal, AA had heard their submission and decided that since allegations placed on record by him are very serious in nature but for smooth functioning of CIRP required a amicable relationship between CoC and he further RP appointed by CoC could affect the proceeding against sole member of CoC so it is decided to replace him with neutral RP from the penal of IP available at AA.

(D) To ratify the appointment of Internal auditor of CD-1

He submitted that bank was fully aware that existing internal auditor M/s Pro Oke Consulting LLP has not reported to him and due to accounting data not available as system crashed, he urgently need to appoint a new internal auditor for internal control and to continue CD-1 as going concern, further all communication done with bank and all fees duly passed by bank even meeting also took place from internal auditor and bank. He submitted that earlier fee was Rs. 5 lakh per month and fees of newly appointed internal auditor fees was only Rs. 1 lakh per month. Since professionals are not ready to work without their fees, so in the interest of CD-1 and to continue company as going concern it was decided to issue payment expecting CoC will ratify when meeting taken place.

(E) Appointment of forensic auditor and fixing its remuneration.

He submitted that he had exercised his power provided under section 20 of the Code and appointed forensic auditors which was in the interest of CD-1 and necessary for justice to creditors and employees, since professionals are not ready to work without their fees, so in the interest of CD-1 and to continue company as going concern it was decided to issue payment expecting COC will ratify when meeting taken place.

- 4.11 That allegation made on him for not handling the CIRP accurately, appropriately and efficiently of the CD-1 are wrong, false, frivolous and malicious allegations without any iota of truth.
- 4.12 That Hon'ble NCLAT vide its order dated 22.02.2021 held that CIRP will continue but imposed stay on constitution of CoC. That all the expenses were incurred during CIRP was only to comply with the order of the Hon'ble NCLAT. It is further submitted that he filed all the details of the expenditure incurred during CIRP for the period 19.01.2021 to 31.10.2021 to AA as on 11.11.2021. It is further submitted that he also filed the details of following expenses incurred during CIRP-
- a. Cost of Public Announcement;
 - b. Fee Paid to Legal Consultants;

- c. Fee Paid to Internal Auditor:
- d. Fee paid to Forensic Auditor and IRP

He further mentioned that AA has taken on record the same and no observation is received whatsoever.

4.13 That, during the period when the stay was effective on constitution of CoC in accordance with the order of Hon'ble NCLAT, in the interest of justice and CD-1, all decision taken were necessary in nature and we could not wait till CoC meeting. He was left with no option except to take few decisions. Further, the expenses were necessary to keep the CD-1 as going concern in accordance to section 20 of the Code. However, it is pertinent to be mentioned herein that the same would not have been done, had the abovementioned emergent situations would not have arisen.

Analysis and Findings

- 4.14 The first meeting of CoC was held on 27.09.2021 at 4 PM and concluded on 4:35 PM. Mr. Ranjeet Kumar Verma had put up the following agendas for approval of the CoC which were shown as passed by 100% votes.
- a. out of pocket expenses to the tune of Rs. 45,26,994/-,
 - b. remuneration of the IRP – Rs. 3 lakhs plus taxes per month.
 - c. appointment of the IRP as RP and their remuneration
 - d. to ratify the appointment of Internal Auditors of the CD-1
 - e. Appointment of forensic auditor and their remuneration.
- 4.15 Mr. Anil Kumar Singh represented the Central Bank of India in aforesaid CoC meeting. He immediately after conclusion of first CoC meeting at 5:20 PM on 27.09.2021, sent email to Mr. Ranjeet Kumar Verma raising concerns about the conduct of CoC. He emailed that they were not heard inspite of their attempts to intervene. They specifically wrote that they do not approve/rectify any expenses incurred by Mr. Ranjeet Kumar Verma during his period. They proposed name of Ms. Anju Agarwal for appointment as RP. They also wrote it is major lapse in CIRP on part of Mr. Ranjeet Kumar Verma that CoC meeting was conducted 50 days after observation by Hon'ble NCLAT on 03.08.2021 that CIRP is to be continued.
- 4.16 The DC finds that Mr. Ranjeet Kumar Verma had not conducted the first meeting of the CoC in a fair and transparent manner. Mr. Ranjeet Kumar Verma had recorded in the minutes that the aforesaid agendas were passed with 100% voting which the sole FC having 100% voting share has categorically denied having voted. Thus, DC finds that Mr. Ranjeet Kumar Verma has violated section 208(2)(a) of the Code, regulation 33 of CIRP Regulations, regulation 7(2)(a) and 7(2)(h) of IP Regulations read with clauses 1, 2, 3, 12, 13, and 14, of the Code of Conduct.

5. Contravention-III

Non filing of list of creditors on the website of the Board.

- 5.1 As per clause (ca) of sub-regulation (2) of regulation 13 of the CIRP Regulations, an IRP or the RP shall file the list of creditors on the electronic platform of the Board for dissemination on its website. Further IBBI circular dated 27.11.2020 provide for the manner of filing of list of creditors and made available an electronic platform for filing of list of creditors.
- 5.2 The Board noted that Mr. Ranjeet Kumar Verma has not published the list of creditors in the said matter on the website of the Board. In his reply to DIR, he tried to evade by stating that he has submitted list of creditors on the website of the Board but it may be due to some technical glitch that the same is not reflecting on the portal. It is, however, noted that Mr. Ranjeet Kumar Verma has not provided any documentary evidence to indicate that he submitted the list of creditors.
- 5.3 In view of the above, the Board held the *prima facie* view that Mr. Ranjeet Kumar Verma has *inter alia* violated section 208(2)(a) of the Code, regulations 13(2)(ca) of the CIRP Regulations, regulation 7(2)(a) and 7(2)(h) of IP Regulations read with Clauses 12, 14, 19 and 20 of the Code of Conduct.

Submissions

- 5.4 Mr. Ranjeet Kumar Verma submitted that he has been working vigorously to keep the CD-1 as going concern in accordance with section 20 of the Code. Since it was a media company and operations of the CD-1 were voluminous and his full devotion was towards keeping the CD-1 as going concern. Moreover, because of the two phases of covid-19 pandemic and nationwide lockdown his working was adversely affected. He has filed the list of creditors on the website of the Board in compliance to clause (ca) of sub-regulation (2) of regulation 13 of the CIRP regulations. It may be due to some technical glitch the same is not reflected on the portal.
- 5.5 He also submitted that he has submitted all documents before AA and Hon'ble NCLAT wherever needed and there is nothing that is hidden. Therefore, it is evident that all activities and obstinance of activities is bona fide only.

Analysis and Findings

- 5.6 The DC notes that Mr. Ranjeet Kumar Verma has not provided any documentary evidence to indicate that he submitted list of creditors. Hence the DC finds that Mr. Ranjeet Kumar Verma has violated section 208(2)(a) of the Code, regulations 13(2)(ca) of the CIRP Regulations, regulation 7(2)(a) and 7(2)(h) of IP Regulations read with clauses 12, 14, 19 and 20 of the Code of Conduct.

6. Contravention-IV

Non-filing of CIRP Forms:

- 6.1 As per Regulation 40B of CIRP Regulations, an IP, IRP or RP, as the case may be, shall file the Forms, along with the enclosures thereto, on an electronic platform of the Board, as per the timelines stipulated against each Form.
- 6.2 However, it has been noted that Mr. Ranjeet Kumar Verma has not filed CIRP-1 and CIRP-7 with the Board in the said matter. In his reply to the DIR he submitted that he had filed the forms but due to technical glitch it is not getting reflected. However, it may be due to some technical glitch that the same is not reflecting on the portal. However, he has not raised the issue regarding technical glitch with the Board nor he has provided any documentary evidence to indicate that he submitted these forms.
- 6.3 In view of the above, the Board held the *prima facie* view that Mr. Ranjeet Kumar Verma has not filed the CIRP 1 and CIRP 7 and thereby, *inter alia*, violated section 208(2)(a) of the Code, regulation 40B of CIRP Regulations, regulation 7(2)(a) and 7(2)(h) of IP Regulations read with clauses 1, 12, 13, 14, 19 and 20 of the Code of Conduct.

Submissions

- 6.4 Mr. Ranjeet Kumar Verma stated that submissions made above are reiterated and not repeated for the sake of brevity. He further submitted that the IRP has filed CIRP-1 and CIRP-7 in compliance to regulation 40B of the CIRP regulations and the same is reflected on the IBBI portal. But due to some technical error/ glitch, the said forms are not reflected on the website.

Analysis and Findings

- 6.5 The DC notes that Mr. Ranjeet Kumar Verma has not provided any documentary evidence to indicate that he submitted CIRP 1 and CIRP 7. Hence the DC finds that Mr. Ranjeet Kumar Verma has violated section 208(2)(a) of the Code, regulations 40B of the CIRP Regulations, regulation 7(2)(a) and 7(2)(h) of IP Regulations read with clauses 1, 12, 13, 14, 19 and 20 of the Code of Conduct.

In the CIRP of Straight Edge Contracts Private Limited (CD-2)

7. Contravention-V

Non-cooperation to the newly appointed RP.

- 7.1 Section 23(3) of Code provides that in case of any replacement of a RP under sub-section (4) of section 22, the IRP shall provide all the information, documents and records pertaining to the CD-2 in his possession and knowledge to the resolution professional.
- 7.2 It is noted that Mr. Ankit Kishore Sinha was appointed as RP in the said matter on 24.11.2020 replacing Mr. Ranjeet Kumar Verma. After appointment, RP submitted before the Board that

Mr. Ranjeet Kumar Verma was not cooperating with him in the CIRP, and he was still in the process of receiving certain documents from him. He further submitted that he has requested Mr. Verma to handover documents/details of the CD-2 as per checklist on urgent basis. However, even after multiple follow ups he was able to receive only few documents from Mr. Ranjeet Kumar Verma. In reply to DIR, Mr. Ranjeet Kumar Verma has admitted handing over documents to newly appointed RP on the direction of AA only. As per section 23(3) of the code, he was required to provide all the information, documents and records pertaining to CD-2 in his possession and knowledge to the RP. However, he failed to do so on his own.

7.3 It is further noted that AA *vide* its order dated 07.06.2021, while disposing of IA filed by newly appointed RP, has directed Mr. Ranjeet Kumar Verma to hand over the documents by making following adverse observations against him:

“..... We see that the IRP is behaving irresponsibly and in total defiance. The Learned Counsel Ms. Muskan Garg undertakes to hand over all documents, assets, information and property of the Corporate Debtor to the present RP within three days. This undertaking is given on behalf of erstwhile IRP Mr. Ranjeet Kumar Verma. Recording the above undertaking, we allow this application. Application is dispose of with above direction.....”

7.4 In view of the above, the Board held the *prima facie* view that Mr. Ranjeet Kumar Verma has, *inter alia*, violated section 23(3) and 208(2)(a) of the Code, regulation 7(2)(a) and 7(2)(h) of IP Regulations read with Clauses 1, 2, 3 12 and 14 of the Code of Conduct.

Submissions

7.5 Mr. Ranjeet Kumar Verma submitted that when he conducted first CoC meeting, all the members present were “Related Party” and therefore, Mr. Ranjeet Kumar Verma adjourned the meeting for want of quorum. However, CoC members, instead of adjourning the meeting, held the meeting and appointed new RP instead of IRP. So, he was in a dilemma as to whether he should handover the documents to RP (illegally appointed by CoC) or not.

7.6 Therefore, he waited for instructions of AA for handover of the documents and data and immediately after receipt of directions from AA, he handed over all the data. He also submitted that he has submitted all documents before AA and Hon’ble NCLAT wherever needed and there is nothing that is hidden. Therefore, it is evident that all activities and obstinance of activities is *bona fide* only. Therefore, all allegations in this matter are totally unjustified and should be removed.

7.7 He submitted that the allegations on him are not maintainable. He filed status report for minutes of the CoC to seek directions from the AA regarding handing over of information/document of the CD-2 to the RP and the AA directed to handover all the records to the new RP. He has already handed over all the information/ documents available with him to the new RP. He further submitted that the he has fully cooperated with the new RP. All the parties were fully satisfied and the matter was amicably disposed of by the AA.

Analysis and Findings

- 7.8 The DC notes that Mr. Ranjeet Kumar Verma was replaced as IRP *vide* AA's order dated 24.11.2022. The newly appointed RP Mr. Ankit Kishore Sinha contacted him through emails where Mr. Ranjeet Kumar Verma did not mention about any application filed or to be filed before AA for seeking instructions for handover of the documents and data. Further, Mr. Ranjeet Kumar Verma did not provide any details of any such application filed before AA.
- 7.9 The DC notes that Mr. Ankit Kishore Sinha filed IA 681/2021 on 03.02.2021 before AA and only after direction by AA *vide* order dated 07.06.2021, Mr. Ranjeet Kumar Verma handed over the documents of CD-2 to Mr. Ankit Kishore Sinha on 10.06.2021. and also observed that "...the IRP is behaving irresponsibly and in total defiance." The DC finds Mr. Ranjeet Kumar Verma to be in violation of section 23(3) and 208(2)(a) of the Code, regulation 7(2)(a) and 7(2)(h) of IP Regulations read with Clauses 1, 2, 3 12 and 14 of the Code of Conduct for showing laxity in handing over information and documents to newly appointed RP and delaying the CIRP.

8. Contravention-VI

Non-filing of CIRP Forms.

- 8.1 As per Regulation 40B of the CIRP Regulations, an IP, IRP or RP, as the case may be, shall file the Forms, along with the enclosures thereto, on an electronic platform of the Board, as per the timelines stipulated against each Form.
- 8.2 It has been noted that Mr. Ranjeet Kumar Verma has not filed the requisite CIRP Forms with the Board in the said matter. In his reply to the DIR he submitted that he had filed the requisite CIRP Forms. However, it may be due to some technical glitch that the same is not reflecting on the portal. However, he has not raised the issue regarding technical glitch with the Board nor has he provided any documentary evidence to indicate that he submitted these forms.
- 8.3 In view of the above, the Board is of the prima facie view that Mr. Ranjeet Kumar Verma has, *inter alia*, violated section 208(2)(a) of the Code, regulation 40 B of CIRP Regulations, regulation 7(2)(a) and 7(2)(h) of IP Regulations read with clauses 1, 12, 13, 14, 19 and 20 of the Code of Conduct.

Submissions

- 8.4 Mr. Ranjeet Kumar Verma submitted that the he has filed CIRP-1 in compliance to regulation 40B of the CIRP regulations but the same is not reflected on the portal. Due to some technical error, he is unable to view the pdf. The Form CIRP-7 was introduced vide circular no. IBBI/CIRP/41/2021 on 18.03.2021 and the IRP was replaced way back. Therefore, the new RP was liable for filing CIRP-7 of the CD-2. It is further submitted that the IRP has filed the list of creditors on the website of the Board in compliance to clause (ca) of sub-regulation (2) of regulation 13 of the CIRP regulations and IBBI circular dated 27.11.2020. But since

he has been replaced by the new RP viz Mr. Ankit Kishore Sinha, the data is not available with him for verifying the filed list of creditors.

Analysis and Findings

- 8.5 The DC accepts the submission of Mr. Ranjeet Kumar Verma that Form CIRP-7 was introduced *vide* circular no. IBBI/CIRP/41/2021 on 18.03.2021 and the IRP was replaced by AA on 24.11.2020 which was further upheld by Hon'ble NCLAT on 04.01.2021. Therefore, he was not liable to file CIRP-7 of the CD-2. However, the DC notes that Mr. Ranjeet Kumar Verma has not provided any documentary evidence to indicate that he submitted CIRP-1 and details of the creditors on the website of the Board. Hence the DC finds that Mr. Ranjeet Kumar Verma has violated section 208(2)(a) of the Code, regulations 40B of the CIRP Regulations, regulation 7(2)(a) and 7(2)(h) of IP Regulations read with clauses 1, 12, 13, 14, 19 and 20 of the Code of Conduct.

Other Observation

9. Contravention-VII

Non-cooperation by IP to IA:

- 9.1 Section 218 (3) of the Code mandate an IP to furnish such document, record or information required by IA in the course of any inspection or investigation carried out under the Code. Further regulation 4(4) of the Inspection Regulations mandate an IP to produce before the IA such records in his custody or control and furnish to the IA such statements and information relating to its activities within such time as the Inspecting Authority may require.
- 9.2 IA *vide* its email dated 21.01.2022 requested Mr. Ranjeet Kumar Verma to provide copies of certain documents by 31.01.2022. Mr. Ranjeet Kumar Verma *vide* his email dated 31.01.2022 forwarded some documents to the IA and sought time of few more days to submit all the documents to the IA. He further submitted that since he was working from the office of CD-1 and as the stay order was imposed by AA, he could not take most of documents maintained at CD-1 office through their employee.
- 9.3 IA after reviewing the documents submitted by him, observed that certain documents as sought from him *vide* its original mail dated 31.01.2022 were missing. Accordingly, IA again requested him *vide* its mail dated 11.03.2022 to submit remaining documents. In response to this he *vide* his email dated 13.03.2022 again reiterated that he was working from the office of CD-1, and as the stay order was imposed by AA, he could not take most of documents maintained at CD-1 office and sought time of 10 days to submit remaining documents. However, he did not submit any further documents before the IA.
- 9.4 In the meanwhile, the Board *vide* corrigendum dated 09.04.2022 expanded the scope of inspection to include CIRP of Straight Edge Contracts Private Limited. Accordingly, notice of inspection in respect of Straight Edge Contracts Private Limited was issued to him on 18.04.2022 and he was asked to submit certain documents and information to IA

9.5 In response to the above, Mr. Ranjeet Kumar Verma *vide* his email dated 25.04.2022 submitted certain documents to the IA. After examining the documents submitted by him, it was observed that he has not submitted duly filled in pre-inspection questionnaire, checklist for CIRP and other documents sought by the IA. Accordingly reminder was sent to him on 09.05.2022. In response to this, he again sought further time of 3 days to submit the documents. However no further documents were received from him.

9.6 In view of the above, the Board held the *prima facie* view that he has, *inter alia*, violated section 208(2)(a) and 218(3) of the Code, regulations 4(4) and 4(7) of the Inspection Regulations, regulation 7(2)(a) and 7(2)(h) of IBBI (Insolvency Professional) Regulations, 2017 (IP Regulations) read with clauses 1, 2, 12, 13, 14, 15, 18, 19 and 20 of the Code of Conduct.

Submissions

9.7 Mr. Ranjeet Kumar Verma stated that he has submitted all the documents available with him. It is pertinent to mention that the status of the CD was a going concern and he was working from the office of the CD. However, some of the information was available only at the office of the CD and he did not have access to that information. Therefore, he was not in a position to submit any further information to IA.

Analysis and Findings

9.8 The DC notes that irrespective of numerous reminders dated 11.03.2022, 09.05.2022 and 11.05.2022 sent to Mr. Ranjeet Kumar Verma for providing documents and furnish records, he did not cooperate with IA in the conduct of inspection. The DC finds that Mr. Ranjeet Kumar Verma has violated section 208(2)(a) and 218(3) of the Code, regulations 4(4) and 4(7) of the Inspection Regulations, regulation 7(2)(a) and 7(2)(h) of IP Regulations read with clauses 1, 2, 12, 13, 14, 15, 18, 19 and 20 of the Code of Conduct.

10. Order

10.1 In view of the forgoing discussion, the DC finds that Mr. Ranjeet Kumar Verma is in violation of section 23(3), section 208(2)(a), 208(2)(e) of the Code, regulation 13(2)(c), 33 and 40B of CIRP Regulations, regulation 4(4), 4(7) of Inspection Regulations, regulation 7(2)(a) and (h) of IP Regulations read with clauses 1, 2, 3, 12, 13, 14, 15, 18, 19 and 20 of the Code of Conduct for mis-representation regarding approval of agenda by CoC including ratification of fees and other expenses by CoC, non-filling of forms with the Board and non-cooperation with newly appointed RPs and IA.

10.2 The DC, in exercise of the powers conferred under section 220(2) of the Code read with regulation 13 of the IBBI (Inspection and Investigation) Regulations, 2017 hereby suspends the registration of Mr. Ranjeet Kumar Verma having Registration No. IBBI/IPA-002/IP-N00301/2017-18/10859 for a period of one year.

- 10.3 This Order shall come into force on expiry of 30 days from the date of its issue.
- 10.4 A copy of this order shall be sent to the CoC of all the Corporate Debtors in which Mr. Ranjeet Kumar Verma is providing his services, if any.
- 10.5 A copy of this order shall be forwarded to the ICSI Institute of Insolvency Professionals where Mr. Ranjeet Kumar Verma is enrolled as a member.
- 10.6 A copy of this Order shall also be forwarded to the Registrar of the Principal Bench of the National Company Law Tribunal.
- 10.7 Accordingly, the show cause notice is disposed of.

-sd-
(Jayanti Prasad)
Whole-time Member, IBBI

Dated: 13th January 2023
Place: New Delhi