

# INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

## (Disciplinary Committee)

No. IBBI/DC/283/2025

22 April 2025

### ORDER

This Order disposes of the Show Cause Notice (SCN) No. COMP-11012/202/2023-IBBI/868/268 dated 21.05.2024, issued to Mr. Jitendrakumar Rambaran Yadav) an Insolvency Professional (IP) registered with the Insolvency and Bankruptcy Board of India (IBBI/Board) with Registration No. IBBI/IPA-003/IP-N00022/2017-2018/10169 and a Professional Member of Insolvency Professional Agency of Institute of Cost Accountants of India.

### Background

- 1.1 The National Company Law Tribunal, Mumbai Bench (AA) *vide* its Order dated 17.09.2019, admitted the application filed under Section 7 of the Insolvency and Bankruptcy Code, 2016 (Code) by M/s. Creative Garments Private Limited for initiating Corporate Insolvency Resolution Process (CIRP) of M/s. Dilip Chhabria Design Private Limited (Corporate Debtor-1/CD-1) and appointed Mr. Jitendrakumar Rambaran Yadav as the Interim Resolution Professional (IRP) and later confirmed as the Resolution Professional (RP). The AA *vide* its order dated 11.10.2023 had initiated liquidation of the CD-1 and appointed Mr. Jitendrakumar Rambaran Yadav as the liquidator. Later, he was replaced and Mr. Jigar Pradipchandra Shah was appointed as the liquidator of the CD-1.
- 1.2 The AA *vide* its Order dated 24.07.2018, admitted the application filed under Section 9 of the Code by M/s. Nisa Industrial Services Private Limited for initiating Corporate Insolvency Resolution Process (CIRP) of M/s. Maha Urja Utilities Private Limited (Corporate Debtor-2/CD-2) and appointed Mr. Jitendrakumar Rambaran Yadav as the IRP and who was later confirmed as the RP. The AA *vide* its order dated 17.06.2019 initiated liquidation of the CD-2 and directed Mr. Jitendrakumar Rambaran Yadav to obtain the name of liquidator from the IBBI Panel of list of liquidators and file an application to that effect within three days for further orders. However, Mr. Jitendrakumar Rambaran Yadav failed to comply with the directions of the AA.
- 1.3 The Board in exercise of its powers under Section 218 of the Code, read with Regulations 7(1) and 7(2) of Insolvency and Bankruptcy Board of India (Inspection and Investigation), Regulations, 2017 (Investigation Regulations), appointed an Investigating Authority (IA) to conduct the investigation into the allegations contained in a complaint in the matter of CD-1 and into the observations contained in the order dated 17.06.2019 of the AA in the matter of CD-2.
- 1.4 Accordingly, a notice under Regulation 8(1) of the Investigation Regulation was issued to Mr. Jitendrakumar Rambaran Yadav, with a request to provide reply along with relevant documents. Mr. Jitendrakumar Rambaran Yadav submitted his reply on 12.03.2024 and 16.04.2024 in the matter of CD-1, and on 15.06.2023 and 04.12.2023 in the matter of CD-2. After considering Mr. Jitendrakumar Rambaran Yadav's reply, the IA submitted the Investigation Reports (IR-1 for CD-1 and IR-2 for CD-2) to the Board.

- 1.5 Based on the findings in the Investigation Reports submitted by the IA, the Board formed a *prima facie* view that Mr. Jitendrakumar Rambaran Yadav had contravened the provisions of the Code and Regulations framed thereunder and issued a SCN to Mr. Jitendrakumar Rambaran Yadav on 21.05.2024. The SCN alleged contraventions of several provisions of the Code, the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations 2016 (CIRP Regulations) and the IBBI (Insolvency Professionals) Regulations, 2016 (IP Regulations). Mr. Jitendrakumar Rambaran Yadav submitted his reply to the SCN on 04.06.2024.
- 1.6 The SCN and response of Mr. Jitendrakumar Rambaran Yadav to the SCN were referred to the Disciplinary Committee (DC) for disposal of the SCN. Mr. Jitendrakumar Rambaran Yadav availed an opportunity of personal hearing before the DC through virtual mode on 10.03.2025.

## **2. Alleged contraventions, submissions of Mr. Jitendrakumar Rambaran Yadav, Analysis and findings**

The contraventions alleged in the SCN, submissions by Mr. Jitendrakumar Rambaran Yadav and findings of the DC are summarized in the following paragraphs :

### **In the matter of Dilip Chhabria Designs Private Limited (CD-1)**

#### **2.1 Lack of effort to preserve and protect the assets of the CD.**

2.1.1. Section 25(1) of the Code provides that it shall be the duty of the RP to preserve and protect the assets of the CD, including continuing business operations of the CD.

2.1.2. It was noted from Mr. Jitendrakumar Rambaran Yadav's own submissions that as per the 3<sup>rd</sup> meeting of the Committee of Creditors (CoC) held on 29.11.2019 that there was disconnection of electricity at the Pune Works Unit of the CD-1 and Mr. Jitendrakumar Rambaran Yadav had arranged for a generator subsequently. During the pendency of the CIRP in this case and when the custody and control of the assets of the CD-1 was vested with Mr. Jitendrakumar Rambaran Yadav, there was an incident of fire on 14.01.2020, at the premises of Pune Works Unit of the CD, situated at 128-A Mumbai-Pune Road, Chinchwad, Pune (hereafter referred to as 'Pune premises'). As per the minutes of 5<sup>th</sup> CoC, the approximate loss due to said fire was between Rs. 22 crore to Rs.25 crore.

2.1.3. While the Fire Attendance Certificate dated 30.09.2020 issued by Chief Fire Officer at Pimpri Chinchwad, stated that the probable cause of fire was electrical short circuit, the insurance company, HDFC Ergo vide letter dated 27.01.2021 repudiated the claim filed on behalf of the CD-1 stating the following:

*"4.(a) The damage reported is due to a fire. However, the copy of the Police Panchanama (in Marathi & its translation in English) as received from you does not describe or reveal any findings about the cause of fire. The Fire Attendance Certificate issued on 30 September 2020 issued by the Fire Department of the Pimpri Chinchwad Municipal Corporation to you ("Fire Certificate") mentions that the probable cause of the fire is an electrical short circuit.*

*(b) However, there was no power supply to the risk location and the storage area when the incident occurred. The relevant electricity bills in support of this have been provided and both the Surveyor as well as the investigator have noted that this disconnection was on account of non-*

*payment of electricity dues.*

*(c) The Surveyor and the Investigator have on this basis concluded that electrical short circuit as the cause of fire can be clearly ruled out, which is a compelling conclusion in light of the facts of the matter.*

*(d) The risk location had been locked and sealed by the resolution professional as a result of the insolvency proceedings that had been commenced against the insured when the incident occurred. As a result prior to fire incident, no production or activity was ongoing at the risk location. In such circumstances, it is also clear that there was no movement of personnel/employees or materials within the risk location.*

*(e) In such circumstances, the investigator has concluded that the probable cause of fire in the spare parts stores is attributable to “intentional & stage managed arson with motive of settlement of third party unsecured loan – recovery”. The investigator has arrived at this conclusion on the finding that the fire had multiple points of origin and setting up of ignition, which are inconsistent with fires that are caused due to electrical short circuiting.”*

2.1.4. The conclusion drawn by the surveyor and investigator that the probable cause of fire in the spare parts stores was attributable to intentional and stage-managed arson with motive of settlement of third-party unsecured loan recovery, is based on facts and circumstances pointing to deliberate act by someone resulting in loss to the CD-1. It was also the admitted fact that the electricity was disconnected in the premises much prior to the fire incident in the said premises. Mr. Jitendrakumar Rambaran Yadav's reply that he had no role in the functioning of the security agency which had employed the security guards for the premises was of no avail to him as it was his responsibility to preserve, protect the assets so as to maximise the value of the CD-1. Such response was *prima facie* found evasive.

2.1.5. Mr. Jitendrakumar Rambaran Yadav's other claim, based on certain photographs that transformer was just adjacent to the store's external wall and burnt fallen part (spring) into the stores from the transformer, etc are of no help as neither the photographs nor Mr. Jitendrakumar Rambaran Yadav's submissions show any diligence to protect the value of the assets of the CD-1. Mr. Jitendrakumar Rambaran Yadav could not establish otherwise than what had been found by the investigator of the HDFC Ergo that the fire had multiple points of origin and setting up of ignition, which were inconsistent with fires that are caused due to electrical short circuiting. It appeared that Mr. Jitendrakumar Rambaran Yadav's claim was belied by these findings alone. Mr. Jitendrakumar Rambaran Yadav claimed that he did not agree with the findings of the HDFC Ergo. Further Mr. Jitendrakumar Rambaran Yadav's claim that he was continuing to try to annul these findings was not established by any evidence. The effort to appoint an insurance consultant and denial by the CoC as claimed were also not felt sufficient. If Mr. Jitendrakumar Rambaran Yadav had not agreed to these findings and made efforts to annul it, the same should have been demonstrated by evidence. If Mr. Jitendrakumar Rambaran Yadav had not been able to annul the said findings they still sustain. Being so, no concrete steps appeared to have been taken by Mr. Jitendrakumar Rambaran Yadav to mitigate the loss caused to the CD-1 due to denial of insurance claim by HDFC Ergo.

2.1.6. In view of the above, the Board held a *prima facie* view that Mr. Jitendrakumar Rambaran Yadav had contravened the provisions of Section 25(1) of the Code and Clauses 14 and 16 of the Code

of Conduct under Regulation 7(2)(h) of IP Regulations (hereinafter referred to Code of Conduct).

## 2.2 Submissions by Mr. Jitendrakumar Rambaran Yadav.

- 2.2.1 Mr. Jitendrakumar Rambaran Yadav submitted that he had appointed M/s. Nagulapati & Co. on 11.11.2019 to conduct a transaction and forensic audit of the CD-1, covering the period from 01.04.2014 to 17.09.2019 and based on the forensic audit report dated 20.10.2020, he had filed IA 1648/2022 and IA 1701/2022 before the AA against the erstwhile management, directors, complainants, CFO/KMP, and others, including Mr. Dilip Chhabria, Mr. Moolchandani Kiran Kumar Jain, and Mr. Syed Aafaq Khuram, for recoveries under PUFÉ (Preferential, Undervalued, Fraudulent, and Extortionate transactions). Mr. Jitendrakumar Rambaran Yadav further submitted that he had sought recovery of over Rs.110 crore from the erstwhile management and Rs.25 lakh from the complainants, including CFO/KMP.
- 2.2.2 Mr. Jitendrakumar Rambaran Yadav submitted that he had been subjected to the threats, particularly after the forensic audit report was presented to the CoC. The conflict between the CD-1's promoter, a well-known car designer, and a politically connected financial investor had further complicated the matter. A news report quoting a statement by the Mumbai Police Crime Branch Head Investigation Officer to the Enforcement Directorate highlighted the political involvement, misuse of government machinery, and financial influence. Additionally, the minutes of the board meeting dated 20.03.2018 indicated that the erstwhile management, including CFO/KMP, diverted business from the CD to the sister concern, M/s DC Motor Works, much before his appointment.
- 2.2.3 Mr. Jitendrakumar Rambaran Yadav submitted that as per the Code, when an IRP is appointed, the CD's board is suspended, but individual directors and key managerial personnel (KMP) retain their responsibilities. In this case, the Pune plant remained under the supervision of CFO/KMP, Mr. Syed Aafaq Khuram, and HR & Administration Manager Mr. Vijay Manchekar. Despite this, the CFO/KMP provided misleading statements to the authorities, including the Enforcement Directorate and the AA. Notably, an accidental fire occurred at the Pune plant on 14.01.2020, affecting approximately 2,000 sq. ft., which was just 1.3% of the total 1,45,764 sq. ft. premises. The Fire Attendance Certificate issued by the Pimpri Chinchwad Municipal Corporation confirmed that the probable cause of the fire was an electrical short circuit. However, M/s HDFC ERGO, the insurance provider, arbitrarily repudiated the fire claim without adequate justification, failing to consult key agencies, including the Maharashtra Electricity Department.
- 2.2.4 Mr. Jitendrakumar Rambaran Yadav further submitted that he attempted to engage the fire consultants to challenge the insurer's repudiation, but the CoC rejected the proposal. Mr. Jitendrakumar Rambaran Yadav also submitted that the repudiation of the fire insurance claim by HDFC ERGO was largely a result of numerous false, suspicious, and misleading statements made by the CFO/KMP, Mr. Syed Aafaq Khuram, to various parties, including the insurance company, surveyors, investigators, stakeholders, and Cosmos Bank. Specifically, the CFO/KMP's claim of a loss amounting to ₹28.04 crores, as communicated to Cosmos Co-operative Bank Ltd. via letter dated 05.02.2020, significantly exceeded the actual value of assets across all plant locations (Mumbai, Pune, Gurugram), as per the valuation report conducted by IBBI-registered valuers. The

CFO/KMP's unwarranted and unethical actions, seemingly driven by ulterior motives, played a significant role in raising concerns with the insurance company (HDFC ERGO), ultimately leading to the claim being denied. It was also submitted by Mr. Jitendrakumar Rambaran Yadav that the business of the CD-1 had already been shifted to a sister concern in March 2018.

2.2.5 Mr. Jitendrakumar Rambaran Yadav further submitted that he took several proactive steps, including the timely appointment of a security agency to provide round-the-clock security at the premises, retaining an on-roll security guard, securing a valid insurance policy covering risks such as fire and burglary, and providing necessary amenities such as solar panels, lighting, and water supply at the site. Additionally, workforce of more than 24 staff and workers remained present at the premises, playing a crucial role in safeguarding the assets and preventing any unauthorized movement, as part of their agitation.

2.2.6 Mr. Jitendrakumar Rambaran Yadav submitted that since CD-1 was not a going concern, with its entire business having been shifted to sister concerns in March 2018, the estimated loss reported primarily consisted of non-moving moulds and dies stored in the facility, along with some ready and incomplete assembly kits. These assets were already depreciated, having been in use since 2014 and 2016, and would have soon become obsolete with the introduction of newer vehicle variants in the market.

2.2.7 Mr. Jitendrakumar Rambaran Yadav submitted that repudiation of the fire insurance claim by HDFC ERGO was based on an unsubstantiated report lacking any proof or substance. Mr. Jitendrakumar Rambaran Yadav had provided all relevant details and contacts of the insurance consultant to the new liquidator to pursue the claim further, however, despite follow-ups, the liquidator has not provided any updates regarding the progress of the claim.

### 2.3 Analysis and findings of the DC.

2.3.1 Section 25 (1) of the Code provide as follows:-

*"25. Duties of resolution professional. –*

*(1) It shall be the duty of the resolution professional to preserve and protect the assets of the corporate debtor, including the continued business operations of the corporate debtor."*

2.3.2 The DC notes the submission of Mr. Jitendrakumar Rambaran Yadav regarding the past financial misconduct of the directors of the suspended management and their mismanagement. These submissions by Mr. Jitendrakumar Rambaran Yadav do not address the core issue i.e., the failure to take appropriate steps to ensure that the insurance claim was pursued effectively. The duty under Section 25(1) is forward-looking and does not absolve the RP of his obligations merely because mismanagement occurred before his tenure.

2.3.3 The DC also notes that in the 5<sup>th</sup> CoC meeting dated 17.09.2019, under Agenda 8, the outbreak of fire was discussed. The relevant extract is reproduced below:

*"The RP informed the CoC members of the incident and also notified the insurance company. The CoC inquired about the approximate loss caused by the fire. Mr. Syed Aafaq Khurram (CFO)*

*informed the CoC that the estimated loss ranged between Rs. 22 crores and 25 crores, including moulds & dies, stocks, electronic items, tyres, paints, etc. Further, Mr. Syed Aafaq Khurram (CFO) stated that on 5<sup>th</sup> February 2020, Mr. Amit Arekar (Senior Manager - Fraud Control & Investigation) visited the Andheri office to understand the process. He also informed the CoC that the pending financials would be handed over to the insurance company to facilitate the settlement of claims. The CoC members noted the same."*

2.3.4 The DC notes that the above extract clearly indicates that the fire incident and the resulting loss between Rs.22 crore and Rs.25 crore was recognized. However, Mr. Jitendrakumar Rambaran Yadav did not undertake effective efforts to address the denial of the insurance claim by HDFC Ergo. Accordingly, his submission that the estimated loss primarily consisted of non-moving moulds and dies stored in the facility, along with some ready and incomplete assembly kits, cannot be accepted.

2.3.5 The DC notes that the repudiation of the insurance claim had significant financial implications, which should have been addressed through stronger legal and administrative measures. Mr. Jitendrakumar Rambaran Yadav's failure to ensure an effective response to the fire and his inability to secure the insurance claim indicates lack of proactive measures to mitigate the loss suffered by CD-1. In view of the above findings, the DC holds the contravention.

#### **2.4. Sale of asset of CD-1 to a related party without proper valuation and approval of the CoC.**

2.4.1. Section 28(1)(f) of the Code provides that notwithstanding anything contained in any other law for the time being in force, the RP, during the CIRP, shall not undertake any related party transaction without the prior approval of the CoC. Further, Regulation 29(1) of the CIRP Regulations provides that the resolution professional may sell unencumbered assets of the CD, other than in the ordinary course of business, if he is of the opinion that such a sale is necessary for a better realisation of value under the facts and circumstances of the case. Regulation 29(2) of the CIRP Regulations provide that a sale of assets under this Regulation shall require the approval of the committee by a vote of sixty-six per cent of voting share of the members. Furthermore, Regulation 35(1) of the CIRP Regulations states that fair value and liquidation value shall be determined in the following manner: (a) the two registered valuers appointed under Regulation 27 shall submit to the resolution professional an estimate of the fair value and of the liquidation value computed in accordance with internationally accepted valuation standards, after physical verification of the inventory and fixed assets of the CD.

2.4.2. One of the assets of CD-2 was an unregistered Porsche Panamera car, which was sold to a purchaser namely Mr. Rishab Gowani, who was the highest bidder, for sale consideration amounting to Rs. 60 Lakhs.

2.4.3. With regards the above said sale, it was observed that the valuation of the asset was carried out by a single valuer against the mandate of valuation by two valuers under Regulation 27(1) of the CIRP Regulations. Further, the sale was apparently carried out without a proper price discovery mechanism as per market standards. It was not clear as to how potential purchaser was reached. Furthermore, prior approval of the CoC was not obtained for the said sale and only belated

ratification was sought from the CoC.

2.4.4. In view of the above, it was observed that Mr. Jitendrakumar Rambaran Yadav had sold the asset of the CD without proper valuation and without prior approval in the form of a resolution of the CoC as was required under the Code and the Regulations framed thereunder.

2.4.5. It was also observed that the sale proceed of the said asset was received in the account of the CD-1 from one Mr. Rajiv Rai Arora whereas the purchaser was one Mr. Rishab Gowami. From the documents available on record, it was also noted that said Mr. Rajiv Rai Arora apparently received the sale consideration of Rs.60,00,000 on 22.06.2020 itself from one Ms. Anushree Chhabria, who is a related party of the CD-1.

2.4.6. Therefore, it was observed that the CoC had been misled and the asset of the CD-1 was sold to a related party of the CD-1 in disguise by resorting to circumvention of the processes laid down under the Code and regulations framed thereunder.

2.4.7. In view of the above, the Board held a *prima facie* view that Mr. Jitendrakumar Rambaran Yadav has prima facie contravened Section 28(1)(f) of the Code, Regulations 29(1) and (2), and 35(1) of the CIRP Regulations, read with Clauses 1 and 14 of the Code of Conduct.

## **2.5. Submissions by Mr. Jitendrakumar Rambaran Yadav.**

2.5.1. Mr. Jitendrakumar Rambaran Yadav submitted that he took all necessary precautions to ensure the active participation of the CoC in the asset monetization process. The decision to monetize the vehicle was undertaken with 100% CoC approval, as evidenced by multiple communications, meeting, and resolutions between March 2020 and May 2021. Mr. Jitendrakumar Rambaran Yadav also submitted that the reported purchase value of the Porsche Panamera at Rs.3,09,00,000 was incorrect. The actual purchase price, as per the invoice from Zenica Cars dated 17.02.2017, was Rs.2,33,82,308, thereby overstating the value by Rs.75,17,692.

2.5.2. Mr. Jitendrakumar Rambaran Yadav further submitted that considering the impending obsolescence of BS4 vehicles due to the Government regulations, the security interest holder, Volkswagen Finance Private Limited, urged the CoC to expedite the sale. Consequently, valuation process was duly followed as per regulations, with liquidation values assessed at Rs.34,81,450 and Rs.63,70,531 by two registered valuers. The final monetization value of Rs. 60 lakhs was agreed upon to prevent further depreciation and ensure maximum recovery for stakeholders. The unregistered vehicle, acquired in 2017 under the erstwhile management, suffered steep value depreciation due to non-registration. Further, considering the COVID-19 restrictions, Government-imposed deadlines, and mounting pressure from stakeholders, Mr. Jitendrakumar Rambaran Yadav took all necessary steps to safeguard the asset value and prevent financial loss to the creditors.

## **2.6. Analysis and findings of the DC.**

2.6.1. The DC notes the submission of Mr. Jitendrakumar Rambaran Yadav that he took all necessary precautions to ensure the active participation of the CoC in the asset monetization process.

However, upon review of the records, it is observed that while the sale of the Porsche Panamera was discussed within the CoC, the mandatory prior approval of the CoC was not obtained as was required under Section 28(1)(f) of the Code, which states:

*"Notwithstanding anything contained in any other law for the time being in force, the resolution professional, during the corporate insolvency resolution process, shall not any of the following actions without the prior approval of the committee of creditors namely: -*

.....

*f) undertake any related party transaction; ."*

2.6.2. Further, Regulation 29(1) of the CIRP Regulations provides that the resolution professional may sell unencumbered assets of the corporate debtor only if he believes such a sale is necessary for better realization of value. The DC notes that the records indicate that instead of obtaining prior approval, only a post-facto ratification of the sale was sought from the CoC. This approach is not in conformity with the Code and the Regulations, as prior approval is a mandatory prerequisite before undertaking such transactions. The DC further notes that in the present case, it is observed that valuation was carried out by only one valuer initially, which is contrary to the mandatory requirement under Regulation 35(1) of the CIRP Regulation. The explanation provided by Mr. Jitendrakumar Rambaran Yadav that liquidation values were assessed at Rs.34,81,450 and Rs.63,70,531 by two registered valuers lacks documentary evidence, which raises concerns about the adherence to the proper valuation procedures before the sale.

2.6.3. The DC also notes that the payment trail for the asset raises serious concerns. The sale proceeds of Rs.60,00,000 was received from Mr. Rajiv Rai Arora, whereas the purchaser was Mr. Rishab Gowani. Further, it is noted from the documents available on record that Mr. Rajiv Rai Arora received this amount from Ms. Anushree Chhabria, a related party of CD-1, on 22.06.2020, the very day the amount was transferred. This financial transaction pattern suggests an attempt to obscure the true nature of the buyer and may amount to a circumvention of related party transaction restrictions, thereby misleading the CoC.

2.6.4. The DC notes that Mr. Jitendrakumar Rambaran Yadav's contention that the vehicle's sale was necessitated due to depreciation concerns and Government-imposed deadlines on BS4 vehicles, the manner in which the transaction was conducted raises serious compliance concerns. The lack of a transparent price discovery mechanism to identify potential buyers and the failure to ensure an arms-length transaction cast serious doubt on the integrity of the sale process.

2.6.5. The DC notes that the sale lacked a proper price discovery mechanism, raising transparency issues. The financial transaction trail also indicates that the asset was sold to a related party in disguise, circumventing the provisions of the Code.

2.6.6. In view of the above, the DC holds the contravention.

## **In the matter of Maha Urja Utilities Private Limited (CD-2).**

### **2.7. Causing delay in liquidation process.**

2.7.1. In the matter of the CD-2, no resolution plan was received and the CoC passed the resolution for liquidation of the CD-2. The AA vide its order dated 17.06.2019 passed an order for liquidation of CD-2.

2.7.2. The AA recorded that Mr. Jitendrakumar Rambaran Yadav was unwilling to be appointed as the liquidator and passed a direction stating *“as to the appointment of Liquidator, the Applicant Resolution Professional is not ready and willing to be appointed as the Liquidator to carry out the liquidation process. The Applicant to obtain the name of Liquidator from the IBBI Panel of List of Liquidators and file an Application to that effect within 3 days for further orders.”*

2.7.3. It was observed that, no application for appointment of the new liquidator was filed. Mr. Jitendrakumar Rambaran Yadav claimed that Mr. Jitendrakumar Rambaran Yadav had asked the applicant operational creditor (OC) to file such application. However, as the said order seems to have been passed on Mr. Jitendrakumar Rambaran Yadav's application, in all fairness and being the registered professional it was Mr. Jitendrakumar Rambaran Yadav's duty to ensure that process proceeds seamlessly without going into technicalities as to who should file application for appointment of another liquidator from IBBI Panel as directed by the AA. If at all, Mr. Jitendrakumar Rambaran Yadav had felt any laxity on OC's part, Mr. Jitendrakumar Rambaran Yadav should have approached the AA for a direction of appointment of another liquidator from the panel provided by the Board. With this spirit, the Board, considering the concern of the delay, vide letter dated 26.04.2024 directed Mr. Jitendrakumar Rambaran Yadav to file appropriate application before the AA explaining the steps taken by him and seeking direction for appointment of another liquidator, within the next 15 days. The said direction was given without prejudice to the right of the Board to take any action as it may deem fit in the matter. Mr. Jitendrakumar Rambaran Yadav was also directed to intimate the Board about filing of the application as directed alongwith a copy of the application.

2.7.4. Vide email dated 27.04.2024, Mr. Jitendrakumar Rambaran Yadav responded that *:- since I am travelling to home town till 12.05.2024 hence will require time till the month end of May 2024 so that I can personally meet the OC/Stakeholder as he is the only appropriate person who can decide the way forward and reasons for his dormancy on the matter is better known to him only.”*

2.7.5. The Board did not receive any word of confirmation from Mr. Jitendrakumar Rambaran Yadav even after elapse of time indicated by him in his above email.

2.7.6. Hence the Board held the *prima facie* view that Mr. Jitendrakumar Rambaran Yadav failed to file an application before the AA as required in terms of the said order of the AA and had contravened clause 1 and 14 of the Code of Conduct.

### **2.8. Submissions by Mr. Jitendrakumar Rambaran Yadav.**

2.8.1. Mr. Jitendrakumar Rambaran Yadav submitted that he was not acting as the liquidator in the matter, as he was relieved by the AA as the RP of CD-2 and, legally, did not hold any *locus standi*

in the case. The AA in its order, had directed the nomination of a liquidator for the process, and Mr. Jitendrakumar Rambaran Yadav, being the RP had not given his consent to act as one.

2.8.2. Mr. Jitendrakumar Rambaran Yadav further submitted that in the past, he even recommended details of some interested Insolvency Professionals (IPs), but the operational creditor did not finalize the appointment due to cost concerns, including expenses related to the liquidator's fees, public announcements, record maintenance for eight years, legal costs, and other related expenditures.

2.8.3. Mr. Jitendrakumar Rambaran Yadav submitted that he had made extensive efforts to follow up with the operational creditor, however, the commercial concerns such as advocate fees, filing fees, liquidator fees, and newspaper publication charges were key factors that only the stakeholder could decide upon. Moreover, any reinstatement of the process would involve further costs since the CD-2 had no assets. However, upon receiving an advisory from IBBI, Mr. Jitendrakumar Rambaran Yadav has continuously put efforts to bring the matter to its logical conclusion.

2.8.4. Mr. Jitendrakumar Rambaran Yadav submitted that he personally met with the stakeholder (Sole OC and original applicant) multiple times to sensitize him about the situation and at the request of the stakeholder, a joint meeting was also organized by Mr. Jitendrakumar Rambaran Yadav, ex-RP along with the member of the suspended board of the CD. It was understood from both parties that there had been positive developments in negotiations between the CD-2 and the sole OC, with a potential scope for settlement and the survival of the CD-2, thereby upholding the spirit and objectives of the Code.

## 2.9. Analysis and findings of the DC.

2.9.1. The DC notes that the liquidation against the CD-2 was initiated by the AA vide its order dated 17.06.2019, wherein Mr. Jitendrakumar Rambaran Yadav was directed to obtain the name of a Liquidator from the IBBI Panel of Liquidators and file an application to that effect within three days for further orders. The relevant extract of the AA order dated 17.06.2019 is reproduced below:

*“MA No. 1637/2019 is allowed. The Corporate Debtor is liquidated under Section 33(1)(a) of the I&B Code as follows: a. The Corporate Debtor is liquidated in the manner as laid down in the Chapter by issuing a Public Notice stating that the Corporate Debtor is in liquidation, with a direction to the Liquidator to send this order to the RoC under which this company has been registered. b. Regarding the appointment of the Liquidator, the Applicant Resolution Professional is not ready and willing to be appointed as the Liquidator to carry out the liquidation process. The Applicant is directed to obtain the name of the Liquidator from the IBBI Panel of Liquidators and file an application to that effect within 3 days for further orders.”*

2.9.2. The DC notes that the AA, vide its order dated 17.06.2019, specifically directed Mr. Jitendrakumar Rambaran Yadav to obtain the name of the Liquidator from the IBBI Panel and file an application to that effect within three days for further orders. Accordingly, the DC finds that Mr. Jitendrakumar Rambaran Yadav's submission that he was not acting as the Liquidator in this matter, as he was relieved by the AA as the RP of CD-2 and legally did not hold any *locus standi* in the case, not acceptable.

2.9.3. The DC further finds the act of Mr. Jitendrakumar Rambaran Yadav to avoid the responsibility towards CD-2 after the initiation of the liquidation process, particularly when the AA had

specifically directed him to submit an application for appointment of the Liquidator from the IBBI Panel within three days, a serious disregard of the responsibilities vested in a professional and non-compliance to the orders of the AA. In view of the above discussion, the DC holds the contravention.

### **3. Order.**

- 3.1. In view of the forgoing paragraphs, the DC finds that Mr. Jitendrakumar Rambaran Yadav had failed to perform his duties provided under the Code read with Regulations made thereunder. The DC is of the view that Mr. Jitendrakumar Rambaran Yadav made the following contraventions of the Code, and the Regulations made thereunder :-
  - 3.1.1. Lack of effort to preserve and protect the assets of the CD in the matter of Dilip Chhabria Designs Private Limited (CD-1).
  - 3.1.2. Sale of asset of CD-1 to a related party without proper valuation and approval of the CoC in the matter of Dilip Chhabria Designs Private Limited (CD-1).
  - 3.1.3. Causing delay in liquidation process in the matter of Maha Urja Utilities Private Limited (CD-2).
- 3.2. Therefore, 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. Jitendrakumar Rambaran Yadav having registration No. IBBI/IPA-003/IP-N00022/2017-2018/10169 for a period of one year.
- 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 forwarded to the Insolvency Professional Agency of Institute of Cost Accountants of India where Mr. Jitendrakumar Rambaran Yadav is enrolled as a member.
- 3.5. A copy of this order shall be sent to the CoC/ Stakeholders Consultation Committee (SCC) of all the Corporate Debtors in which Mr. Jitendrakumar Rambaran Yadav is providing his services, and the respective CoC/SCC, as the case may be, will decide about continuation of existing assignment of Mr. Jitendrakumar Rambaran Yadav.
- 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/-

(Jayanti Prasad)

Whole Time Member

Insolvency and Bankruptcy Board of India

Dated: 22 April 2025

Place: New Delhi