INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

(Disciplinary Committee)

No. IBBI/DC/343/2026 03 September 2026

ORDER

This Order disposes of the Show Cause Notice (SCN) No. COMP-11012/3/2026-IBBI/1966/804 dated 09.07.2026, issued to Shri Kannan Tiruvengadam, who is an Insolvency Professional (IP) registered with the Insolvency and Bankruptcy Board of India (IBBI/Board) with Registration No. IBBI/IPA-001/IP-P00253/2017-2018/10482 and a Professional Member of the The Indian Institute of Insolvency Professional of ICAI (IIIPI).

1. Background

1.1. The corporate insolvency resolution process (CIRP) of BRG Iron & Steel Co. Private Limited (CD) commenced *vide* order of the NCLT, Kolkata Bench (AA) dated 05.03.2019. Shri Kannan Tiruvengadam was appointed as Interim Resolution Professional (IRP) *vide* the said order and later confirmed as the Resolution Professional (RP) in the matter. The liquidation process of CD commenced *vide* order dated 03.02.2020, and Kannan Tiruvengadam was appointed as Liquidator in the said matter.

1.2. The Board, having reasons to believe that the matter needs investigation, in exercise of its powers conferred under Section 218 of the Insolvency and Bankruptcy Code, 2016 (Code) read with Regulation 7 of the IBBI (Inspection and Investigation) Regulations, 2017 (Inspection and Investigation Regulations), appointed the Investigating Authority (IA) to conduct investigation in the matter. The IA served a notice of investigation as per Regulation 8(1) of the Inspection and Investigation Regulations on 19.02.2026. After considering response of Shri Kannan Tiruvengadam to the notice of investigation and material available on record, the IA submitted the Investigation Report.

1.3. On the basis of the findings in the investigation report, the Board formed a *prima facie* view that Shri Kannan Tiruvengadam has contravened provisions of the Code and Regulations made thereunder and accordingly issued the SCN to Shri Kannan Tiruvengadam on 09.07.2026. The reply of Shri Kannan Tiruvengadam to the SCN was received by the Board on 24.07.2026.

1.4. The SCN, reply of Shri Kannan Tiruvengadam to the SCN, and other material available on record were referred to the Disciplinary Committee (DC) for disposal of SCN. Shri Kannan Tiruvengadam was apprised vide email dated 17.08.2026 that his personal hearing before the DC has been scheduled for 24.08.2026 at 04:00 P.M. In response, Shri Kannan Tiruvengadam sent a letter vide email dated 21.08.2026 raising some preliminary objections. The DC, before the scheduled hearing, vide email dated 24.08.2026 requested to make all submissions in relation to the matter before the DC in the personal hearing which was scheduled on the same date.

1.5. However, Shri Kannan Tiruvengadam again wrote to the DC reiterating the same objection as raised before *vide* email dated 21.08.2026. In the virtual personal hearing before the DC, two counsels of Shri Kannan Tiruvengadam i.e., Shri Sudhir Kumar Dash and Shri Raghav Sabarwal appeared on behalf of Shri Kannan Tiruvengadam, however, Shri Kannan Tiruvengadam did not attend the personal hearing. Accordingly, the DC adjourned the personal hearing to 25.08.2026 at 03:00 P.M requesting during the hearing that Shri Kannan Tiruvengadam be present during the hearing. In the interest of the principles of natural justice, the DC further adjourned the hearing to 27.08.2026 at 11:00 A.M. An email on the same date was sent to Shri Kannan Tiruvengadam stated that it would be the final opportunity for him to appear for personal hearing On the said date, Shri Kannan Tiruvengadam again did not appear, and Advocate Sudhir Kumar Dash appeared on his behalf. The DC allowed advocate Sudhir Kumar Dash to make additional written submissions, which were submitted by Shri Kannan Tiruvengadam on 27.08.2026.

1.6. The DC notes that the repeated and deliberate non-appearance of an IP before a regulatory authority strikes at the very foundation of his "fit and proper person" status mandated under Regulation 4(1)(g) of the IBBI (Insolvency Professionals) Regulations, 2016. The requirement of being "fit and proper" is not merely a one-time gateway condition for entry into the profession, but a continuous statutory obligation that an IP must strictly uphold throughout his registration, particularly when called upon to account for his actions before the Board or the DC. By persistently absenting himself from the scheduled hearings despite being afforded three successive opportunities and explicitly asked to remain personally present, Shri Kannan Tiruvengadam has displayed a marked reluctance to submit to the regulatory scrutiny. Such an act demonstrates an evasive & dismissive attitude toward statutory oversight.

1.7. The DC notes, at the outset, that the aforesaid conduct of Shri Kannan Tiruvengadam, in persistently absenting himself from the personal hearing despite being afforded not one but three opportunities as well as explicit directions of DC, is a serious conduct issue from a professional. Such conduct on the part of an Insolvency Professional, casts aspersion on his ‘fit and proper’ status which is a mandatory eligibility condition in terms of Regulation 4(1)(g) of the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016 (IP Regulations). The DC notes that the requirement of being a *"fit and proper person"* is in the nature of a continuing obligation that an Insolvency Professional is required to satisfy throughout the period of his registration, including in the course of his conduct before the Board and the DC in disciplinary proceedings instituted against him. An Insolvency Professional who avoids personal appearance before the DC despite being afforded repeated opportunities, exhibits a degree of evasiveness in his dealings with the regulatory process that has a direct bearing upon the very qualities of his integrity and character as contemplated under Regulation 4(1)(g) of the IP Regulations. The DC has, however, notwithstanding such conduct, proceeded to decide the matter on merits, keeping in view the principles of natural justice.

2. Issue of maintainability of Disciplinary Committee proceedings.

Before proceeding to the merits, the DC has considered it necessary to examine the preliminary objections raised by the IP in the reply to SCN and *vide* email dated 21.08.2026, 24.08.2026 and 27.08.2026.

Submission of Shri Kannan Tiruvengadam.

2.1. Shri Kannan Tiruvengadam has submitted detailed documents mentioning therein his preliminary objections with respect to the instant disciplinary proceedings. The same is perused by the DC and for the sake of brevity, the main issues raised in his submissions are mentioned in the following paragraphs.

2.2. Shri Kannan Tiruvengadam has submitted that he has not been supplied with certain documents prior to the hearing before this DC such as the complete CBDT communication based on which IBBI has apparently triggered the investigation, the complete written statements of three witnesses examined by the CBDT, the WhatsApp thread between two witnesses, forensic certification of the electronic material, seizure memo, etc. and other such related information with respect to investigation conducted by the CBDT. Shri Kannan Tiruvengadam has further sought an opportunity to cross-examine the witnesses whose statements or chats are relied upon. Shri Kannan Tiruvengadam has claimed that he was denied an effective personal hearing as documents as indicated above were not supplied to him before the personal hearing.

2.3. Shri Kannan Tiruvengadam has further raised a jurisdictional issue that the DC constituted to hear this matter must, under Section 220 of the Code, consist only of Whole-Time Members of the Board, and that the Chairperson cannot assume that jurisdiction under general powers, relying on a judgment of the Hon'ble Calcutta High Court in *Sashi Agarwal v. Union of India*.

Examination by the DC.

2.4. The DC notes that in the instant matter, a confidential Office Memorandum alongwith corroborating documents was shared by Central Board of Direct Taxes (CBDT), Department of Revenue, Ministry of Finance, Government of India, vide letter F. No. 289/CIB/38/2025-IT (Inv. II) dated 18.12.2025. *Vide* the said communication information was shared in the matter of M/s Rimjhim Ispat Limited and Liquidator Shri Kannan Thiruvengadan in the matter of BRG Iron & Steel CO. Private limited, including findings arising out of search proceedings, analysis of seized digital evidence, WhatsApp chats, statements recorded under section 132(4) of the Income-tax Act, and a hard disk containing corroborative evidence. It was alleged in the communication that the sale was allegedly not conducted in a fair and just manner.

2.5. Based on receipt of such incriminating evidence against Shri Kannan Tiruvengadam, the Board ordered an investigation in the matter of liquidation proceedings of BRG Iron & Steel Co. Private Limited and appointed an Investigating Authority. The Investigating Authority had issued a notice of investigation to Shri Kannan Tiruvengadam on 19.02.2026 seeking his response on certain queries which are apparently connected to the information shared by the CBDT. Accordingly, the DC notes that pursuant to the receipt of communication from CBDT, the Board had initiated its own independent investigation into the matter to ascertain any wrongful conduct of the liquidator. The Investigating Authority submitted its report to the Board on 29.04.2026. The DC notes that the entire investigation was completed in accordance with the provisions of Chapter III of the Inspection and Investigation Regulations.

2.6. The DC further notes that based on the investigation report, SCN dated 09.07.2026 was issued wherein allegations (dealt in later part of this report) were mentioned. The DC also notes that relevant Annexures were also placed along with the allegations mentioned in the SCN as follows:

Annexure	**Particulars**
A	Investigation report
B	Sale certificate issued to Rimjhim Ispat Limited
C	Minutes of 5^{th} SCC meeting held on 14.03.2022
D	Response of Shri Kannan to the Board on receipt of Investigation Notice
E	Relevant portion of information shared by CBDT, as relied in the SCN

2.7. Accordingly, the DC notes that although the primary information was shared by the CBDT, an independent investigation was conducted by the Board and the relevant materials based on which allegations were mentioned in the SCN were provided to Shri Kannan Tiruvengadam as Annexures to the SCN. Therefore, all the necessary documents have already been provided to Shri Kannan Tiruvengadam prior to the personal hearing before this DC.

2.8. Further, with respect to the composition of the instant DC, it is observed that the reliance of Shri Kannan Tiruvengadam on the Order of Hon'ble High Court of Calcutta in the matter of *Sashi Agarwal v. Union of India* is totally misplaced, as Section 220(1) of the Code has been amended with effective from 26.05.2026 which has now substituted the earlier provision with the following provision as follows:

"(1) The Board shall constitute one or more disciplinary committees consisting of one or more persons from amongst its Chairperson, whole-time members or officers not below the rank of the Executive Director for the purposes of this section"

2.9. The DC further observes that the very fact that Shri Kannan Tiruvengadam has chosen to raise jurisdictional objection on this ground, even when the underlying provision of Section 220(1) of the Code stood amended with effect from 26.05.2026, itself reflects that he has not endeavored to keep himself abreast with the developments in the IBC ecosystem, which as an Insolvency Professional he is expected to do in order to perform his duties diligently.

2.10. In view of the foregoing, the DC now proceeds to examine the allegations of the SCN on merits.

3. Alleged Contravention, submissions of Shri Kannan Tiruvengadam and findings of the DC

3.1. Contravention-I: Conduct of Private Sale Without Prior Consultation with SCC and Compromised Independence in the Sale Process.

3.1.1. Regulation 31A(1)(b) of IBBI (Liquidation Process) Regulations, 2016 (Liquidation Regulations) provides that the liquidator shall constitute a consultation committee, comprising of all creditors of the corporate debtor, to advise him on matters relating to sale under regulation 32, including manner of sale, pre-bid qualifications, reserve price, marketing strategy and auction process. Regulation 32 of Liquidation Regulations provides the manner of sale of assets. Regulation 33(2) of Liquidation Regulations provides that the liquidator may sell the assets of the corporate debtor by means of private sale in specified circumstances only after prior consultation with the consultation committee under regulation 31A.

3.1.2. In the present matter, Shri Kannan Tiruvengadam conducted private sale of the CD as a going concern and issued sale certificate to Rimjhim Ispat Limited on 18.11.2021. It was noted by the Board that in the 4th SCC meeting held on 07.09.2021, Shri Kannan Tiruvengadam stated that the sale may be completed by September through auction or private sale, subject to offers being close to the last reserve price and proposed approaching the AA for approval of selling the CD on "private sale" basis with a concurrent Swiss auction. However, during the 5th SCC meeting held on 14.03.2022, discussions were limited to distribution of sale proceeds, and no deliberation on private sale conducted by Shri Kannan Tiruvengadam was recorded.

3.1.3. In response to the Board, Shri Kannan Tiruvengadam submitted that the proposed mode of sale including the sale of the CD as a going concern was extensively, repeatedly, and transparently discussed with the SCC in multiple meetings. Shri Kannan Tiruvengadam further submitted that the minutes of each SCC meeting clearly reflected that he will place the sale strategy before the SCC at every critical stage, sought their views on the structure, reserve prices, bidder responses, market conditions etc. under Regulation 32, 32A and 33 of the Liquidation Regulations.

3.1.4. Shri Kannan Tiruvengadam also submitted that after receiving offer from Rimjhim Ispat Limited, he sought legal opinions concerning the sale of the CD as a going concern through private sale, where the purchase consideration is higher than the reserve price of the last failed auction and whether in such circumstances the permission of the AA is required. Shri Kannan Tiruvengadam stated that as per said legal opinions, the provisions mandating prior permission from the AA were inapplicable, as the proposed purchaser was not a related party or a connected person under the Code. Shri Kannan Tiruvengadam submitted that given the urgent necessity to prevent the assets from degrading to scrap value and absence of any viable competing bids, Shri Kannan Tiruvengadam accepted Rimjhim Ispat Limited's binding offer in interest of all the stakeholders.

3.1.5. It was observed that Regulations 31A(1)(b) and 33(2) of the Liquidation Regulations cast a specific obligation upon the Liquidator to consult the SCC on matters relating to sale, including the manner of sale, reserve price, marketing strategy, auction process and other related aspects. Further, a private sale under Regulation 33 can be undertaken only after prior consultation with the SCC. However, in the present matter, no material has been placed on record to demonstrate that the proposal for conducting the sale of the CD as a going concern through private sale was specifically placed before the SCC for its consideration and advice. While the minutes of the 4th SCC meeting record a general discussion regarding the possibility of sale through auction or private sale and a proposal to seek approval of the AA, there is no record of any subsequent consultation with the SCC after receipt of the offer from Rimjhim Ispat Limited, nor is there any evidence that the legal opinions obtained by Shri Kannan Tiruvengadam in support of the proposed private sale were shared with or deliberated upon by the SCC. It is further noted that Shri Kannan Tiruvengadam accepted the offer of Rimjhim Ispat Limited even before receiving legal opinion. Accordingly, Shri Kannan Tiruvengadam's submission that the sale strategy and proposed mode of sale were extensively, repeatedly and transparently discussed with the SCC at every critical stage is not borne out from the material available on record and appears to be prima facie misleading.

3.1.6. Therefore, the Board held a *prima facie* view that Shri Kannan Tiruvengadam proceeded with the private sale of the CD as a going concern without complying with the requirement of prior consultation with the SCC as envisaged under Regulations 31A(1)(b) and 33(2) of the Liquidation Regulations.

3.1.7. It was further noted by the Board from the information shared by Office of CBDT with the Board that Shri Kannan Tiruvengadam was in regular touch with the prospective buyer, Shri Rohit Agarwal (Promoter of Rimjhim Ispat Limited), and irregularly shared confidential information relating to the liquidation process (including drafts of legal opinions) with him. The extract of such information shared with the Board is as under:

"vii) However, Mr Kannan had sent a draft for seeking legal opinion regarding private sale of M / s BRG Iron and Steel Company Private Limited to Mr Rohit through Mr Sandeep whereas calling for legal opinion should have been a confidential matter and the same should have been sent directly to the concerned legal firm. After receiving the draft of legal opinion to be sought from liquidator, Mr Rohit amended it according to his convenience. Mr. Rohit has clearly mentioned that "This is the opinion to be sought" after sending corrected draft of legal opinion to Liquidator through Sandeep. Thus the whole process of liquidation proceedings was found to be vitiated and fraudulent means were used to ensure that M / s BRG Iron and Steel Co. Pvt. Ltd. is sold / transferred only to M / s Rimjhim Ispat Limited. In this case, Mr Rohit decided (on behalf of the Liquidator) as to what opinion needs to be sought from the legal counsel regarding Private Sale of the Corporate Debtor to M/ s Rimjhim Ispat Limited and Mr Rohit only proposed the draft legal opinion to be provided by the counsel Mr Aviral Kapoor. It is evident that the prospective & in effect actual final buyer was hand in gloves with the Liquidator, there was complete violation of Official Secrets Act as the liquidator was sharing every official document with Mr Rohit in return for quid pro quo & official favours.

viii) In the WhatsApp chat dated 25.10.2021, Sh Rohit Agarwal has mentioned that "Aviral will write an email to liquidator stating that we are working on the opinion and also briefing relevant senior advocate on the same. Also, we will ask the liquidator to provide details of the 6 auctions, namely whether, these auctions were on going concern basis or asset sale." The same queries were sent by Mr Aviral Kapoor the legal counsel to Mr Kannan, liquidator of the concern. It shows that Mr Rohit was totally involved in deciding legal opinion to be sought for private sale of M / s. BRG Iron and Steel Co. Pvt. Ltd to Mr Rohit itself, the ultimate beneficiary for the sale of M/ s. BRG Iron and Steel Co. Pvt. Ltd. Later on 27 October 2021 & 28 October2021, the draft for accepting the sale proposal of M / s. BRG Iron and Steel Co. Pvt. Ltd was also shared by Mr Rohit with Liquidator through Mr Sandeep.

ix) On perusal of the Whatsapp chats, it is further gathered that Mr Kannan had sought legal opinion for private sale of M / s BRG Iron And Steel Company Private Limited from Mr Arival through Mr Rohit and Mr Sandeep who were the actual beneficiaries of the sale. As per established procedure, the legal opinion should have been sought by Mr Kannan from any reputed legal firm discreetly only and it should have been kept as confidential while Mr Kannan had not done the same. It shows that Mr Kannan and Mr Rohit Agarwal with the help of Mr Sandeep have made the transaction of private sale of M / s. BRG Iron and Steel Co. Pvt. Ltd by violating the due procedure as prescribed in IBC 2016 & relevant Rules in this regard and it appears to be a clear case of connivance between Mr Rohit Agarwal and Mr Kannan with the help of Sh Sandeep.

x) From the Whatsapp chat history, it was also gathered that for sale of M / s. BRG Iron and Steel Co. Pvt. Ltd, Sh Tiruvengadam Kannan, had disclosed the confidential details of legal opinion to Sh Rohit through Sh Sandeeep. During one of the Whatsapp chat, Sh Sandeep clearly stated to Mr Rohit Agarwal "Also, i spoke to my legal. Liquidator hasn't done anything wrong. only thing is he was supposed to disclose this to IBBI, lenders and potential buyers. which he did not do" it shows that Mr Kannan has not followed the due procedure for sale of corporate debtor M / s. BRG Iron and Steel Co. Pvt. Ltd."

3.1.8. It was further noted that in the statements recorded u/s 132(4) of the I.T. Act, Shri Sandeep Lalit Garg has admitted that for providing help with regard to sale of BRG Iron and Steel Co. Private Limited to M/s Rimjhim, Shri Kannan Tiruvengadam had expectation of Rs.2 crore in cash. That cash of Rs.3.25 crore was seized at the residence of Shri Sunil (alleged cash handler of Shri Kannan Tiruvengadam) and source of which could not be explained by Shri Sunil. Kannan Tiruvengadam had received these cash payments through Shri Kannan Tiruvengadam's close ally Shri Sunil Singh. Shri Sunil Singh, during recording of statement u/s 132(4), had accepted that he accepts and delivers the cash amounts on directions of Shri Kannan Tiruvengadam at various occasions.

3.1.9. In view of the above, the Board held *prima facie* view that Shri Kannan Tiruvengadam had contravened Regulations 31A(1)(b) and 33(2) of the Liquidation Regulations, read with Clauses 1, 2, 12 and 14 of the Code of Conduct specified in IP Regulations.

Submissions by Shri Kannan Tiruvengadam.

3.1.10. Shri Kannan Tiruvengadam submitted that the sale in question followed six failed public auctions, was at a price above the reserve price of the last failed auction, transferred the CD as a going concern preserving around 1,300 livelihoods during the COVID-19 disruption, resulted in distribution of Rs. 500.57 crore to stakeholders under Section 53 of the Code and was placed before and taken on record by the AA by a detailed order dated 28.02.2022, which order remains unchallenged by any stakeholder till date.

3.1.11. Shri Kannan Tiruvengadam provided the facts of the CD in chronological order and submitted that in the first SCC meeting held on 14.05.2020, he placed before the SCC the proposed sale of the CD as a going concern to preserve value and the employment of approximately 1,300 to 1,500 workers together with the marketing strategy and the proposed carve-out of non-core asset blocks (port stocks, vehicles and additional land). Thereafter, in the 2nd SCC meeting held on 08.09.2020 the modes of sale under Regulation 32 were explained; the SCC endorsed the going-concern sale strategy; the reserve price of Rs. 1,179 crore, being the average liquidation value under Regulation 35, was adopted; and his decision to move to AA for carve-out of the port stocks was recorded.

3.1.12. From 13.10.2020 to 07.07.2021, six successive e-auctions for sale of the CD as a going concern were conducted upon public announcements dated 13.102020, 12.11.2020, 07.12.2020, 23.01.2021, 13.05.2021 and 07.07.2021, in national and regional newspapers, at reserve prices of Rs. 1,179 crore, Rs. 884.25 crore, Rs. 796.07 crore, Rs. 716.47 crore, Rs. 562.26 crore and Rs. 506.03 crore respectively, each reduction strictly within the limits of Schedule I of the Liquidation Regulations. Not one bidder submitted earnest money or a confirmed bid for the going-concern block in any of the six auctions; only the port stocks found buyers in the 6th round (Rs. 52.64 crore for Haldia and Rs. 1.40 crore for Kolkata, both realised on 25.08.2021).

3.1.13. Shri Kannan Tiruvengadam further submitted that in the 3rd SCC meeting held on 19.02.2021, the four auctions till then held, and their reducing reserve prices, were reported; the identification of asset blocks under Regulation 32A(3) was done i.e., (i) CD as a going concern, (ii) port stocks and (iii) the registered office. This was placed before the SCC and the interest of prospective acquirers was disclosed by name, including Rimjhim Ispat Limited's indication of Rs. 350 crore (excluding port stocks), SMC Power Generation Limited (Rs. 325 crore), the RAAMMS Group (Rs. 650 crore for three group companies) and Jindal Stainless Limited, whose letter expressly contemplated engagement in "the sale of the business as a private sale".

3.1.14. He submitted that 4th SCC meeting was held on 07.09.2021, wherein six failed auctions and the final reserve price of Rs. 506.03 crore were reported; the port-stock realisations were detailed; and Shri Kannan Tiruvengadam informed the SCC that he might be able to complete the sale by way of either auction sale or private sale in case the offer was close to the last reserve price with minimum variance, alongside a proposal to approach the AA with a concurrent Swiss auction.

3.1.15. On 07.10.2021, Jindal Stainless Limited submitted a binding offer of Rs. 150 crore for the CD (as part of an aggregate offer of Rs. 250 crore for three group companies), less than one-third of the last failed reserve price. Further on 25.10.2021 and 26.10.2021, Rimjhim Ispat Limited submitted a binding offer bearing reference RIL/BRG/001-21 dated 25.10.2021, received on 26.10.2021, to purchase the CD as a going concern (excluding the carved-out port stocks) for Rs. 507.20 crore, a price above the reserve price of the sixth and last failed auction, accompanied by banker's cheques of Punjab National Bank aggregating Rs. 50.72 crore towards 10% advance purchase consideration.

3.1.16. Shri Kannan Tiruvengadam submitted that upon receipt of the offer, he framed queries by email dated 25.10.2021 addressed to Advocate Aviral Kapoor of M/s Alagh & Kapoor Law Offices, enclosing a sanitised copy of the binding offer, as to whether a private sale at a price above the reserve price of the last failed auction required the prior permission of the AA or of the SCC; and the queries were placed before Senior Advocate Shri G. Tushar Rao of the Hon'ble Supreme Court, who by his opinion dated 27.10.2021 opined that no such permission or consultation was required, the purchaser being neither a related party nor an appointed professional.

3.1.17. Shri Kannan Tiruvengadam issued the Letter of Acceptance to Rimjhim Ispat Limited, which was countersigned *"Accepted Unconditionally"* by the purchaser on the same day; under its terms the sale was to become binding upon such countersignature, the balance 90% consideration was payable within thirty days, and the advance was liable to forfeiture on default. A detailed office note sheet was drawn up contemporaneously, recording the justification for the private sale, the six failed auctions, the risk of deterioration of a shut stainless-steel plant, the receipt of the advance on 26.10.2021.

3.1.18. The formal written opinion of Senior Advocate Shri Ratnanko Banerjee of the Hon'ble Calcutta High Court was received, opining that the Liquidator could sell the CD as a going concern on a private sale basis without specific approval of the AA; his views had been obtained in conference held on 25.10.2021 and 26.10.2021, prior to the acceptance of the offer.

3.1.19. The balance consideration of Rs. 456.48 crore was received by RTGS on 18.11.2021, completing payment of the entire Rs. 507.20 crore through banking channels, and the Sale Certificate was issued the same day, with the memo of consideration itemising every instrument. The amount of Rs. 500.57 crore was distributed to the stakeholders under Section 53 of the Code, Rs. 500 crore to the 12 secured financial creditors and Rs. 56.73 lakh to the workmen and the sale was intimated to the AA by progress report filed on 29.12.2021. On 28.02.2022, the AA, in I.A. (IB) No. 1089/KB/2021, by a detailed order recorded the six failed auctions, the binding offer of 25.10.2021 October 2021, the issuance of the Letter of Acceptance on 28.10.2021, the payment of the entire consideration and the Sale Certificate of 18.11.2021 and granted reliefs and concessions to the purchaser on the footing of the going-concern sale, with the Liquidator on record.

3.1.20. In the 5th SCC meeting held on 14.03.2022, the SCC was apprised that the CD had been sold as a going concern; the summary of realisations and the distribution of the sale proceeds under Section 53 were placed before and taken up by the SCC; and the State Bank of India recorded its appreciation of the Liquidator's efforts. No stakeholder raised any objection to the sale, then or ever thereafter.

3.1.21. On 28.11.2024, the Income Tax Department conducted a search under Section 132 of the Income Tax Act, 1961 on the Rimjhim Ispat group, the purchaser's group, some 3 years after the sale. Shri Kannan Tiruvengadam submitted that he was not the subject of any search.

3.1.22. He submitted that neither the Code nor the Liquidation Regulations, as then in force, contained any provision requiring the liquidator to mandatorily consult the SCC before, or as a condition of, a private sale. The requirement of prior consultation, upon which the SCN proceeds, was introduced into Regulation 33(2) with effect from 12.02.2024. The first charge therefore does not allege a breach of the law by which conduct of Shri Kannan Tiruvengadam was governed, it seeks to hold him to a standard enacted more than 2 years after the sale stood concluded.

3.1.23. Regulation 33 of the Liquidation Regulations, as in force throughout October–November 2021 provided the power to sell by private sale was conferred upon the liquidator alone, exercisable upon the existence of any one of four alternative circumstances, each objective and self-contained. Clause (c), sale at a price higher than the reserve price of a failed auction, required nothing further: neither the permission of the AA (which was a separate and alternative circumstance under clause (d)), nor any consultation with, or consent of, the SCC, which found no mention anywhere in Regulation 33. The scheme is deliberate and logical: an auction is the ordinary mode because it discovers price; but where the market has already been tested through an auction and has failed at a published reserve price, that reserve price itself becomes the market benchmark, and an offer above it betters what the market has refused. That is precisely this case: the sixth auction failed on a reserve price of Rs. 506.03 crore, and the Successful Purchaser's binding offer of Rs. 507.20 crore exceeded it. Every condition of clause (c) stood satisfied, and the proviso (sale to a related party or an appointed professional) admittedly had no application.

3.1.24. The requirement of prior consultation with the SCC on which the entire first charge rests was introduced for the first time by the IBBI (Liquidation Process) (Amendment) Regulations, 2024 (Notification No. IBBI/2023-24/GN/REG112), with effect from 12.02.2024. That amendment did three things at once: it substituted, in Regulation 33(2), the words *"private sale in the manner specified in Schedule I when"* with the words *"private sale only after prior consultation with the consultation committee under regulation 31A, in the manner specified in Schedule I when";* it omitted clause (c) of Regulation 33(2) altogether; and it inserted a new clause (3A) in paragraph 2 of Schedule I requiring the private sale to be confirmed to the buyer after consultation with the consultation committee. The plain effect of the amendment is that, until 12.02.2024, a private sale required no prior consultation with the SCC, and a price higher than the reserve price of a failed auction was a complete and sufficient basis for it. The sale in question was accepted on 28.10.2021 and completed on 18.11.2021, more than 2 years before the requirement. The Board's own record confirms that this was a change in the law and not a restatement of it. Further in the Discussion Paper titled "Strengthening the Liquidation Process" dated 20.10.2023, the Board there proposed, in terms, the very amendment that was afterwards notified:

"Clause (c) of Regulation 33 to be omitted. Further, Regulation 33(2) may be amended to provide that the liquidator may sell the assets of the CD by means of private sale only after the prior consultation with SCC and the successful buyer shall also be confirmed after such consultation."

3.1.25. Further, the quotation of Regulation 31A(1)(b) in paragraph 3(i) of the SCN suffers from the same defect. The SCN quotes the provision as requiring a consultation committee *"comprising of all creditors of the corporate debtor"* to advise on sale "*including manner of sale, pre-bid qualifications, reserve price, marketing strategy and auction process"*. Those words are the words of the substitution effected on 12.02.2024. The SCN has therefore charged by reference to a provision in a form in which it did not exist at the material time. Even taking Regulation 31A as it actually stood at the material time, it carries the charge nowhere. Regulation 31A(1) obliged the liquidator to constitute a consultation committee to advise him on matters relating to sale; it nowhere provided that prior consultation was a condition precedent to any sale, much less to a private sale. Regulation 31A(6), as it stood at the material time, provided:

"The liquidator shall convene a meeting of the consultation committee when he considers it necessary and shall convene a meeting of the consultation committee when a request is received from at least fifty-one percent of representatives in the consultation committee."

3.1.26. The convening of a meeting was thus left to the liquidator's own judgment and became obligatory only upon a requisition by representatives holding at least fifty-one per cent. No member of the SCC, at any time between the fourth meeting of 07.09.2021 and the completion of the sale, or indeed at any time thereafter, requested that a meeting be convened in relation to the sale. At the material time, there was no requirement of compulsorily convening of any meeting of the SCC, or compulsorily consult the SCC, before effecting the private sale.

3.1.27. He submitted that the SCC was kept informed of the sale strategy at every stage. The going-concern sale strategy was placed before the SCC at its first meeting, the SCC endorsed that strategy and adopted the reserve price of Rs. 1,179 crore at its second meeting; in the third meeting, the four auction rounds and their reducing reserve prices were reported, the identification of asset blocks under Regulation 32A(3) was placed before the SCC, and the interest of prospective buyers, including the Successful Purchaser's indication of Rs. 350 crore, was disclosed by name; and at its fourth meeting, the six failed auctions, the final reserve price of Rs. 506.03 crore, and the possibility of completing the sale by auction or by private sale close to the last reserve price were all expressly discussed, as the SCN itself concedes at paragraph 3(ii). If the specific offer, received some seven weeks after the fourth meeting, was not separately placed before the SCC before its acceptance, nothing turns on it, for no provision then required it; and in any event the same SCC, at its fifth meeting, was apprised of the completed sale, deliberated upon and carried out the distribution of the sale proceeds under Section 53 of the Code, and recorded its appreciation of the liquidator's efforts, without a single stakeholder raising any objection, thereby accepting and ratifying the sale. At the seventh meeting, the completed sale and the realisation was discussed. There was, in substance as well as in form, no want of consultation.

3.1.28. The SCN (paragraph 3(v)) seeks to draw an adverse inference from the assertion that he accepted the Successful Purchaser's offer "even before receiving legal opinions dated 27.10.2021 and 07.11.2021". The inference is misconceived. Neither the Code nor the Liquidation Regulations required a liquidator to obtain any legal opinion, from anyone, before exercising the power of private sale under Regulation 33(2). The power was the liquidator's own; the conditions for its exercise were objective and stood satisfied on the face of the record (an offer of Rs. 507.20 crore against a last failed reserve price of Rs. 506.03 crore). The legal opinions were sought out of abundant caution.

3.1.29. He submitted that the mentioning of the word *"prima facie misleading"* is incorrect as entire SCC minutes from 1st to 5th SCC meeting were not considered. A finding arrived at by ignoring relevant material while selectively relying upon part of the record, is perverse in law and evidences non-application of mind: *Kuldeep Singh v. Commissioner of Police, (1999) 2 SCC 10; Kranti Associates Pvt. Ltd. v. Masood Ahmed Khan, (2010) 9 SCC 496; Union of India v. Mohan Lal Capoor, (1973) 2 SCC 836.* To brand a submission "misleading" without engaging with the very minutes that support it, and then to erect upon that label a charge under Clauses 1, 2 and 12 of the Code of Conduct, is to convert an error of the Investigating Authority into an accusation.

3.1.30. Shri Kannan Tiruvengadam denied that he sought, expected or received Rs. 2 crore or any other sum, in cash or otherwise, for facilitating the sale. These are conclusions of the search party in third-party income-tax proceedings, not evidence; they arise from a search conducted on the purchaser's group and on third parties, not on him; and they are sub judice in separate, pending income-tax proceedings which stand unconcluded.

3.1.31. The gratification charge rests upon nothing but two statements recorded by the Income Tax Department in a search. The statement of Shri Sandeep Lalit Garg (from which the alleged "expectation of Rs. 2 crore" is drawn) and the statement of Shri Sunil Singh (the alleged "cash handler") coupled with the fact of a cash seizure at Shri Sunil Singh's residence. Neither statement can be relied upon by the Board, for the reasons as the statement of Shri Sandeep Lalit Garg has not been furnished to him, in full or in extract; only the Board's own paraphrase of what he is said to have "admitted" appears in paragraph 3(vii) of the SCN. And the statement was recorded by the Income Tax Department in a search conducted on the purchaser's group and on third parties i.e., a proceeding to which he was an entire stranger, and in which he had neither the right nor the opportunity to cross-examine Shri Sandeep Lalit Garg. The statement of Shri Sunil Singh, the alleged 'cash handler', suffers from every one of the same infirmities.

3.1.32. The cash of Rs. 3.25 crore, on which the SCN ultimately leans, breaks the chain rather than completing it. It was seized at the residence of a third party, Shri Sunil Singh; nothing whatsoever is alleged to have been recovered from him or from his premises, and neither the SCN nor the Investigation Report asserts any such recovery.

3.1.33. The entirety of the "compromised independence" narrative in paragraph 3(vi) of the SCN is a block quotation of conclusions recorded by income-tax officers upon chats stated to be between Shri Rohit Agarwal and Shri Sandeep Lalit Garg — two third parties — to which he was not a party.

3.1.34. In view of the above, he submitted that no case for action under Section 220(2) of the Code read with Regulation 13 of the Investigation Regulations is made out, and he prayed that the SCN be withdrawn and the proceedings be closed.

Analysis and Findings of the DC.

3.1.35. The DC first sets out, for clarity, the details about the auctions. Six successive public e-auctions were held between October 2020 and July 2021, at reserve prices computed under Schedule I of the Liquidation Regulations as follows:

<table>
<tr><th><u>Auction No.</u></th><th><u>Date of publication</u></th><th><u>Asset</u></th><th><u>Reserve Price (Rs. in crores)</u></th><th><u>Response - Status</u></th></tr>
<tr><td>1st</td><td>13.10.2020</td><td rowspan="4">Sale of corporate Debtor as a going concern along with all assets</td><td>1179</td><td>No participation</td></tr>
<tr><td>2nd</td><td>12.11.2020</td><td>884.25</td><td>No participation</td></tr>
<tr><td>3rd</td><td>07.12.2020</td><td>796.07</td><td>No participation</td></tr>
<tr><td>4th</td><td>23.01.2021</td><td>716.47</td><td>No participation</td></tr>
<tr><td rowspan="3">5th</td><td rowspan="3">13.05.2021</td><td>Sale of corporate debtor as a going concern along with all its assets including land and building, manufacturing units, facilities, plant and machinery stocks and other assets & office situated at Saltlake</td><td>562.26</td><td>No participation</td></tr>
<tr><td>Sale of Steel Scrap Lying at Haldia and Kolkata Port</td><td>58.87</td><td>No participation</td></tr>
<tr><td>Sale of Nickel Ore (Steel Scrap Lying at Vizag port)</td><td>23.68</td><td>No participation</td></tr>
</table>

6th	07.07.2021	Sale of corporate debtor as a going concern along with all its assets including land and building, manufacturing units, facilities, plant and machinery stocks and other assets & office situated at Saltlake	506.03	No participation
		Sale of Steel Scrap Lying at Haldia and Kolkata Port	52.54	Sold at Rs. 52.64 crores
		Sale of Nickel Ore (Steel Scrap Lying at vizag port)	21.33	No participation
		Sale of various types of steel scrap lying at Balmer Lawrie	0.4395	Sold at Rs. 1.40 crores

3.1.36. After the 6th unsuccessful auction for sale of CD as going concern, the sale was concluded by the liquidator through private sale method at an amount of Rs. 507.20 crores to one Rimjhim Ispat Limited. Accordingly, the DC observes that at last after lapse of around a year and 6 auctions, the CD was sold at value which is around 49.32% of the original reserve price.

3.1.37. Regulation 31A(1) of the Liquidation Regulations which was applicable at relevant time provided as follows:

"The liquidator shall constitute a consultation committee within sixty days from the liquidation commencement date, based on the list of stakeholders prepared under regulation 31, to advise him on matters relating to-
(a) appointment of professionals and their remuneration under regulation 7;
(b) sale under regulation 32, including manner of sale, pre-bid qualifications, reserve price, amount of earnest money deposit, and marketing strategy.

> *Provided that the decision(s) taken by the liquidator prior to the constitution of consultation committee shall be placed before the consultation committee for information in its first meeting.;"*

3.1.38. The DC notes that the above-said regulation casted a duty on the liquidator to constitute consultation committee for the purpose of seeking advise on the matters including the sale, manner of sale, reserve price, marketing strategy etc. The DC further notes that sub-regulation (9) of Regulation 31A provides that the consultation committee shall advise the liquidator by a vote of not less than sixty-six percent of the representatives of the consultation committee, present and voting, which means that the consultation contemplated under the regulation is not a mere formality or an informal sharing of information, but a substantive process which requires a voting by stakeholders. Therefore, the submission of Shri Kannan Tiruvengadam that no obligation to consult the SCC on the sale existed at the material time, cannot be accepted. In this regard, the DC notes on perusal of the minutes of the 1st to 5th SCC meetings that with respect to the manner of sale the SCC was informed across the 1st to 4th meetings, of the general going-concern strategy, and in the 4th SCC meeting held on 07.09.2021, it was recorded in as under: -

"C. Suggestions by Stakeholders to the liquidator during the meeting:

....

Liquidator stated that he believes in the circumstances that he might be able to complete the sale of the assets of the CD by September by way of ***either auction sales or by adopting to private sale in case the offer is close to the last reserve price with minimum variance and that the Liquidator feels that in the interest of time it is prudent to pray the Adjudicating Authority to allow him to sell the CD on a "Private Sale" basis with a concurrent Swiss auction if approved by the AA.***

At this juncture, one of the stakeholder suggested that the in case the liquidator continues for sale by further auction then reduction in the reserve price should be as per the market scenario so that unnecessary reduction of the value of the assets can be avoided and the assets realizes its value.

The Liquidator, in addition, sought help from the stakeholders in terms of concrete references to maximize the bids by dint of their past experience in banking industry and being lenders to the CD for more than a decade now."

3.1.39. The DC notes from the above that Shri Kannan Tiruvengadam had stated that it is prudent to pray the AA to allow him to sell the CD on a "Private Sale" basis with a concurrent Swiss auction if approved by the AA. However, no prior permission of AA was sought by him. The DC observes that the manner of sale which was actually adopted by Shri Kannan Tiruvengadam with Rimjhim Ispat Limited, without AA permission, was never placed before the SCC, either before it was decided upon or before it was signed. The private sale was at no point placed before the SCC prior to the Letter of Acceptance of 28.10.2021.

3.1.40. The DC further notes that as to marketing strategy for the sale of CD, the efforts described to the SCC was regarding the public-auction process. The process by which Rimjhim Ispat Limited came to be identified and engaged as a purchaser, and the legal opinions obtained in that connection, were not placed before the SCC at any stage before the sale was completed.

3.1.41. The DC therefore notes that although Shri Kannan Tiruvengadam had discussed with the SCC regarding approaching AA for private sale, the same was not done. The AA came to examine the matter only after three months after the sale stood concluded on 28.02.2022, and that too solely to grant consequential reliefs to the purchaser on the footing of a transaction already complete and not as a prior scrutiny as submitted by Shri Kannan Tiruvengadam himself to the SCC. Shri Kannan Tiruvengadam's departure, without any explanation recorded to the SCC, from the very course he had told it he would follow, compounds rather than cures the want of transparency in the process.

3.1.42. The DC further notes that in such a situation when Shri Kannan Tiruvengadam had himself submitted before the SCC for approaching AA seeking permission for private sale, there was no further need for obtaining legal opinion in this regard. Seeking legal opinion to justify that consultation with SCC was not required, indicates a pre-conceived bias on the part of Shri

Kannan Tiruvengadam to depart from the course of action as submitted by him during his consultation with the SCC.

3.1.43. The DC observes that Shri Kannan Tiruvengadam's own conduct of his engagement with the SCC does not withstand scrutiny against the minutes available on record. Shri Kannan Tiruvengadam has repeatedly represented to the Board in his response to the Investigating Authority dated 27.02.2026 and again in his reply to the SCN that the sale strategy was "*extensively, repeatedly, and transparently discussed with the SCC in multiple meetings"* and placed before it *"at every critical stage."* On an examination of the minutes of the 1st to 5th SCC meetings, the DC finds that what was in fact placed before the SCC was, at most, a generic strategy of a going-concern sale (1st and 2nd meetings, 2020), the identification of interested parties and asset-block bifurcation (3rd meeting, 19.02.2021). Similarly, in the 4th meeting of SCC on 07.09.2021, seven weeks before Rimjhim Ispat Limited's offer was even received, the general possibility that a sale might eventually be completed by private treaty close to the last reserve price was discussed. What was never placed before the SCC, at any of these meetings, prior to completion of the sale, was the specific binding offer of 25.10.2021, its price of Rs. 507.20 crore, the legal opinions of 27.10.2021 and 07.11.2021 obtained in connection with it, or the decision to accept it. The SCC first learned that the CD had in fact been sold only at its meeting held on 14.03.2022 i.e., almost four months after the Sale Certificate had already been issued on 18.11.2021 by which time the transaction was an accomplished fact incapable of being altered or improved upon by the SCC in any respect.

3.1.44. The DC further notes that the manner in which Shri Kannan Tiruvengadam proceeded to conclude the private sale also reflects an undue haste on his part. In the 4th SCC meeting held on 07.09.2021, Shri Kannan Tiruvengadam had stated that it would be prudent to approach the AA for permission to sell the CD by private sale. Barely seven weeks thereafter, the binding offer of Rimjhim Ispat Limited was received on 25.10.2021, and within three days of receipt of that offer, the Letter of Acceptance came to be issued on 28.10.2021 and which was countersigned *"Accepted Unconditionally"* by the purchaser i.e., Rimjhim Ispat Limited on the same day without any reference whatsoever to the AA, and without the matter being placed before the SCC. The Sale Certificate was thereafter issued on 18.11.2021, barely three weeks from the date of receipt of the offer, thereby rendering the transaction final. It was only thereafter, and that too nearly three months after the sale stood concluded on 28.02.2022, that the matter was placed before the AA, not for any prior approval of the manner of sale as Shri Kannan Tiruvengadam had himself earlier represented he would seek, but merely to obtain consequential reliefs in favour of the purchaser qua a transaction that had, by then, already been consummated. The SCC itself was not informed throughout this process and they came to know of the sale only at its meeting held on 14.03.2022, nearly four months after the Sale Certificate had been issued. The DC finds that this sequence of events, offer to acceptance in three days, acceptance to sale certificate in three weeks, and AA approached only months later for post facto reliefs, is demonstrative of a process conducted in undue haste.

3.1.45. The DC further notes that Shri Kannan Tiruvengadam has submitted that the amendment to Regulation 33(2), which introduced the requirement of prior approval of the AA, had not come into effect at the time the sale was concluded, and that the said requirement was introduced only subsequently by way of amendment. However, the DC notes that in terms of Regulation 31A(1)(b) of the Liquidation Regulations, a liquidator is mandated to constitute the SCC to consult on the matters relating to sale under Regulation 32, including the manner of sale. In this context, Shri Kannan Tiruvengadam had constituted the SCC and in its 4th meeting on 07.09.2021 he had himself submitted before the SCC that it would be prudent to approach the AA for permission before proceeding with a private sale, which he did not take. A private sale of the CD as a going concern, effected in departure from the public-auction route on which the SCC had until then been kept apprised, squarely falls within Regulation 31A(1)(b). Accordingly, the DC notes that the obligation to consult the SCC under Regulation 31A(1)(b), coupled with the assurance held out to it is without any link whatsoever with the subsequent amendment in Regulation 33(2) of Liquidation Regulations.

3.1.46. The DC notes that informing the SCC, seven weeks in advance, that a sale might eventually proceed by private treaty "close to" an unspecified future reserve price itself immediately qualified by a stated intention to seek AA permission and to hold a further competitive auction is not the same as placing before it, before signature, the actual offer received, its price, and the legal basis on which it is proposed to be accepted; nor is it the same as returning to the SCC once the course actually followed departed materially from the one described to it. Clause 12 of the Code of Conduct requires an insolvency professional to *"not conceal any material information or knowingly make a misleading statement to the Board, the Adjudicating Authority, or any stakeholder."*

3.1.47. Further, Regulation 31A(6), as it then stood, provides a discretion to liquidator to convene a meeting when he considers it necessary. The DC notes that in the instant liquidation proceedings, there were twelve secured financial creditors and considering the specific consultation obligation under Regulation 31A(1)(b) as examined above, the DC finds that it was reasonable for any prudent liquidator to form an opinion that this was such an occasion to convene the meeting and seek advice of SCC with respect to the private sale of the CD. His failure to convene any such meeting before signing the Letter of Acceptance, followed by a submission to the Board overstating the consultation that did occur, falls short of the diligence required under Section 208(2)(a) and the transparency required under Clause 12, and independently constitutes a failure to comply with Regulation 31A(1)(b).

3.1.48. As far as the question of illegal gratification issue mentioned in the SCN, the DC finds that the investigation has been done by the Income Tax Department and the process is underway. It is outside the jurisdiction of this DC to comment on the investigation procedure and findings thereof. The DC therefore declines to comment on the same.

3.1.49. In view of the above discussion, the DC holds that Shri Kannan Tiruvengadam conducted the private sale without prior consultation with SCC and contravened Section 208(2)(a) to (e) of the

Code read with Regulation 31A(1)(b) of Liquidation Regulations read with Clauses 1, 2, 12 and 14 of the Code of Conduct specified in IP Regulations.

4. Order.

4.1. The DC observes that Shri Kannan Tiruvengadam has severely compromised his statutory *"fit and proper person"* status under Regulation 4(1)(g) of IP Regulations by repeatedly failing to appear in person for his scheduled disciplinary hearings. Despite the DC granting three successive opportunities and explicitly directing his personal attendance, Shri Kannan Tiruvengadam opted only to be represented by counsel, displaying an evasive and dismissive posture toward statutory oversight and regulatory scrutiny. The DC has noted that the *"fit and proper person"* requirement is a continuous statutory obligation that demands accountability, integrity, and character throughout an Insolvency Professional's registration. This evasion is further compounded by the liquidator's substantive contraventions, wherein he conducted the private sale of the Corporate Debtor to Rimjhim Ispat Limited in undue haste and without prior consultation with the Stakeholders Consultation Committee or prior approval from the AA.

4.2. Therefore, in view of the above, 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 registration of Shri. Kannan Tiruvengadam (Registration No. IBBI/IPA-001/IP-P00253/2017-2018/10482) for a period of two years.

4.3. Further, in terms of Section 206 of the Code, Shri. Kannan Tiruvengadam shall not be eligible to continue his existing assignments. Accordingly, the CoC/SCC of the respective Corporate Debtors where Shri. Kannan Tiruvengadam is providing his services shall replace Shri. Kannan Tiruvengadam with another Resolution Professional / Liquidator.

4.4. This order shall come into force after 30 days from the date of issuance of this order.

4.5. A copy of this order shall be forwarded to The Indian Institute of Insolvency Professional of ICAI (IIIPI) where Shri Kannan Tiruvengadam is enrolled as a member.

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

4.7. Accordingly, the show cause notice is disposed of.

Sd/-	Sd/-
(Dr. Bhushan Kumar Sinha)	(Ravi Mital)
Whole Time Member	Chairperson
Insolvency and Bankruptcy Board of India	Insolvency and Bankruptcy Board of India

Dated: 03 September 2026
Place: New Delhi