

**INSOLVENCY AND BANKRUPTCY BOARD OF INDIA**  
**(Disciplinary Committee)**

No. IBBI/DC/282/2025

07 April 2025

**ORDER**

This Order disposes of the Show Cause Notice (SCN) No. IBBI/IP/R(INSP)/2020/14/846/134 dated 26.03.2024, issued to Mr. Kuldeep Verma, an Insolvency Professional registered with the Insolvency and Bankruptcy Board of India (IBBI/Board) with Registration No. IBBI/IPA-001/IP-00014/2016-2017/10038, who is a Professional Member of the Indian Institute of Insolvency Professionals of ICAI.

**1. Background**

- 1.1 The SCN dated 26.03.2024 deals with the contravention of the provisions of the Insolvency and Bankruptcy Code, 2016 (Code) and Regulations made thereunder by Mr. Kuldeep Verma wherein he was appointed by the Adjudicating Authority (AA) on different dates to handle inter alia the assignments of the following Corporate Debtors (CDs):-
  - a. M/s. Sree Metaliks Limited (CD-1)
  - b. M/s. KS Oils Limited (CD-2)
  - c. M/s. Jalan Intercontinental Hotels Private Limited (CD-3)
  - d. M/s. Manthan Broadband Service Private Limited (CD-4)
  - e. M/s. Hindustan Paper Corporation Limited (CD-5)
  - f. M/s. Jaypee Infratech Limited (CD-6)
  - g. M/s. Eastern Gases Limited (CD-7)
  - h. M/s. Advance Multisystem Broadband Communications Limited (CD-8)
- 1.2 The National Company Law Tribunal, Kolkata Bench (AA) vide its Order dated 30.01.2017, admitted an application filed by M/s. SREI Equipment Finance Limited under Section 7 of the Code for initiating Corporate Insolvency Resolution Process (CIRP) of M/s. Sree Metaliks Limited (CD-1) and Mr. Vinod Kumar Kothari was appointed as Interim Resolution Professional (IRP). Later on, Mr. Kuldeep Verma was appointed as the Resolution Professional (RP).
- 1.3 The National Company Law Tribunal, Ahmedabad Bench (AA) vide its Order dated 21.07.2017, admitted the application filed under Section 7 of the Code by M/s. SREI

Infrastructure Finance Limited for initiating CIRP of M/s. K.S. Oils Limited (CD-2) and appointed Mr. Kuldeep Verma as the IRP and later on confirmed as the RP. The liquidation proceeding against CD-2 was initiated by the AA vide order dated 16.03.2021 and appointed Mr. Kuldeep Verma as the Liquidator.

- 1.4 The National Company Law Tribunal, Kolkata Bench (AA) vide its Order dated 29.08.2017, admitted the application filed under Section 7 of the Code by M/s. Edelweiss Reconstruction Company Limited for initiating CIRP of M/s. Jalan Intercontinental Hotels Limited (CD-3) and appointed Mr. Kuldeep Verma as the IRP and later on confirmed Mr. Kuldeep Verma as the RP.
- 1.5 The National Company Law Tribunal, Kolkata Bench (AA) vide its Order dated 19.09.2019, admitted the application filed under Section 7 of the Code by M/s. Alliance Broadband Services Private Limited for initiating CIRP of M/s. Manthan Broadband Services Private Limited (CD-4) and appointed Mr. Shashi Agarwal as the IRP. Later on, Mr. Kuldeep Verma was appointed as the RP of the CD-4. The AA vide its order dated 06.04.2022 initiated liquidation against the CD-4 and appointed Mr. Kuldeep Verma as the liquidator.
- 1.6 The National Company Law Tribunal, New Delhi Bench (AA) vide its Order dated 13.06.2018, admitted the application filed under Section 9 of the Code by M/s. Alloys & Metals (India) for initiating CIRP of M/s. Hindustan Paper Corporation Limited (CD-5) and appointed Mr. Kuldeep Verma as the IRP and later on confirmed him as the RP. The AA vide its order dated 02.05.2019 initiated liquidation against the CD-5 and appointed Mr. Kuldeep Verma as the liquidator.
- 1.7 The National Company Law Tribunal, Allahabad Bench (AA) vide its Order dated 09.08.2017, admitted the application filed under Section 7 of the Code by M/s. IDBI Bank Limited for initiating CIRP of M/s. Jaypee Infratech Limited (CD-6) and appointed Mr. Anuj Jain as the IRP. The AA vide its Order dated 05.09.2018 had appointed Mr. Kuldeep Verma as the Authorised Representative (AR) for a class of creditors in CD-6.
- 1.8 The IBBI in exercise of its powers under Section 196 of the Insolvency and Bankruptcy Code (Code) read with Regulation 3 of Insolvency and Bankruptcy Board of India (Inspection and Investigation), Regulations, 2017 (Inspection and Investigation Regulations), appointed an Inspecting Authority (IA) to conduct the inspection of records

pertaining to all the assignments handled by Mr. Kuldeep Verma. Thereafter, the IA conducted inspection and submitted Inspection Report (IR) after sharing the draft inspection report with Mr. Kuldeep Verma.

- 1.9 Based on the findings of the inspection as mentioned in the Inspection Report submitted by the IA, the Board formed a *prima facie* view that Mr. Kuldeep Verma had contravened 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) and accordingly, issued the SCN to Mr. Kuldeep Verma on 26.03.2024 with a request to furnish reply to the SCN by 09.04.2024. The reply of Mr. Kuldeep Verma on the SCN was received by the Board on 26.04.2024.
- 1.10 The SCN and response of Mr Kuldeep Verma to the SCN, were referred to the Disciplinary Committee (DC) for disposal of the SCN. Mr. Kuldeep Verma availed opportunity of personal hearing before the DC through virtual mode on 03.01.2025. Pursuant to the personal hearing, Mr. Kuldeep Verma submitted additional written submissions.

## **2. Alleged Contraventions, Submissions of Mr. Kuldeep Verma and Findings of the DC.**

The contravention alleged in the SCN, submissions by Mr. Kuldeep Verma and findings of the DC are summarized as follows:

### **A. In the matter of M/s. Sree Metaliks Limited (CD-1)**

#### **2.1 Contravention I: Non- determination of avoidance transactions.**

- 2.1.1 As per the progress report dated 06.07.2017 and in item 5 of the minutes of the meeting of the 4<sup>th</sup> CoC held on 28.06.2017 submitted by Mr. Kuldeep Verma to the AA, it was stated that "the Chairman informed the members that the details of extortionate credit and related party transactions from 1<sup>st</sup> April 2015 was shared with the head finance of the CD for their comments. The RP received a mail from the head finance just before commencement of the CoC Meeting. We need to review their comments. However, Tally was not given for the period from 30<sup>th</sup> January 2015 to 31<sup>st</sup> March 2015 since we have to report on the extortionate credit & related party transactions for the past two years from the insolvency commencement date. Mr. Mahesh Kumar Agarwal confirmed that the tally access will be given immediately".

2.1.2 Thereafter, there were no records to show that Mr. Kuldeep Verma formed an opinion on the preferential, undervalued, fraudulent and extortionate transactions (PUFE Transactions) as required under the Code.

2.1.3. As no opinion had been formed on the PUFE Transactions as required under Sections 43, 45, 50 and 66 of the Code and consequently no further action was taken by Mr. Kuldeep Verma, the Board was of the *prima facie* view that Mr. Kuldeep Verma contravened Sections 43, 45, 50 and 66 of the Code, Regulation 7(2)(g) of the IBBI (Insolvency Professionals) Regulations, 2016, and clause 14 of the Code of Conduct, as specified in the first schedule of the IP Regulations.

**Submissions by Mr. Kuldeep Verma.**

2.1.4. Mr. Kuldeep Verma submitted that the CIRP of the CD-1 commenced on 30.01.2017 and he was appointed on 13.03.2017, which was the time when the Code was in nascent stage and was a learning curve for him. Mr. Kuldeep Verma further submitted that during the CIRP of the CD-1, based on the reading of documents/ agreements/ financials including audit report and on the basis of explanation from officials of the CD-1, nothing came to the knowledge of Mr. Kuldeep Verma, that the transactions had been subject to PUFE transactions.

2.1.5. Mr. Kuldeep Verma further submitted that he had put best of efforts in extracting all possible relevant information and based on record had concluded that there were no PUFE Transactions and also no model timelines were prescribed for CIRP in 2017. The model timeline was inserted by the notification dated 03.07.2018. Therefore, there was no mandatory requirement of reporting PUFE transactions in 2017 when in the opinion of the IRP/RP, the CD had not been subjected to the PUFE transactions under Section 43, 45, 50 or 66 of the Code.

2.1.6. Mr. Kuldeep Verma submitted that the AA vide its order dated 07.11.2017 (page 21 of the order) made following comments about the conduct of IP :-

*"Before parting with, we would like to appreciate the sincere effort on side of Resolution Professional, Shri Kuldeep Verma, who rendered his service as Insolvency Professional and submitted Resolution Plan in time which would necessarily give life to a dying company."*

## **Analysis and Findings.**

- 2.1.7. The DC notes that, vide Notification No. IBBI/2018-19/GN/REG031, dated 03.07.2018 (effective from 04.07.2018), Regulation 35A of the CIRP Regulations, 2016, was substituted. The amended regulation mandates the Resolution Professional to form an opinion on whether the CD has been subjected to any transactions covered under Sections 43, 45, 50, or 66 on or before the 75<sup>th</sup> day from the Insolvency Commencement Date.
- 2.1.8. The DC notes that Mr. Kuldeep Verma in the 5<sup>th</sup> CoC meeting held on 28.06.2017 had informed the CoC that he is going through the details of extortionate credit and related party transactions and the comments received from the head finance of the CD-1 was under review, however, Mr. Kuldeep Verma failed to apprise the CoC about his conclusion that based on the records available with him, he was of the opinion that there were no PUFÉ transactions.
- 2.1.9. In view of the foregoing and considering that no grievance was raised by any stakeholder regarding Mr. Kuldeep Verma's failure to apprise them of the possibility of the existence of a PUFÉ transaction, the DC accepts Mr. Kuldeep Verma's submission with an advisory to exercise greater caution in the future.

### **B. In the matter of M/s. K.S. Oils Limited (CD-2)**

#### **2.2. Contravention II: Failure to preserve and protect the assets of CD (Transactions done during the CIRP Period).**

- 2.2.1. Section 25 of the Code provides that it shall be the duty of the RP to preserve and protect the assets of the CD, including the continued business operations of the CD. It also provides that for the purposes of sub-section (1), the RP shall take immediate custody and control of all the assets of the CD, including the business records of the CD.
- 2.2.2. The minutes of the 4<sup>th</sup> CoC Meeting held on 13.02.2018, states that *"there are transactions being done without the knowledge and permission of Resolution Professional. Moreover, those accounts were not disclosed to Resolution Professional. The Corporate Debtor has disclosed 58 bank accounts which were placed on record by him and also asked the CoC members to inform him if the Corporate Debtor has any other account with the respective*

*financial creditors ..... "* It was also stated that there were transactions in the accounts of CD even after the insolvency commencement date.

2.2.3. It was also mentioned that *"during CIRP period unlawful transactions have been done in SBI A/c 30474271183 and also ICICI Bank A/c 19705002943 without authorization by RP, which is illegal."* It was also mentioned that *"CoC unanimously agreed and directed Resolution Professional to move petition against CFO of the CD before the Hon'ble NCLT for operating the bank accounts without the knowledge of Resolution Professional and all the signing powers with respective banks be withdrawn."*

2.2.4. From the facts mentioned above, it was noted that after the ICD, there were transactions which were happening from the bank accounts of the CD without Mr. Kuldeep Verma's approval. It indicates that Mr. Kuldeep Verma did not inform all the Banks where CD had accounts regarding the initiation of the CIRP and stop operation of these accounts by the erstwhile management of the CD.

2.2.5. The IRP is required to take immediate control and custody of the assets of the CD and Mr. Kuldeep Verma failed to do the same. Accordingly, Mr. Kuldeep Verma had contravened Section 25(1) of the Code.

2.2.6. Further, it was also seen from the minutes of the 4<sup>th</sup> CoC meeting held on 13.02.2018 that CoC unanimously agreed and directed Mr. Kuldeep Verma to move petition against the CFO of the CD before the AA for operating the bank accounts without Mr. Kuldeep Verma's knowledge. However, no record of any such action taken by Mr. Kuldeep Verma against the miscreants was brought to the notice of the IA during the inspection.

2.2.7. In view of the above, the Board was of the *prima facie* view that Mr. Kuldeep Verma had contravened Section 25 of the Code, Regulation 7(2)(g) of the IBBI (Insolvency Professionals) Regulations 2016, and clause 14 of the Code of Conduct specified in the First Schedule of the IP Regulations.

### **Submissions by Mr. Kuldeep Verma.**

- 2.2.8. Mr. Kuldeep Verma submitted that considering the size of the CD-2, he had immediately deputed two senior members of his team (both CA) to the registered office and the corporate office of the CD-2.
- 2.2.9. Mr. Kuldeep Verma further submitted that it had been decided that only 2 banking accounts would be kept operational, one each at SBI and Axis Bank and all the remaining 56 bank accounts were closed.
- 2.2.10. Mr. Kuldeep Verma further submitted that he had wrote to those 56 bank/ branches for closure of the banking account of the CD-2 and the same was duly documented in the 1<sup>st</sup> meeting of the CoC held on 22.8.2017 wherein both the CFO cum Executive Director (Mr. Davesh Agarwal) and the Chairman (Mr. Ramesh Chand Garg) were present.
- 2.2.11. Mr. Kuldeep Verma further submitted that on the basis of the draft forensic audit report dated 10.2.2018, it was revealed that the management had withheld details of 6 bank accounts in addition to the 58 bank accounts and learnt that the suspended management of the CD continued to operate 2 bank accounts out of such 6 additional bank accounts detected by the forensic audit report and made payments to various parties even after commencement of the CIRP.
- 2.2.12. Mr. Kuldeep Verma submitted that he filed IA 164 of 2018 before the AA and the same is pending adjudication. Mr. Kuldeep Verma further submitted that the inspecting authority did not take cognizance of the mail dated 01.12.2022 sent by him, providing details as asked for and erred in making the observations.

### **Analysis and Findings.**

- 2.2.13. Section 25(1) and 25(2)(a) of the Code provides 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) For the purposes of sub-section (1), the resolution professional shall undertake the following actions, namely: -*

*(a) take immediate custody and control of all the assets of the corporate debtor, including the business records of the corporate debtor;”*

2.2.14. The DC notes that at the time of commencement of CIRP of CD-2, it had multiple bank accounts maintained with various banks. Out of these, two bank accounts, one with SBI and another with Axis Bank, were kept operational. For the remaining 56 bank accounts, Mr. Kuldeep Verma sent communications to the respective branches on 09.08.2017, requesting its closure. The DC further notes that during the forensic audit, it was discovered that six additional bank accounts existed, which were not initially identified. Out of these, the suspended management of CD-2 continued to operate two accounts, as detected by the forensic auditor.

2.2.15. The DC also notes that the directors of the suspended board of the CD-2 had illegally withdrawn an amount of ₹16,31,35,248 from the State Bank of India (Account No. 30474271183) from 21.07.2017 onwards, and ₹1,02,04,130 from ICICI Bank (Account No. 019705002943) from 21.07.2017 until its closure on 23.09.2017. The DC observes that a total amount of ₹17,33,39,378 was illegally withdrawn from the bank accounts of CD-2 by the directors of the suspended board of the CD-2.

2.2.16. The DC notes that Mr. Kuldeep Verma, being the RP of CD-2 should have acted prudently and written to all banks to stop transactions from accounts linked with the PAN of CD-2, unless authorized by the RP. The DC further notes that had Mr. Kuldeep Verma been diligent and effective in detecting and securing the bank accounts of CD-2, the loss of ₹17,33,39,378 could have been prevented.

2.2.17. The DC further notes that Mr. Kuldeep Verma had preferred an application bearing I.A/164/2018 before the AA, as resolved by the CoC in the 4<sup>th</sup> CoC meeting held on 13.02.2018, against the CFO of CD-2, seeking details of unauthorized transactions carried out by the suspended management without his knowledge, along with prayer to refund the amount illegally withdrawn. However, the DC observes that filing I.A/164/2018 before the AA was a mere damage control measure, and the said application remains pending adjudication. The DC observes that Mr. Kuldeep Verma should have been proactive and effective in detecting and taking control of all bank accounts of CD-2 at an earlier stage, to stop such violation.

2.2.18. In view of the foregoing, the DC holds the contravention.

**C. In the matter of M/s. Jalan Intercontinental Hotels Private Limited. (CD-3)**

**2.3. Contravention III: Delay in public announcement.**

2.3.1. The Regulation 6 of the CIRP Regulations mandates that the IRP shall make a public announcement immediately on his appointment as an interim resolution professional and as per Regulations, 'Immediately' means not later than three days from the date of his appointment.

2.3.2. The public announcement was made on 02.09.2017 i.e., on the 4<sup>th</sup> day of ICD. Thus, there is violation of Regulation 6 of the CIRP Regulations by the IP.

2.3.3. In view of the above, the Board was of the *prima facie* view that Mr. Kuldeep Verma had contravened Regulation 6 of the CIRP Regulations.

**Submissions by Mr. Kuldeep Verma.**

2.3.4. Mr. Kuldeep Verma submitted that the CIRP against the CD-3 was commenced vide the AA order dated 29.08.2017 and the order was uploaded on the website of AA on 31.08.2017 evening time.

2.3.5. Mr. Kuldeep Verma further submitted that on 01.09.2017, Mr. Kuldeep Verma had given the matter for publication announcement to the publishing service provider and the public announcement was made on 02.09.2017 which is within 2 days of receipt of the order by him. Mr. Kuldeep Verma also submitted that he cannot cause the public announcement without having the AA order of admission of CIRP and his appointment as IRP.

**Analysis and Findings.**

2.3.6. Regulation 6(1) of the CIRP Regulations, 2016 reads as follows: -

*“6. Public announcement –*

*(1) An insolvency professional shall make a public announcement immediately on his appointment as an interim resolution professional.*

*Explanation: ‘Immediately’ means not later than three days from the date of his appointment.”*

2.3.7. The DC notes that the CIRP against the CD was initiated *vide* the order of the AA dated 29.08.2017 and the public announcement was made on 02.09.2017 i.e., on the 4<sup>th</sup> day of the

ICD of the CD-3. The DC notes the submission of Mr. Kuldeep Verma that the CIRP admission order dated 29.08.2017 of CD-3 was uploaded on the website of the AA on 31.08.2017 and accordingly, the public announcement was made on 02.09.2017. In view of the foregoing, the DC accepts the submission of Mr. Kuldeep Verma.

**2.4. Contravention IV: Failure to preserve and protect the assets of the CD (Transactions done during the CIRP Period)**

2.4.1. Section 25 of the Code provides that it shall be the duty of the RP to preserve and protect the assets of the CD, including the continued business operations of the CD. It also provides that for the purposes of sub-section (1), the resolution professional shall take immediate custody and control of all the assets of the CD, including the business records of the CD.

2.4.2. As per the application filed by Mr. Kuldeep Verma with the AA vide application No. C.P. (IB) No. 397 of 2017 dated 04.08.2018, it was stated that *“on 07<sup>th</sup> June 2018 it came to the knowledge of the Applicant that on 23<sup>rd</sup> May 2018 there was a deposit/ credit of Rs.20,86,770 in the said UBI Bank Account of the Corporate Debtor and on 24<sup>th</sup> May 2018 there was an outward remittance of the said amount of Rs. 20,86,770.00 from the said UBI Bank Account to the Respondent herein by way of RTGS..... During 9<sup>th</sup> CoC Meeting held on 08<sup>th</sup> June 2018, Mr. Aditya Vikram Jalan agreed that he has taken money without authorization of Resolution Professional..... Apart from above, Mr. Aditya Kumar Jalan has transferred some more funds from HDFC Bank A/c No. 19232560000555 and A/c No- 19232560000668 following amounts to the account of Respondents and its related party without the permission of the applicant. However, the application was not referred at that moment of time as the respondent promised to return the same....”*.

2.4.3. It was also stated that *“the said amount of Rs. 18,36,770 is an asset of the corporate debtor and during the existence of moratorium under Section 14 of the Code, transferring, alienating or disposing off any asset of the Corporate Debtor is wholly prohibited and is illegal in nature.”*

2.4.4. Mr. Kuldeep Verma stated in his reply to the Inspecting Authority that *“Unauthorized withdrawal made by promoter director in last week of May 2018 without informing the IP.... While reviewing the monthly bank reconciliation, the unauthorized withdrawal came to*

*notice of IP, and it was duly brought to notice of COC in its meeting held on 08.06.2018. The promoter director accepted that he withdrew the money illegally and is properly documented in the minutes of meeting of COC.... Request was made to return the money immediately. Promoter director handed over two cheques to IP.... A sum of Rs. 10 lakhs was received by CD by encashing one cheque of the promoter director. However, the other cheque bounced....In spite of giving opportunity by COC to return the money in time bound manner and multiple follow ups by the IP, promoter director did not return the money and hence IP filed application under Section 14 and 19 of the Code after taking legal advice on 04.08.2019.”*

2.4.5. As the illegality was noticed by Mr. Kuldeep Verma, he should have recalled it from the wrongful holder and should have immediately filed application before the AA rather than awaiting the corrective action from the promoter director. Accordingly, the Board was of the prima facie view that Mr. Kuldeep Verma had violated Section 25 of the Code, Regulation 7(2)(g) of the IBBI (Insolvency Professionals) Regulations, 2016, and clause 14 of the Code of Conduct as specified in the First Schedule of the IP Regulations.

**Submissions by Mr. Kuldeep Verma.**

2.4.6. Mr. Kuldeep Verma submitted that the operations of the CD were running smooth from ICD (August 2017 till April 2018) and prior permission were taken by the directors before making payments, however, while reviewing the monthly bank reconciliation, the unauthorized withdrawal by the director of suspended board came to his notice and the same was immediately brought to the notice of the CoC in the meeting held on 08.06.2018.

2.4.7. Mr. Kuldeep Verma further submitted that the promoter/director accepted about the withdrawal of the money illegally and was properly documented in the minutes of the CoC meeting. Mr. Kuldeep Verma also submitted that the director of suspended board had handed over two post dated cheques for repayment of the money taken. One Cheque of Rs. 10 lakh was encashed, however the other cheque of Rs.11,36,770 got bounced and the same was informed to the CoC in the 10<sup>th</sup> CoC meeting held on 01.08.2018.

2.4.8. Mr. Kuldeep Verma further submitted that as a principle of natural justice, opportunity of being heard was given to the director of the suspended board in the 2<sup>nd</sup> CoC meetings held on

08.06.18 and 01.08.18 and as decided in 10<sup>th</sup> CoC meeting held on 01.08.18, if the balance payment was not refunded by 02.08.18 action would be taken.

2.4.9. Mr. Kuldeep Verma further submitted that the AA while approving the Resolution Plan *vide* its order dated 24.08.2018 following observation was made by the AA:-

*"The RP, has actively and diligently carried out the CIRP of the corporate debtor."*

#### **Analysis and Findings.**

2.4.10. Section 25 of the Code mandates that the RP must act promptly to preserve and protect the assets of the CD. The DC notes that Mr. Kuldeep Verma was not an authorized signatory to the bank accounts of CD-3, and these accounts continued to be operated by the directors of the suspended board of the CD-3. The DC notes that had Mr. Kuldeep Verma been an authorized signatory to the bank accounts of CD-3, the unauthorized withdrawals by the directors of the suspended board would have been prevented. This indicates a failure on the part of Mr. Kuldeep Verma to take effective control and custody of the bank accounts of the CD.

2.4.11. The DC notes Mr. Kuldeep Verma's submission that he had brought this issue before the CoC immediately and had made efforts to recover the funds by following up with the directors of the suspended board and subsequently filing an application before the AA. The DC further notes from his submission that an opportunity of being heard was given to the Promoter Director of the suspended board in the 2<sup>nd</sup> CoC meetings held on 08.06.2018 and on 01.08.2018, as decided in the 10<sup>th</sup> CoC meeting, application was preferred before the AA for bringing back the the amount illegally withdrawn by the directors of the suspended board of the CD-3 but not returned. The DC notes that for a period of approximately two months, instead of taking immediate steps to file an application before the AA, Mr. Kuldeep Verma continued to provide opportunities to the directors of the suspended board of the CD-3. The DC observes that this delay in filing an application before the AA constitutes a lapse by Mr. Kuldeep Verma in adherence to Section 25 of the Code.

2.4.12. The DC further notes that, in the first instance, Mr. Kuldeep Verma was negligent in not ensuring that he became the authorized signatory for CD-3's bank accounts, thereby allowing the suspended directors of CD-3 to retain control over these accounts. Additionally, even after becoming aware of the unauthorized transactions, instead of taking immediate action before

the AA against the suspended director, Mr. Kuldeep Verma provided opportunities for the directors of the suspended CD-3 to return the misappropriated funds. The DC also notes that follow-ups with the directors of the suspended board of CD-3 for the refund of the illegally withdrawn amount could have been pursued alongside seeking the appropriate remedy before the AA.

2.4.13. In view of the foregoing, the DC holds the contravention.

## **2.5. Contravention V: Non-determination of Avoidance transactions**

2.5.1. There were certain transactions for which an application under Sections 43 and 44 of the Code was filed by Mr. Kuldeep Verma with the AA and order regarding the same was passed on 30.09.2019 in CA(IB)NO. 748/KB/2018 observing “...*So also no explanation was forthcoming as to whether the alleged transactions were not made in the ordinary course of the business. The query could not be answered by the Resolution Professional. .... Having got no reply or material to prove the same, these transactions do not stand proved as fraudulent or preferential transactions.*” Accordingly, the said application was dismissed by the AA.

2.5.2. From the above observations of the AA, it appeared that Mr. Kuldeep Verma did not pursue the application filed under Sections 44 and 45 of the Code, in an effective manner and could not answer to the queries of the AA. It highlighted the negligence on the part of Mr. Kuldeep Verma in pursuing the said applications filed under Sections 43 and 44 of the Code.

2.5.3. In view of the above, the Board was of the prima facie view that Mr. Kuldeep Verma had violated Regulation 7(2)(g) of the IBBI (Insolvency Professionals) Regulations, 2016, and clause 14 of the Code of Conduct as specified in the First Schedule of the IP Regulations.

### **Submissions by Mr. Kuldeep Verma.**

2.5.4. Mr. Kuldeep Verma submitted that the given application i.e. IA./748/KB/2018 was preferred before the AA after he had formed an opinion that the CD had given preference in repayment of Rs.75.72 lakhs to unsecured creditors during the period when none of the secured financial creditors were paid. Mr. Kuldeep Verma further submitted that the application was preferred after conducting proper forensic audit and appropriate evidence.

2.5.5. Mr. Kuldeep Verma submitted that the resolution plan of the CD-3 was approved on 24.08.2018 and the given application came up for hearing on 28.08.2018, 08.10.2018, 29.11.2018, 17.01.2019, 11.03.2019, 13.05.2019, 26.07.2019, 24.09.2019 and 30.09.2019. Mr. Kuldeep Verma also submitted that he had continuously followed with the AA and made appearance even after approval of the Resolution Plan on 24.08.2018 in his capacity as erstwhile RP.

2.5.6. Mr. Kuldeep Verma submitted that in spite of submissions/pleadings before the AA that transactions towards the unsecured loan was not in the ordinary course of business, the AA decided that the said transactions did not stand proved as fraudulent or preferential. Mr. Kuldeep Verma further submitted that the Para 5 of the AA's order 30.09.2019 on which the IA had relied on, is only the argument rendered before the AA.

#### **Analysis and Findings.**

2.5.7. The DC notes that the AA vide order dated 30.09.2019 had dismissed the C.A(IB)748/KB/2018 and observed as follows:-

*“5. Specific query was raised by the Bench from the Resolution Professional as to how these figures shown as Opening Balance against each of the names had come into existence, and whether these payments had been given to the Corporate Debtor by the so called related parties in cash or by way of bank transactions. So also no explanation was forthcoming as to whether the alleged transactions were not made in the ordinary course of the business. This query could not be answered by the Resolution Professional. If the so called preferential or fraudulent transactions in these three transactions had been made in cash, the same could have had some substance for action but if the amounts had been given or deposited with the Corporate Debtor as loan through valid bank transactions, the same cannot be called fraudulent transactions or preferential transactions and cannot be termed as such. Having got no reply or material to prove the same, these transactions do not stand proved as fraudulent or preferential transactions.*

*6. We have heard Ld. Resolution Professional and gone through the record placed before us. We do not consider it a fit case for taking any further action in the matter by the Resolution Professional so far as this subject matter in this Application, is concerned.”*

2.5.8. The DC notes that Mr. Kuldeep Verma was unable to effectively address the queries raised by the AA. As the RP, after reviewing the records of CD-3, he had formed an opinion regarding the preferential transactions under Sections 43 and 44 of the Code. However, Mr. Kuldeep Verma's inability to present sufficient material and respond to the AA's queries led to the dismissal of the application, highlighting lapse in due diligence and case preparation.

2.5.9. In view of the foregoing, the DC holds the contravention.

**D. In the matter of M/s. Manthan Broadband Services Private Limited (CD-4)**

**2.6. Contravention VI: Non-determination of Avoidance transactions**

2.6.1. No opinion appeared to have been formed on the PUFEE Transactions by Mr. Kuldeep Verma with respect to the CD-4 as required under Section 43, 45, 50 and 66 of the Code.

2.6.2. During the Inspection, Mr. Kuldeep Verma stated that he had filed an application for non-cooperation before the AA on 05.03.2020 and the financials of the CD-4 and access to the books and/or relevant documents were not available with Mr. Kuldeep Verma for forming an opinion under Section 43, 45, 50 and 66 of the Code.

2.6.3. However, it was observed that the insolvency commencement date was 04.09.2019, whereas, the application under Section 19(2) came on 05.03.2020 which is beyond 5 months.

2.6.4. The said application under Section 19(2) could have been filed earlier and an opinion under Sections 43, 45, 50 and 66 of the Code should have been formed by Mr. Kuldeep Verma.

2.6.5. In view of the above, the Board was of the *prima facie* view that Mr. Kuldeep Verma had contravened Sections 43, 45, 50 and 66 of the Code, Regulation 7(2)(g) of the IBBI (Insolvency Professionals) Regulations, 2016, and clause 14 of the Code of Conduct.

**Submissions by Mr. Kuldeep Verma.**

2.6.6. Mr. Kuldeep Verma submitted that the ICD of CD-4 was initiated on 18.09.2019 and one Mr. Shashi Agarwal was appointed as IRP by the AA and Mr. Kuldeep Verma was appointed as RP by the AA order dated 19.02.2020 i.e., 156<sup>th</sup> day of the CIRP.

2.6.7. Mr. Kuldeep Verma further submitted that the erstwhile IRP of CD-4 handed over the paper and documents to the present IP and three progress reports were filed with the AA by the erstwhile IRP. Basis the progress reports, Mr. Kuldeep Verma had immediately moved an application for non-cooperation against the directors of the CD-4 before the AA on 05.03.2020 i.e., application for non-cooperation was filed within 15 days of taking charge.

2.6.8. Mr. Kuldeep Verma submitted that the last available financials for CD-4 was for 31.03.2017 and there was no access to books of accounts of the CD-4 and there were no operations of CD-4 before the ICD. Mr. Kuldeep Verma further submitted that the counsel for suspended board of directors of CD on record stated before the AA that financials for FY 18 and FY 19 for CD were yet to be submitted to the RP. The AA vide its order dated 11.01.2021 had granted three weeks' time from 11.01.2021 to submit the balance sheet for the year ending on 31.03.2018 and 31.03.2019.

2.6.9. Mr. Kuldeep Verma further submitted that based on records available and after the exclusion of COVID period, he had preferred three applications i.e.,

a . IA 380 of 2021 (Filed on 20.2.2021) - To take control and custody of original title deeds of 10.09 acres of Land Parcels of the CD. The matter is sub judice.

b. IA 386 of 2021 (Filed on 20.2.2021) - To take control and custody of 77,500 shares of Alliance Broadband Services Private Limited. The matter is sub judice.

c . IA 850 of 2021 - Filed on 22.9 .2021 u/ s 66 of IBC, 2016 against Alliance Broadband and all 6 directors of the CD. The matter is sub judice.

Mr. Kuldeep Verma further submitted that he was diligent and filed applications to protect the assets of the CD-4 (Land Parcels and 77,500 shares in Alliance Broadband).

### **Analysis and Findings.**

2.6.10. The DC notes that Mr. Kuldeep Verma was appointed as the RP for CD-4 by the AA on 19.02.2020, which was the 156<sup>th</sup> day of the CIRP. The DC further observes that Mr. Kuldeep Verma filed an application under Section 19(2) of the Code for non-cooperation on 05.03.2020, which was within 15 days of his appointment as RP. The DC notes that Mr. Kuldeep Verma had promptly identified issues of non-cooperation and lack of access to financials for FY 2018 and FY 2019 and took steps to address these challenges by filing

applications for non-cooperation and subsequently moving applications to protect and recover assets of the CD-4.

- 2.6.11. The DC takes note of the constraints faced by Mr. Kuldeep Verma, including the lack of financial records prior to the ICD and the outbreak of COVID-19 pandemic, which impacted timelines. The DC also notes the certain applications i.e., IA 380 of 2021 (Filed on 20.02.2021): to take control and custody of the original title deeds of 10.09 acres of land parcels belonging to the CD; IA 386 of 2021 (Filed on 20.02.2021): to take control and custody of 77,500 shares in Alliance Broadband Services Private Limited; IA 850 of 2021 (Filed on 22.09.2021): under Section 66 of the IBC, 2016, against Alliance Broadband and six directors of the CD were preferred by Mr. Kuldeep Verma before the AA and are currently sub judice.
- 2.6.12. The DC notes that while there was a delay in filing the application for PUFEE transactions under the Code, the delay can be attributed to the circumstances of Mr. Kuldeep Verma's appointment as RP of CD-4 on the 156<sup>th</sup> day of ICD and the challenges he faced in accessing the necessary documents and cooperation from the suspended board.
- 2.6.13. In view of the foregoing, the DC accepts the submissions of Mr. Kuldeep Verma.

**E. In the matter of Hindustan Paper Corporation Limited (CD-5)**

**2.7. Contravention VII: Delay in Public Announcement.**

- 2.7.1. Regulation 6 of the CIRP Regulations mandates that an insolvency professional shall make a public announcement immediately on his appointment as an interim resolution professional (IRP). As per Regulations, 'Immediately' means not later than three days from the date of his appointment.
- 2.7.2. Mr. Kuldeep Verma was appointed as the IRP vide the AA order dated 13.06.2018 and the public announcement was made on 28.06.2018 which is beyond the period of 3 days i.e. with a delay of 15 days.
- 2.7.3. In view of the above, the Board was of the prima facie view that Mr. Kuldeep Verma had contravened Regulation 6 of the CIRP Regulations.

### **Submissions by Mr. Kuldeep Verma.**

2.7.4. Mr. Kuldeep Verma submitted that the AA vide its order dated 13.06.2018 had initiated the CIRP against the CD-5 and the said order was communicated to him by NCLT registry via e-mail dated 26.06.2018. Mr. Kuldeep Verma submitted that immediately on receipt of the order dated 13.06.2018, he made the public announcement on 28.06.2018.

2.7.5. Mr. Kuldeep Verma also submitted that he cannot cause the public announcement without having the admission order passed by the AA and his appointment order as IRP of the CD 5.

### **Analysis and Findings.**

2.7.6. The DC notes that Regulation 6 of the CIRP Regulations mandates that a public announcement must be made immediately, i.e., not later than three days from the date of the IRP appointment. The DC notes that in the present case, Mr. Kuldeep Verma was appointed as IRP vide the AA order dated 13.06.2018, but the public announcement was made on 28.06.2018, resulting in a delay of 15 days.

2.7.7. The DC observes that Mr. Kuldeep Verma submitted evidence showing that the AA order dated 13.06.2018, appointing him as the IRP for CD-5, was communicated to him by the NCLT Registry only on 26.06.2018. Consequently, Mr. Kuldeep Verma acted promptly and made the public announcement on 28.06.2018, two days after receiving the order.

2.7.8. Based on the sequence of events and Mr. Kuldeep Verma's explanation, the DC accepts the submissions of Mr. Kuldeep Verma.

### **2.8. Contravention VIII: Diversion of funds of the CD.**

2.8.1. As per the minutes of the 5<sup>th</sup> CoC meeting held on 18.01.2019 at item 11, it was observed that *"RP further requested Mr. Sonsale to deposit the amount realized from sale of mercury which were diverted to the bank account of Nagaland Pulp & Paper Company Limited (NPPC) be refunded to Hindustan Paper Corporation Limited..... to this CoC members said that it is not legal, the same should have been taken to NPPC A/c from the A/c of HPC. So, the money should be refunded and NPPC can file a claim with RP"*.

2.8.2. Mr. Kuldeep Verma in his reply to draft inspection report to the Inspecting Authority had submitted that *“while verifying the records, IP came to know that sale proceeds of certain assets of CD done by management of HPC Ltd before ICD was directly credited in NPPC instead of CD...IP questioned the transactions as ideally the money should have come to banking account of CD first....IP followed the matter regularly with CMD (common for both CD and NPPC). It was brought to notice of members of CoC also in the CoC meetings. After multiple follow ups, finally a reply was made dated 12.04.2019 by the CMD of NPPC... The IP relied on the communication made and which warrants no further action for claw back of money as ledger submitted before the IP showed that NPPC is in fact a creditor to CD.”*

2.8.3. In view of Mr. Kuldeep Verma's submissions, it was understood that the amount due to the CD was never clawed back to CD and was adjusted against the dues of the CD. Even though NPPC was a subsidiary of CD, the amount should have come back to CD and Mr. Kuldeep Verma should have pursued the matter further.

2.8.4. In view of the above, the Board was of the *prima facie* view that Mr. Kuldeep Verma had contravened Regulation 7(2)(g) of the IBBI (Insolvency Professionals) Regulations, 2016, and Clause 14 of the Code of Conduct as specified in the First Schedule of the IP Regulations.

#### **Submissions by Mr. Kuldeep Verma.**

2.8.5. Mr. Kuldeep Verma submitted that Nagaland Pulp and Paper Company Limited (NPPC) is a subsidiary of CD-5 and as per AOA/ MOA of NPPC, CMD of CD-5 would be CMD of NPPC. While verifying the records, it came to the knowledge of Mr. Kuldeep Verma that sale proceeds of certain assets of CD-5 done by management of HPC Ltd before ICD was directly credited in NPPC instead of CD and the same was questioned by him that the transactions as ideally the money should have come to banking account of CD-5 first.

2.8.6. Mr. Kuldeep Verma further submitted that he had followed the matter regularly with CMD (common for both CD-5 and NPPC) and it was brought to notice of members of CoC also in the CoC meetings i.e., 5<sup>th</sup> and 7<sup>th</sup> CoC meeting.

2.8.7. Mr. Kuldeep Verma submitted that after multiple follow ups, finally a reply was made by the CMD of NPPC on 12.04.2019 and the same was replied by Mr. Kuldeep Verma which warrants no further action since, claw back of money as ledger submitted before him showed that NPPC is in fact a creditor to CD. Mr. Kuldeep Verma further submitted that it was a Corporate Governance issue.

2.8.8. Mr. Kuldeep Verma further submitted that, he had filed applications before the AA seeking an investigation by the SFIO into the affairs of the CD. Additionally, based on complaints and allegations, two FIRs were registered by the CBI after the Liquidation Commencement Date on 02.05.2019. The first FIR (RC 4(A)/2020/SHG) was registered on 17.03.2020, based on a complaint filed by Mr. Kamal Chakraborty on behalf of the Paper Mill employees' family members, alleging significant losses due to mismanagement by the directors of the CD. The second FIR (RC 4(A)/2020/GWH) was registered on 31.03.2020, following a complaint dated 22.02.2017 by the Ministry of Heavy Industries and Public Enterprises, Government of India alleging a loss of Rs. 46 crore to the CD.

2.8.9. Mr. Kuldeep Verma further submitted that he had preferred an application alleging mismanagement against the directors of the suspended board of the CD-4 with intent to defraud creditors. Based on these applications, the AA directed an investigation by the SFIO.

### **Analysis and Findings.**

2.8.10. The DC notes that as per the 5<sup>th</sup> CoC meeting minutes dated 18.01.2019, concerns were raised regarding the sale proceeds of certain assets of the CD-5 being directly credited to the account of its subsidiary NPPC. The CoC explicitly stated that these funds should have been deposited in the account of the CD-5, and NPPC could have filed a claim for reconciliation. Mr. Kuldeep Verma acknowledged this transaction and took steps to address the matter, including discussions with the CMD (common to CD-5 and NPPC) and raising the issue during the 5<sup>th</sup> and 7<sup>th</sup> CoC meetings. However, instead of clawing back the funds into the account of CD-5 the amount was adjusted against NPPC's alleged dues to CD-5 based on the ledger provided by NPPC.

2.8.11. The DC finds that Mr. Kuldeep Verma's actions adjusting the dues suo-moto without clawing back the funds to CD-5 or requiring NPPC to file a formal claim, were not in compliance with the provisions of the Code.

2.8.12. In view of the foregoing, the DC holds the contravention.

## **2.9. Contravention IX: Adjudication of claim of M/s Prashant Paper Mart.**

2.9.1. Section 40 of the Code provides that the liquidator may, after verification of claims under Section 39, either admit or reject the claim, in whole or in part, as the case may be, provided that where the liquidator rejects a claim, he shall record in writing the reasons for such rejection.

2.9.2. M/s. Prashant Paper Mart filed claim in Form C as a financial creditor but Mr. Kuldeep Verma requested M/s. Prashant Paper Mart to file claim in Form B as an operational creditor. As per the order of the AA dated 03.07.2018 in C.P. No. IB-484/(ND)/2017, the AA directed that "the Applicant is hence directed to file its claim before the IRP as mentioned above in appropriate form as per provisions of IBC, 2016."

2.9.3. On 10.07.2018 a proof of claim in Form C was submitted by M/s. Prashant Paper Mart claiming an amount of Rs. 23,42,712 as financial debt under a Stockist Agreement between CD and M/s. Prashant Paper Mart.

2.9.4. *Vide* e-mail dated 30.07.2018, Mr. Kuldeep Verma communicated to M/s. Prashant Paper Mart that "...prima facie, M/s. Prashant Paper Mart seems to be an operational creditor of HPC. As per IBC, 2016, an operational creditor needs to file claim in Form B. The same is attached for your reference. Request you to please file the claim accordingly and send to our office...".

2.9.5. Thereafter, on 16.08.2018, a detailed e-mail was sent by M/s. Prashant Paper Mart claiming themselves to be financial creditors and not operational creditors. Further, followed up *vide* emails dated 22.01.2019, 05.05.2019, 16.03.2019 and 19.03.2019. No response was issued by Mr. Kuldeep Verma to the follow ups of M/s. Prashant Paper Mart *vide* e-mails dated 22.01.2019, 05.05.2019, 16.03.2019 and 19.03.2019.

2.9.6. However, it appeared that without giving a proper hearing, M/s. Prashant Paper Mart was admitted as an operational creditor by Mr. Kuldeep Verma.

2.9.7. In the above matter, on a prima facie opinion, Mr. Kuldeep Verma requested M/s. Prashant Paper Mart to file its claim in Form B (i.e. for filing of claims by Operational Creditors). The Inspecting Authority noted that “*the liquidator does not seem to have considered the submissions of the M/s. Prashant Paper Mart for reconsideration.*”

2.9.8. The Inspecting authority stated that they were not supplied with any proof which substantiate that the Liquidator communicated this detailed analysis with M/s. Prashant Paper Mart. Moreover, no communication with reasons had been made by Mr. Kuldeep Verma to state that prima facie opinion made, was his final opinion.

2.9.9. In view of the above, the Board was of the *prima facie* view that Mr. Kuldeep Verma had contravened Section 40 of the Code, Regulation 7(2)(g) of the IBBI (Insolvency Professionals) Regulations, 2016, and Clause 14 and 15 of the Code of Conduct.

#### **Submissions by Mr. Kuldeep Verma.**

2.9.10. Mr. Kuldeep Verma submitted that the CIRP against the CD-5 commenced on 13.06.2018 and the liquidation order was passed on 02.05.2019. Mr. Kuldeep Verma submitted that subsequent to the liquidation order, M/s. Prashant Paper Mart filed claim in Form D with liquidator on 29.05.2019 for Rs.23,42,712.

2.9.11. Mr. Kuldeep Verma further submitted that the claim of M/s. Prashant Paper Mart was admitted for Rs.20,00,000 as an operational creditor and the list of claims admitted of all creditors (including Prashant Paper Mart) was put by Mr. Kuldeep Verma on the website of the CD-5 as serial number 112 in the list of the operational Creditors.

2.9.12. Mr. Kuldeep Verma submitted that the number of creditors for claim admission dealt was more than 3,400 and out of that around more than 650 were operational creditors (other than employees/workmen). It was practically not feasible to inform each creditor through mail/speed post.

2.9.13. Mr. Kuldeep Verma further submitted that there was no violation of Section 40 by him acting in his capacity as the Liquidator as post claim admitted of Rs.20,00,000 of Prashant Paper Mart and uploaded in list of creditors on 27.07.2019, there was no communication for any dispute with respect to claim admitted by him.

**Analysis and Findings.**

2.9.14. The DC notes that Mr. Kuldeep Verma communicated his *prima facie* opinion to M/s. Prashant Paper Mart via email dated 30.07.2018, requesting them to file their claim as an operational creditor in Form B instead of Form C without giving any detailed analysis of his observation. However, subsequent to this, M/s. Prashant Paper Mart submitted clarifications claiming themselves to be a financial creditor. These clarifications were provided through detailed follow up emails dated 16.08.2018 and multiple emails dated 22.01.2019, 05.05.2019, 16.03.2019 and 19.03.2019 thereafter, for which there was no evidence placed on record showcasing response from Mr. Kuldeep Verma.

2.9.15. The DC further notes that the final admission of the claim as an operational creditor was made by Mr. Kuldeep Verma without providing any formal communication or justification to M/s. Prashant Paper Mart regarding the detailed analysis of their submission and the reasons for the final decision.

2.9.16. The DC further notes Mr. Kuldeep Verma's submission that he dealt with more than 3,400 creditors, including over 650 operational creditors (excluding employees and workmen). While the volume of claims may have posed logistical challenges, it does not absolve Mr. Kuldeep Verma's responsibility to comply with the mandatory requirements under Section 40 of the Code. The claim of M/s. Prashant Paper Mart, being contested and requiring further clarification, warranted specific communication of the detailed analysis and final decision.

2.9.17. The DC notes that while Mr. Kuldeep Verma claimed to have shared a list of admitted claims on the website of the CD-5, the lack of individual communication to M/s. Prashant Paper Mart regarding the reasons for treating them as an operational creditor is a lapse in fulfilling his obligations under the Code.

2.9.18. The DC finds that Mr. Kuldeep Verma, in his capacity as Liquidator, failed to adhere to the requirements of Section 40 of the Code by not providing detailed reasons to M/s. Prashant Paper Mart for their claim being treated as that of an operational creditor. Hence, the DC holds the contravention.

**F. In the matter of M/s. Jaypee Infratech Limited (CD-6)**

**2.10. Contravention X: Issue of Overcharging of Fees**

2.10.1. According to Regulation 16A (8) of the CIRP Regulations, the authorized representative (AR) of creditors in a class shall be entitled to receive fee for every meeting of the committee attended by him in the following manner, namely: -

<b>Number of creditors in the class</b>	<b>Fee per meeting of the committee (in Rs.)</b>
<b>10-100</b>	<b>15,000</b>
<b>101-1000</b>	<b>20,000</b>
<b>More than 1000</b>	<b>25,000</b>

2.10.2. It was noted that Mr. Kuldeep Verma as an AR charged Rs.9,00,000 as professional fee.

2.10.3. As the number of creditors were more than 1000, the AR was entitled for fee of Rs. 25,000 per meeting. As per information provided by Mr. Kuldeep Verma, there have been 25 meetings of the CoC till 31<sup>st</sup> March 2022, for which the amount chargeable correctly was Rs. 6,25,000 only. The balance Rs.2,75,000, as intimidated by Mr. Kuldeep Verma was towards attending meetings with the officials of Ministry of Corporate Affairs relating to the CD, physical hearing at NCLAT, opening of resolution plan submitted by the Resolution Applicants at different intervals in physical presence of the creditors etc.

2.10.4. In addition to the above, Mr. Kuldeep Verma charged Rs.4,46,310 towards expenses incurred in travelling, boarding, lodging etc. Considering the Regulation 16A (8) of CIRP Regulations and number of meetings to be 25, the fees of AR should have been Rs.6,25,000 only.

2.10.5. In view of above, the Board was of the *prima facie* view that Mr. Kuldeep Verma had charged as his fee an extra Rs.7,21,310 (Rs.2,75,000 + Rs.4,46,310) over and above the amount payable as per the CIRP Regulations and had accordingly violated Regulation 16A (8) of the

CIRP Regulations and Regulation 7(2)(g) of the IBBI (Insolvency Professionals) Regulations, 2016, and clause 25 of the Code of Conduct.

**Submissions by Mr. Kuldeep Verma.**

2.10.6. Mr. Kuldeep Verma submitted that he has already submitted detailed reply to the IA and the IA in its additional report dated 16.5.2022 (for role of IP to act as AR of Home Buyers in the case of Jaypee Infra tech Limited) had taken cognizance of detailed explanations provided by Mr. Kuldeep Verma vide his mail dated 28.02.2022. Mr. Kuldeep Verma further submitted that the IA in its report had not made any adverse observations and hence it was prayed to drop the allegation.

**Analysis and Findings.**

2.10.7. The DC notes that that the Regulation 16A(8) of the CIRP Regulations prescribes a fixed fee structure for the Authorized Representative (AR) of creditors in a class, based on the number of creditors. For a class exceeding 1000 creditors, the AR is entitled to a fee of Rs. 25,000 per CoC meeting.

2.10.8. The DC notes that in the matter of M/s. Jaypee Infratech Limited, out of the total fee charged of Rs.9,00,000/-, Rs.6,25,000/- pertains to attending 25 CoC meetings (as per Regulation 16A (8)) and Rs.2,75,000/- was charged for additional activities, including meetings with the Ministry of Corporate Affairs, physical hearings at NCLAT, and resolution plan related work. Additionally, expenses amounted Rs. 4,46,310/- were charged for travelling, boarding, and lodging expenses.

2.10.9. The DC further notes that IA in its additional report dated 16.05.2022 and 10.12.2022, specifically noted the issue of fees and other expenses charged excessively by Mr. Kuldeep Verma. The IA observed that while Mr. Kuldeep Verma had provided explanations for the additional charges through his email dated 28.02.2022 and submitted three Form E disclosures (dated 29.04.2019, 01.05.2020, and 28.04.2022), the justifications lacked alignment with the fee limits prescribed under Regulation 16A(8).

2.10.10. The DC also notes that the excess charges of Rs.2,75,000/- and expenses amounting to Rs.4,46,310/- exceeded the fixed fee structure under the Regulations. The additional charges,

including fees for activities outside the CoC meetings, were neither explicitly approved by the CoC nor sufficiently documented to ensure compliance with the regulatory framework.

2.10.11. In view of the above, the DC concludes that Mr. Kuldeep Verma had charged fees and expenses exceeding the regulatory limits prescribed under Regulation 16A(8). These charges were not supported by requisite approvals from the CoC or adequate documentation as mandated by the Code.

2.10.12. Accordingly, the DC holds the contravention.

### **3. Order.**

3.1. In view of the foregoing discussions, the DC is of the view that Mr. Kuldeep Verma made the following contraventions of the Code, and the Regulations made thereunder ,:-

- 3.1.1. Failure to preserve and protect the assets of CD (Transactions done during the CIRP Period) in the matter of M/s. K.S. Oils Limited (CD-2).
- 3.1.2. Failure to preserve and protect the assets of CD (Transactions done during the CIRP Period) in the matter of M/s. Jalan Intercontinental Hotels Private Limited. (CD-3).
- 3.1.3. Non-determination of Avoidance transactions in the matter of M/s. Jalan Intercontinental Hotels Private Limited. (CD-3).
- 3.1.4. Diversion of funds of the CD in the matter of M/s. Hindustan Paper Corporation Limited (CD-5)
- 3.1.5. Adjudication of claim of M/s Prashant Paper Mart in the matter of M/s. Hindustan Paper Corporation Limited (CD-5)
- 3.1.6. Issue of overcharging of fees as AR in the matter of M/s. Jaypee Infratech Limited (CD-6)

3.2. Therefore, the DC, in exercise of the powers conferred under Section 220(2) of the Code read with Regulation 13 of the IBBI (Inspection and Investigation) Regulations, 2017 hereby suspends the registration of Mr. Kuldeep Verma (Registration No. IBBI/IPA-001/IP-00014/2016-2017/10038) for a period of two years.

3.3. This Order shall come into force on expiry of 30 days from date of its issue.

3.4. A copy of this order shall be sent to the CoC/ Stakeholders Consultation Committee of all the Corporate Debtors in which Mr. Kuldeep Verma is providing his services, if any and the CoC/SCC may decide on the continuation of services of Mr. Kuldeep Verma.

- 3.5. A copy of this order shall be forwarded to the Indian Institute of Insolvency Professionals of ICAI where Mr. Kuldeep Verma is enrolled as a member for their further necessary action.
- 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.

Dated: 07 April, 2025  
Place: New Delhi

Sd/-  
(Jayanti Prasad)  
Whole Time Member  
Insolvency and Bankruptcy Board of India