

NATIONAL COMPANY LAW APPELLATE TRIBUNAL
PRINCIPAL BENCH, NEW DELHI

Comp. App. (AT) (Ins) No. 1814 of 2026

IN THE MATTER OF:

Kannan Tiruvengadam Insolvency Professional

...Appellant(s)

Versus

Insolvency and Bankruptcy Board of India & Ors.

...Respondent(s)

Present:

For Appellant(s) : Ms. Pooja Mahajan, Mr. Sisir Kumar Dash, Mr. S. Faheem Ahmed, Mr. Kunaal Malhotra, Mr. Memoon Zohra, Mr. Ronak Singh, Advocates
Mr. Sparsh Jain, Mr. Arveen Sharma & Mr. Sudhir Kumar Dash, Advocates.

For Respondent(s) : Mr. Ashish Verma, Mr. Nikhil Thakur & Ms. Kriti, Advocates.

O R D E R
(Hybrid Mode)

14.10.2026: **IA No. 6891 of 2026 in CA (AT) (Ins) No. 1814 of 2026-**

The aforesaid appeal has been filed by the Appellant and Suspended Insolvency Professional under section 220 (7) of the IBC, 2016 (Code) assailing the order passed by the IBBI Disciplinary Committee (DC) dated 03.09.2026, (impugned order) whereby the Registration of the Appellant has been suspended for a period of 2 years and in terms of Section 206 of the Code. He was further held not to be eligible to continue his existing assignments and the CoC/SCC of the respective corporate debtors wherein the Appellant is providing his services are directed to replace him with another Resolution Professional/liquidator.

2. An application for interim stay being IA No. 6891 of 2026 has also been filed in the appeal with the following prayers:

- a. *direct urgent circulation/listing of the present application with the accompanying statutory appeal;*
- b. *pending notice and until the next date of hearing, grant an ex parte ad-interim stay of the operation, implementation and effect of paragraphs 4.1 to 4.4 of Order No. IBBI/DC/343/2026 dated 03.09.2026, and thereafter continue such protection during pendency of the appeal;*
- c. *pending disposal of the present IA, direct maintenance of complete status quo ante as on the date of filing in relation to the Applicant's registration and all subsisting assignments, and restrain any replacement, substitution, handover or consequential communication founded solely upon paragraphs 4.14.4 of the Impugned Order;*
- d. *preserve the Applicant's registration and continuation in all subsisting assignments; restrain creation or filling of any vacancy, replacement or transfer of charge solely by reason of the Impugned Order; and clarify that no restoration of an Authorisation for Assignment independently unavailable under the applicable bye-laws is sought at this stage;*
- e. *restrain Respondent No. 1 and persons acting solely pursuant to the impugned order from disabling or causing disability of the Applicant's professional registration/AFA or from _ giving 28 operative effect to the suspension pending consideration of this application;*
- f. *direct that, if the impugned order has already been circulated to IIIPI, NCLT, any CoC/SCC or other stakeholder, Respondent No. 1 shall forthwith communicate the ad-interim order to the same recipients and ensure that any online display of the impugned order clearly reflects that its operation is stayed/sub judice, subject to further orders;*
- g. *in the alternative and without prejudice, stay the direction for replacement/removal from assignments other than BRG Iron & Steel Co. Private Limited; take Schedule-A on record; and preserve the Applicant's continuation in the six ongoing assignments, there being no assignment-specific complaint, charge or finding against him, consistently with Regulation 13(7) and Sachin Naveen Sinha;*

h. direct Respondent No. 1 to preserve and produce the complete investigation record, CBDT reference and underlying material, native electronic/forensic record and certificate, the Section 218 appointment order, Regulation 11 note/report, SCN approval, hearing logs, and allocation/constitution records; and

i. direct Respondent No. 2 to preserve any governmental appointment, allocation, constitution, oversight or connected administrative record relevant to the jurisdictional grounds and to render such assistance as this Hon'ble Tribunal may require for effective adjudication of the appeal; and

j. pass such other or further protective order(s) as may be necessary to ensure that the statutory appeal is not rendered nugatory or infructuous before effective appellate consideration.

3. Ld. Counsel for the Appellant submits that at first the DC has taken the non-appearance of the appellant in person as a ground for labelling him as not a 'fit and proper person', however there is/was no requirement of the appellant to attend the personal hearing in person as he could very well be represented by Advocates which in fact has happened in this case, therefore, the DC has apparently erred in taking the non-physical presence before it otherwise.

4. It is further submitted that no law debars an IP from appearing through Counsel and Regulation 13 (1) only puts an obligation on the IBBI to provide an opportunity of being heard to the IP however this obligation cannot be converted into a mandate for physical presence of the IP.

5. It is further submitted that DC only gave two opportunities for personal hearing i.e. on 24.08.2026 and 27.08.2026 and the appellant was represented by Advocates on both the occasions, however the observations of the DC that appellant did not appear on three occasions is not correct.

6. It is further submitted that on 24.08.2026 the hearing was confined only to the enquiry as to why the appellant had not joined personally which was adjourned to 27.08.2026 and interaction only lasted for about 3 minutes and ended before the Counsel could address the merits therefore the full opportunity has not been provided to the appellant.

7. It is further submitted that the investigating officer ignores commercial realities existing at the time of sale and undertakes a hyper technical view of the SCC minutes in order to label misconduct. Elaborating further it is submitted that during CIRP only two Resolution Applicants submitted plans and the highest plan was of Rim Jhim Ispat Pvt. Ltd. for Rs. 650 Crore which was rejected by the CoC and after initiation of liquidation, 6 public auctions as a going concern of the CD were conducted but failed and at last the reserve price was fixed as Rs. 506.03 Crore and as per IBBI liquidation Regulations the liquidator reduced the reserve price.

8. It is further submitted that during the Covid 19 pandemic period the factory had to be shut down and there was no revenue and also there was labour unrest with 1300 employees causing deterioration of the value of the CD and a meeting of the SCC was conducted on 07.09.2021 wherein after considering all the facts and circumstances the appellant contemplated auction or private sale, close to the last reserve price and a possible NCLT order for private sale with a concurrent Swiss auction if approved by the Ld. Adjudicating Authority.

9. It is further submitted that an offer, of Rs. 507.20 Crore was moved by the SRA on 26.10.2021 and apart from the SRA and JSL no other binding offer was received during liquidation and the JSL's offer for all the three group

companies allocated only Rs. 150 Crore to the CD and in this regard the liquidator accepted SRA's offer on 28.10.2021 and after a payment of full consideration issued sale certificate on 18.11.2021.

10. It is further submitted that the IBBI itself was amending the liquidation Regulations from time to time and the concept of SCC was introduced in July 2019 and in view of Regulation 31A (1) and under Regulation 32 there was no requirement of undertaking sale only after prior approval of the SCC and per contra Regulation 31 A (10) provides that SCC advice shall not be binding on the liquidator provided reasons are recorded in the next progress report and Regulation 33 (2) (c) explicitly provides private sale without the approval of the adjudicating authority.

11. It is vehemently submitted that the liquidator has satisfied the requirement of Regulation 31 A (1) and the consultation was conducted with the SCC from time to time however no specific advice was given by the SCC with respect to the private sale and the SCC left the decision to the wisdom of the liquidator. However, the DC has solely focused on selective paragraphs of the SCC meetings which is not permissible.

12. It is further submitted that after receiving the offer, the appellant took legal advice on the issue and it was opined by the experts that such approval of the adjudicating authority is not required since the bid value is more than the reserve price and the observation of the DC that the sale preceded the legal advice is incorrect.

13. It is further submitted that the entire case put forth by the investigating officer is that the SCC was not informed and consulted before acceptance of SRA's bid and was misled for approval of the Adjudicating Authority however

no SCC member has not made any complaint against the appellant with regard to alleged misconduct.

14. It is further submitted that the appellant repeatedly sought underlying documents as referred to have been procured by the CBDT however the same was not provided and the investigating officer under the heading compromised independence has reproduced third party WhatsApp extracts and statements recorded under Section 132 (4) of the Income Tax Act and no charge has been framed against the appellant with regard to receipt of illegal gratification.

15. It is vehemently submitted that the appellant is having very strong prima facie case and the balance of convenience is also in his favour and he is suffering irreparable injury if interim protection is not extended to him.

16. It is also submitted that the appellant is having 35 years of excellent professional career and has successfully supervised 28 insolvency assignments and has also completed 22 and the penalty imposed by the DC would damage his professional career and would leave him jobless and would also interrupt the progress of the 6th CIRP's being conducted by him.

17. It is vehemently submitted that the paragraph no. 4.1 to 4.4 of the order dated 03.09.2026 be stayed during the pendency of appeal and in alternative the suspension and compulsory replacement from other CIRP's be stayed with regard to the 6 ongoing assignments.

18. Ld. Counsel for the IBBI submits that the appellant being the liquidator of the CD conducted private sale without prior consultation with the SCC and compromised independence in the sale process in contravention of Regulation 31 A (1) (b) of the liquidation Regulation which requires the liquidator to constitute the SCC to advise him on matters relating to sale under Regulation

32 including the manner reserve price earnest money deposit and marketing strategy and other process relating to the liquidation process as well as of the auction process.

19. It is further submitted that the phrase “to advise him” occurring under Regulation 31A (1) itself suggests that SCC is required to play a significant role in the matter pertaining to the sale of assets of the CD.

20. It is also submitted that during the process of investigation and enquiry before the DC the appellant had asserted to have placed before the SCC a sale strategy at every critical stage and sought their views on reserve prices, bidder responses, market conditions etc. under Regulation 32, 32A and 33 of the liquidation Regulations and it was on 07.09.2021 in the 4th SCC meeting the liquidator informed that the sale could be completed either by auction or by private sale after obtaining the approval of the Adjudicating Authority. However, the appellant did not follow that course and accepted an offer from the Rim Jhim Ispat Ltd. for Rs. 507.20 Crore, however the offer its price and the terms of acceptance and the decision to proceed by private sale were never placed before the SCC, before the offer was accepted and no prior permission was sought from the Adjudicating Authority either.

21. It is vehemently submitted that after accepting the offer, legal opinions dated 27.10.2021 and 07.11.2021 were obtained to justify proceedings conducted without knowledge and advice of the SCC while the advance money was already received before the first legal opinion and the letter of acceptance was already issued before the second legal opinion and neither opinion was placed before the SCC before the sale was completed. Moreover, the legal

advice may not be a substitute of the consultation of the SCC as required under Regulation 31A (1) (b) of the liquidation Regulations.

22. It is further submitted that failure to consult the SCC is also evident from the subsequent conduct of the appellant as having apprised the SCC for the necessity of the Adjudicating Authority's permission and no such permission was ever sought and the adjudicating authority could only examine the transaction on 28.02.2022, after three months of the conclusion of the sale while granting consequential reliefs to the purchaser.

23. It is further submitted that the SCC itself got the knowledge of the sale of the CD in its 5th meeting held on 14.03.2022, about four months after the sale certificate issued on 18.11.2021.

24. It is further submitted that the DC has rightly did not find any merit in the contentions of the appellant and has been rightly held guilty and proportionate punishment has been provided as the charges were proved against the appellant beyond any doubt.

25. We have heard learned counsel for the parties and have perused the record.

26. We at the outset notice that by moving the aforesaid stay application, the applicant has requested that an interim stay of the operation, implementation and effect of paragraph 4.1 to 4.4 of the impugned order be stayed during the pendency of the appeal and also that during the pendency and disposal of the stay application Complete status quo ante as on the date of filing of the application in relation to the registration of the appellant be also stayed and the appellant's registration be directed to remain continue and there should also be a restraint on the creation and filling of any vacancy,

replacement or transfer of charge on account of the impugned order. It is further requested that the order passed by this Appellate Tribunal be forthwith communicated to those to whom the impugned order has been sent and the direction of removal of the appellant from the other assignments be also stayed. Direction may also be given to the IBBI to preserve and produce the complete investigation report, CBDT reference and underlying material.

27. We however, clarify that before us the other prayers of the stay applications have not been pressed by Learned Counsel for the appellant and the other prayers, except stay of the directions given in 4.1 to 4.4 of the impugned order, appears to be consequential, and therefore we are only concentrating on the request made before us by the learned counsel for the appellant with regard to stay the operation of the impugned order.

28. We at the outset notice that DC in paragraphs number 1.5, 1.6 and 4.1 of the impugned order has stated as under;

*“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.

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."

(Emphasis Ours)

29. Much emphasis has been given by Learned Counsel for the appellant with regard to the above observations made by the DC pertaining to the conduct of the appellant in not presenting himself physically before the DC. It has been argued that there was no legal obligation on the appellant to

remain present before the DC, and he may appear before the DC through his counsels, which he did and therefore no misconduct should have been assumed by the DC only for non-appearance of the appellant, in absence of any charge of such nature. Ld. counsel for the appellant for this purpose has taken us to various provisions of the IBBI (Inspection and Investigation Regulations), 2017 in order to show that there was no legal compulsion for the appellant to have remained physically present before the DC.

30. As we are only dealing with the interim request of the appellant to stay the operation of the impugned order, therefore we will not go in depth to appreciate as to in what manner the non-appearance of the Appellant before the DC should have been perceived by the DC. But there cannot be any quarrel with the proposition that the IBBI is the Regulator of the appellant and other insolvency professionals and when the appellant was specifically instructed to appear before the DC he should have appeared before the DC. The conduct of a delinquent employee during the course of disciplinary proceedings may certainly be relevant, however, the said conduct of the appellant, in our considered opinion, may only be relevant for the purpose of imposition of punishment and therefore is the subject matter which could only be appreciated at the time of final disposal of the appeal and for the purpose of disposal of interim application, the charges framed against the appellant, the material / evidence which has been considered by the DC and the material produced by the appellant before the DC in support of his defence would be material, in order to assess as to whether the appellant is having any Prima facie case or the balance of convenience in his favor or whether by non-grant of interim stay he may Receive any irreparable injury.

31. The relevant facts are that corporate insolvency resolution process (CIRP) of BRG Iron & Steel Co. Private Limited (CD) was initiated by the NCLT, Kolkata Bench (Adjudicating Authority) vide order dated 05.03.2019 and appellant was appointed as Interim Resolution Professional (IRP), who was later on confirmed as the Resolution Professional (RP). As no Resolution Plan of the value desired by the CoC was received, the liquidation process of CD commenced vide order dated 03.02.2020, and Appellant was appointed as Liquidator in the said matter. After many attempts to sale the CD as a going concern through public auction failed, the last reserve price being 506.03 Cr., the Successful Auction Purchaser i.e. Rimjhim Ispat Limited submitted an offer of Rs 507.20 Cr which was accepted by the liquidator and the CD was ultimately sold for this price through private sale.

32. The genesis of this appeal lies in the facts that a confidential office memorandum along with Corroborating documents was shared by the Central Board of Direct Taxes (CBDT), Department of Revenue, Ministry of Finance, Government of India, vide its letter dated 18/12/2025, and by this communication, information was shared in the matter of Messrs. Rimjhim Ispat Pvt. Limited and Liquidator Appellant with regard to the matter of BRG Iron and Steel Company 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 also the hard disk which was recovered during the search operations containing allegedly corroborative evidence. It was informed by that communication that the sale supervised by the appellant as liquidator, as a private sale to the Rimjhim Ispat Limited was not conducted in a fair and just manner. After

receiving this information, the IBBI directed an investigation with regard to the liquidation proceedings of BRG Iron and Steel. company private limited and appointed an investigating authority, who after issuing a notice to the appellant and after seeking his response and after completion of the investigation submit report to the Board on 29.04.2026.

33. It is further reflected that on the basis of the investigation report, a show cause notice was issued to the appellant on 09.07.2026 providing necessary material and documents to the appellant. We notice that after considering the reply filed by the appellant and providing him multiple opportunities to appear in person the DC has passed the impugned order.

34. The charge against the Appellant is that he Conducted Private Sale of the CD, without Prior consultation with SCC and Compromised Independence in the Sale Process. It is alleged that 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, but Appellant conducted private sale of the CD as a going concern and issued sale certificate to Rimjhim Ispat Limited on 18.11.2021.

35. The defence of the appellant is that in the 4 SCC meeting held on 07.09.2021 six failed auctions were informed and the final reserve price of Rs. 506.03 crore was also reported along with the port-stock realisations and it was also informed 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.

36. It is the case of the Appellant that on 25.10.2021 and 26.10.2021, Rimjhim Ispat Limited submitted an offer 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 a cheque of Rs. 50.72 crore towards 10% advance purchase consideration and upon receipt of this the offer, he sought legal opinion 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 legal opinion given by three Senior Advocates was in terms that no such permission or consultation is required as the purchaser being neither a related party nor an appointed professional and thereafter he issued the Letter of Acceptance to Rimjhim Ispat Limited, which was accepted unconditionally by the purchaser on the same day. Thereafter a detailed office note sheet was drawn up 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. The balance consideration of Rs. 456.48 crore was received on 18.11.2021, the Sale Certificate was issued on the same day, and the amount of Rs. 500.57 crore was distributed to the stakeholders under

Section 53 of the Code. The 5th SCC meeting was held on 14.03.2022 wherein it was apprised that the CD had been sold as a going concern and the summary of realisations and the distribution of the sale proceeds under Section 53 were also placed before the SCC and the State Bank of India recorded appreciation of the efforts made by the appellant and no stakeholder raised any objection to the sale, then or ever thereafter.

37. It is also stated that neither the Code nor the Liquidation Regulations, 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. Therefore, he was not obliged to take any prior permission from the SCC to conduct private sale.

38. We notice that six attempts were earlier made by the appellant under the instructions of the SCC to sale the CD as a going concern had failed. In these Auctions the reserve price was Rs. 1179 Cr, 884.25 Cr, 796.07 Cr, 716.47 Cr, 562.26 Cr and 506.03 Cr, respectively.

39. We notice that the appellant in his reply filed before the DC has stated that in the first, second, third and fourth SCC meeting held on 14.05.2020, 08.09.2020, 19.02.2021 and 07.09.2021 he placed before the SCC the proposed sale of the CD as going concern to preserve value and the employment of approximately 1,300 to 1,500 workers together with the marketing strategy, has explained modes of sale under Regulation 32, obtained the reserve price, identification of asset blocks under Regulation 32A(3) was done with the interest of prospective acquirers He submitted that 4 SCC meeting was held on 07.09.2021, wherein six failed auctions and the

final reserve price of Rs. 506.03 crore was reported; the port-stock realisations were detailed; and stated in his reply to have 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. Thus, it shows that the appellant was regularly taking advice from the SCC on each and every important occasion and was informing the SCC with every important development. However, after receipt of the proposal by the Rimjhim for private sale of Rs. 507.20 Cr he immediately agrees and instead of approaching the SCC for advice or even for giving information about such offer, he accepted the offer and prima facie took legal opinion to bypass the SCC.

40. The IBBI in its written submissions has stated that the appellant in the 4th SCC meeting held on 07.09.2021 has informed that the sale could be completed either by auction or private sale, after obtaining approval from the Adjudicating Authority and this commitment prima facie also appears to have been bypassed by the appellant.

41. We notice that in the minutes of the 4th SCC meeting held on 07.09.2021 it is stated that it would be prudent to request the Adjudicating Authority to allow him to sell the CD on a Private Sale basis with a concurrent Swiss auction. The relevant part of the said minutes is reproduced as under;

“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.”

42. We prima facie find substance in the submission of the IBBI that despite giving assurance of seeking prior permission from the Adjudicating Authority with regard to the sale of the CD by private sale no such permission was ever taken.

43. We also find substance in the submissions of IBBI and otherwise also it is evident that the legal advice has been taken from the legal experts after receiving the 10% of the total consideration. The IBBI has submitted that the legal opinions have been taken to by-pass the SCC.

44. We are also of the view that the gravity of the misconduct would depend upon the facts and circumstances of each and every case. In the cases of insolvency under the IBC the Resolution Professional assumes utmost significance. Suddenly on the happening of the initiation of the CIRP a company worth of lakhs and crores is placed under the management of the Insolvency Professional, therefore, utmost integrity and professionalism is expected from the IP to keep the faith of stake holders in the IBC mechanism.

45. We are of the considered view that having regard to the powers and duties conferred on the insolvency professional in IBC and relevant Regulations, once the Insolvency Professional is found tainted there is no space for him to continue as a resolution professional in other CIRPs. It is important to keep the faith of the stakeholders in the resolution of the CD through the mechanism provided in the IBC, otherwise the whole edifice of the insolvency Resolution mechanism as provided in the IBC would become meaningless to its users/ stakeholders. So, we do not find any substance in

the submissions of Ld. counsel for the appellant that interim stay on the operation of the impugned order be granted, with regard to the other CIRPs being conducted by the appellant.

46. We also place on the record the relevant part of the information shared by the CBDT with the IBBI, though the same has not been relied on by the DC, but in our considered opinion is required to be placed on record in order to justify our view for not granting any interim order with regard to the other CIRPs conducted by the Appellant. We produce the Excerpt of the same as quoted by the DC in impugned, herein below;

“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 que & official favours.

(viii) In the WhatsApp chat dated 25.10.2021, Shri 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 Ce. Put. Lid to Mr Rohit itself, the ultimate beneficiary for the sale of M/s. BRG Iron and Steel Co. Pvt. Lid. Later on 27 October 2021 & 28 October 2021, the draft for accepting the sale proposal of M/s. BRG Iron and Steel Co. Pvt. Lid 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 Shri Sandeep."

(x) From the Whatsapp chat history, it was also gathered that for sale of M/s. BRG Iron and Steel Co. Pvt, Lid, Shri Tiruvengadam Kannan, had disclosed the confidential details of legal opinion to Shri Rohit through Shri Sandeep. During one of the Whatsapp chat, Sh Sandeep clearly stated to Mr Rohit Agarwal "Also, i spoke to wry 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 de" it shows that Mr Kannan has not followed the due procedure for sale of corporate debtor M/s. BRG Iron and Steel Co. Pvt. Lid."

3.1.8. it was further noted that in the statements recorded u/s [32(4) of the LT. 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."

47. Keeping in view all the facts and circumstances of the case and the nature of allegations and the charges found proved against the appellant, we do not find any good ground to stay the relevant paras of the impugned judgment. Resultantly the stay application moved by the appellant is rejected.

48. Parties are directed to complete the pleadings by the next date of listing.

49. List the Appeal on **18.11.2026** for final hearing.

[Justice Mohammad Faiz Alam Khan]
Member (Judicial)

[Naresh Salecha]
Member (Technical)

sr/kam