NATIONAL COMPANY LAW APPELLATE TRIBUNAL
PRINCIPAL BENCH, NEW DELHI

Comp. App. (AT) (Ins.) No. 1736 of 2026

(Arising out of the Order dated 20.08.2026 passed by the Committee of the Insolvency and Bankruptcy Board of India in Case No. IBBI/DC/341/2026
IN THE MATTER OF:

Deepak Kumar Goyal
IBBI Registration No.
IBBI/IPA-001/IP-P02490/2022-23/14143
Having Office At 701, Vikrant Tower,
4 Rajendra Place, New Delhi-110008

…Appellant

Versus

Insolvency and Bankruptcy Board of India
Through Its Chairman,
7th Floor, Mayur Bhawan,
Shankar Market, Connaught Circus,
New Delhi – 11000

…Respondent

Present

For Appellant: Mr. Sunil Fernandes, Sr. Advocate with Mr. Sandeep Bajaj, Mr. Devansh Jain, Ms. Shrishti Jeswani, Mr. Abhinav Aggarwal, Advocates with Mr. Deepak Kumar Goyal, in person.

For Respondent: Mr. Nishmant Awana, Ms. Rini Badoni, Ms. Nitya Sharma, Advocates.

J U D G E M E N T

(14.10.2026)

NARESH SALECHA, MEMBER (TECHNICAL)

1. The present appeal has been filed by the Appellant i.e., Mr. Deepak Kumar Goyal, a registered Insolvency Resolution Professional, bearing Registration No.

IBBI/IPA-001/IP-P02490/2022-23/14143 under Section 220(7) of the Insolvency and Bankruptcy Code, 2016 **('Code')** against the Order dated 20.08.2026 **("Impugned Order")** passed by the Disciplinary Committee, Insolvency and Bankruptcy Board of India **("IBBI")** in Case No. IBBI/DC/341/2026.

Insolvency and Bankruptcy Board of India is the Respondent, herein.

2. The Appellant submitted that the present Appeal arises from the Impugned Order, whereby the Appellant has been held to be in contravention of Regulation 16A(10) of the CIRP Regulations and Section 25A(3) of the Code, resulting in cancellation of his registration as an Insolvency Professional and consequential directions affecting his existing assignments.

3. It is submitted by the Appellant that the CIRP of M/s. Revital Realty Private Limited **("Corporate Debtor")** commenced on 04.06.2024 and, on 04.07.2024, the Appellant was appointed as the Authorised Representative ("AR") of the class of homebuyers. The Appellant initially represented approximately 573 homebuyers, which subsequently increased to approximately 1,428 homebuyers, constituting around 91% voting share in the Committee of Creditors **("CoC").**

4. The Appellant contended that throughout the CIRP, he discharged his representative functions by conducting preliminary and consultation meetings with the homebuyers, collating their concerns and communicating the same to the Resolution Professional through contemporaneous emails and other communications. The issues raised by the homebuyers were also taken up before the CoC wherever applicable. Thus, the record demonstrates continuous

engagement with the class of creditors and communication of their concerns during the CIRP.

5. In this background, the allegation regarding Regulation 16A(10) essentially concerns the form in which the proceedings of the consultations were recorded. The Appellant submitted that there was no failure to undertake the meetings or to record and communicate the substance of the concerns raised therein. The contemporaneous emails, written summaries, meeting notes and communications forwarded to the Resolution Professional constituted the material record maintained by the Appellant in the course of the CIRP.

6. It is submitted that Regulation 16A(10) does not prescribe any particular format in which such record is required to be maintained. The IBBI, while acknowledging that no specific format is prescribed, has nevertheless proceeded on the basis that the requirement could be satisfied only through a separate formal minute's document. According to the Appellant, such an interpretation introduces a requirement which is not expressly contained in the provision.

7. The Appellant further submitted that IBBI's own examination record acknowledges that the Appellant furnished material relating to the meetings. The Appellant had provided the list of meetings as well as communications containing the substance of the discussions. The issue, therefore, is not one of complete absence or withholding of records, but whether the material maintained and furnished by the Appellant satisfies the requirement of Regulation 16A(10).

8. It is contended by the Appellant that the distinction is material. The absence of a separately titled minutes book cannot, by itself, lead to the conclusion that the proceedings were not recorded at all. The relevant inquiry ought to have been whether the concerns and issues raised by the homebuyers were captured and communicated in substance. The material placed on record demonstrates that the Appellant had undertaken such exercise throughout the CIRP.

9. The Appellant submitted that the Impugned Order does not identify any specific instance in which a concern, query or grievance raised by a homebuyer remained uncommunicated to the Resolution Professional or was not placed before the CoC merely because a separate formal minute's document was not maintained. Equally, no specific homebuyer has been identified as having been deprived of information or participation, or having suffered any prejudice on that account.

10. In these circumstances, the Appellant contended that the substantive purpose of the AR mechanism was duly served. The Appellant acted as the channel of communication between the class of homebuyers and the Resolution Professional/CoC and continuously conveyed the concerns received from the class. The finding of a continuing failure, therefore, proceeds substantially from the absence of a particular form of document rather than from an absence of evidence regarding the meetings or their substance.

11. It is further submitted that the Appellant had fully cooperated with the examination conducted by the IBBI and had furnished the documents and information sought from him. There was no suppression, withholding or

concealment of any material on his part. The material furnished during examination ought to have been considered cumulatively rather than being discarded merely because it was not maintained in the form of a separate minute's register.

12. The Appellant also submitted that the original complaint did not specifically allege that the Appellant had failed to record the proceedings or prepare minutes of the meetings with the class of creditors in terms of Regulation 16A(10). It is submitted that where a distinct allegation is ultimately made the basis of an adverse disciplinary finding, the person proceeded against must have a clear and meaningful opportunity to meet that allegation. The Appellant thereafter addressed the second allegation concerning his concurrence to the extension of time for submission of revised Resolution Plans. It is submitted that the said concurrence cannot be examined in isolation or divorced from the circumstances existing on the relevant date.

13. It is submitted that on 17.03.2026, two Prospective Resolution Applicants ("PRAs") sought a short extension of two days for submission of their revised Resolution Plans. The Appellant concurred with the limited extension in the circumstances, then prevailing. Subsequently, on 19.03.2026, an EPFO claim was received by the Resolution Professional, which required consideration and appropriate treatment in the revised Resolution Plans. A further limited extension up to 23.03.2026 was consequently sought by the PRAs, in respect of which the Appellant conveyed his opinion/concurrence to the Resolution Professional.

14. The Appellant submitted that the concurrence on 19.03.2026 was thus occasioned by a material intervening circumstance, namely, the receipt of the EPFO claim requiring consideration in the revised Resolution Plans. The concurrence was not an independent or unconditional exercise of commercial wisdom in favour of any particular PRA, but a limited response to a changed factual situation arising immediately before the revised plans were to be submitted.

15. It is further submitted that the extension sought was limited in nature. The Appellant's concern was to ensure that the statutory EPFO dues were appropriately dealt with in the revised Resolution Plans while, at the same time, avoiding unnecessary delay in the CIRP. The Appellant's communication, including the observation that there was “no choice” but to extend the timeline in the circumstances, has to be understood in this factual context.

16. The Appellant contended that his concurrence did not amount to approval or rejection of any Resolution Plan. It did not determine the commercial merits of any plan, alter the voting rights of any creditor, determine distribution, or confer any substantive benefit upon a particular PRA. The decision was confined to a short procedural extension necessitated by the intervening EPFO claim.

17. The Appellant further submitted that during the CoC meeting held on 06.03.2026, the Chairman/Resolution Professional had elaborated upon the steps and timelines concerning the revised Resolution Plans and the CoC had taken the same on record. The specific date of 17.03.2026 was not fixed by a formal CoC resolution. The subsequent extension was sought in the context of the intervening

EPFO claim and was not a unilateral alteration of a formally resolved CoC decision.

18. It is therefore contended that the Appellant's conduct cannot be equated with an exercise of independent commercial decision-making authority. The Appellant was acting within the resolution process and responding to the Resolution Professional in circumstances where consideration of a newly received statutory claim was necessary before finalisation of the revised plans.

19. The Appellant submitted that Section 25A(3) has to be applied having regard to the nature of the decision involved. The provision cannot be understood as rendering every communication or concurrence by an AR, particularly in relation to a limited procedural matter, equivalent to a final decision affecting the substantive rights or commercial interests of the class of creditors.

20. It is further submitted that the circumstances were such that obtaining fresh formal instructions from approximately 1,428 homebuyers would itself have consumed considerable time and would have defeated the very purpose of the limited extension sought. The Appellant had explained this position in his reply dated 19.04.2026, but the same was not given due consideration while passing the Impugned Order. The Appellant accordingly contended that the finding under Section 25A(3) proceeds by treating the concurrence as though the Appellant had taken a substantive commercial decision on behalf of the entire class. The record, however, indicates that the concurrence was confined to the limited question of

time required for the PRAs to appropriately address the EPFO claim in their revised plans.

21. It is submitted that there is also no finding that the Appellant's concurrence resulted in any reduction in the value available to the class, alteration of voting rights, modification of entitlements, preferential treatment to any PRA, or improper distribution of the assets of the corporate debtor. The Impugned Order does not identify any specific prejudice suffered by the class on account of the limited extension. The Appellant therefore submitted that the two alleged contraventions ought not to be viewed as isolated technical defaults without reference to the overall conduct of the Appellant. In relation to the first allegation, the Appellant had conducted the meetings and maintained contemporaneous written material. In relation to the second, he acted in the context of an intervening statutory claim and a limited extension of time.

22. The Appellant further submitted that there is no allegation or finding of fraud, mala fide conduct, personal gain, collusion, conflict of interest or deliberate attempt to prejudice the homebuyers. The record also does not disclose any finding that the Appellant acted for the benefit of any particular PRA or contrary to the interests of the class represented by him.

23. It is contended that the overall conduct of the Appellant is therefore relevant while considering both the existence and the gravity of the alleged contraventions. The Appellant cooperated with the regulatory examination,

furnished the material available with him and consistently explained the circumstances in which the relevant actions were undertaken.

24. The Appellant also submitted that he was entitled to an effective opportunity of hearing before an order carrying such serious professional consequences was passed. The personal hearing was scheduled for 05.08.2026 at 2:00 PM but commenced at approximately 3:35 PM and concluded within a few minutes. The Appellant submitted that the nature and duration of the hearing did not afford a meaningful opportunity to address the factual and legal issues arising from the allegations.

25. It is submitted that the requirement of hearing is not merely a formal opportunity to appear. Particularly in disciplinary proceedings involving cancellation of professional registration, the affected professional must have a reasonable opportunity to explain the surrounding circumstances, documentary material and the distinction between the allegations as originally understood and the findings ultimately proposed.

26. Without prejudice to the submissions on merits, the Appellant contended that the penalty imposed by the Impugned Order is independently liable to be reconsidered. The question whether a contravention has occurred is distinct from the question of the appropriate regulatory consequence. Even assuming, without admitting, that the Appellant ought to have maintained formal minutes or obtained prior instructions before conveying concurrence, the Disciplinary Committee was

still required to determine whether such lapses justified cancellation of his registration.

27. The Appellant submitted that the regulatory framework itself recognises different consequences depending upon the nature and gravity of the contravention. Regulation 13 of the IBBI (Inspection and Investigation) Regulations, 2017 contemplates various courses of action, including closure of proceedings, warning, suspension or cancellation, depending upon the circumstances of the case. The discretion in relation to penalty is therefore required to be exercised having regard to the nature, gravity and consequences of the conduct alleged.

28. It is further submitted that the principle of proportionality requires the punishment imposed upon a professional to bear a reasonable relationship with the nature and gravity of the misconduct established. The Appellant relied upon the judgments of the Hon'ble Supreme Court in ***Ranjit Thakur v. Union of India, (1987) 4 SCC 611*** and Chairman-cum-Managing Director, ***Coal India Ltd. v. Mukul Kumar Choudhury, (2009) 15 SCC 620*** in support of the said proposition.

29. The Appellant contended that the present case does not disclose circumstances ordinarily associated with the most severe professional consequence. There is no finding of dishonesty, personal enrichment, conflict of interest, collusion or intentional prejudice to the creditors. The alleged lapses, even as characterised by the Respondent, relate essentially to the manner of maintaining records and the manner in which a limited extension was concurred with during the resolution process.

30. It is submitted that cancellation of registration has consequences extending beyond the particular CIRP in question. The Impugned Order also directs that the Appellant shall not continue his existing assignments and provides for consequential replacement. Thus, the order affects not only the Appellant's professional status but also the ongoing proceedings and stakeholders associated with his other assignments.

31. The Appellant further submitted that the Disciplinary Committee was consequently required to examine whether such an extreme consequence was necessary in the facts of the case, particularly when no actual prejudice, dishonest conduct or aggravating circumstance has been identified. A lesser regulatory consequence, if considered warranted, would have been capable of addressing any procedural deficiency while preserving the continuity of the Appellant's professional assignments.

32. It is also submitted that the Appellant possesses professional qualifications and experience relevant to the discharge of his functions and has been performing assignments in the insolvency field. The consequences of cancellation upon his professional livelihood and existing assignments were required to be considered while determining the proportionality of the penalty.

33. The Appellant contended that the Impugned Order, when read as a whole, does not adequately deal with the cumulative effect of the contemporaneous documentary material, the circumstances surrounding the EPFO claim, the limited nature of the extension, the absence of demonstrated prejudice and the Appellant's

explanation of his conduct. The findings have consequently been reached without giving due weight to the surrounding circumstances in which the alleged contraventions occurred.

34. It is therefore submitted that even assuming that certain procedural requirements were not complied with in their strictest form, the same cannot automatically lead to the conclusion that the Appellant's professional registration ought to be cancelled. The regulatory object could have been achieved by a consequence proportionate to the nature of the lapse, particularly in the absence of any finding of mala fide or substantive prejudice.

35. The Appellant accordingly submitted that the findings recorded in relation to Regulation 16A(10) and Section 25A(3) are liable to be reconsidered in light of the simultaneous record and the factual circumstances placed before the IBBI. In any event, the consequential penalty of cancellation and removal from existing assignments is liable to be set aside as being disproportionate to the alleged misconduct.

36. Concluding arguments, the Appellant requested this Appellate Tribunal to set aside the Impugned Order and allow this appeal.

37. On the other hand, the IBBI denied the averments of the Appellant as misleading and baseless.

38. The IBBI submitted that the registration of the Appellant as an Insolvency Professional was cancelled and consequential directions were issued rendering him ineligible to continue his existing assignments as the conduct of the Appellant

while functioning as the Authorised Representative ("AR") of the class of homebuyers in the CIRP of M/s. Revital Realty Private Limited was not up to the mark. The Appellant was representing approximately 1,428 homebuyers, constituting nearly 91% of the voting share in the CoC, and was therefore required to discharge his representative functions strictly in accordance with the Code and the applicable Regulations.

39. It is submitted that the proceedings resulted in findings of two distinct contraventions on the part of the Appellant. The first related to his failure to record the proceedings of meetings held with the class of creditors in the manner contemplated under Regulation 16A(10) of the CIRP Regulations. The second related to his concurrence to an extension of time for submission of revised Resolution Plans without obtaining prior instructions from the class of creditors as required under Section 25A(3) of the Code. The IBBI contended that the Appellant's defence does not satisfactorily answer either of the statutory obligations.

40. The IBBI submitted that the Appellant's defence proceeds on the basis that since he conducted preliminary/preview meetings with the homebuyers, collated their concerns and communicated them to the Resolution Professional through continuous emails, the requirement of recording the proceedings stood substantially satisfied. Such a submission, however, overlooks the distinct statutory obligation to maintain a proper record of the proceedings of meetings held with the class of creditors. The fact that meetings were conducted and certain

concerns were subsequently communicated to the Resolution Professional does not, by itself, establish compliance with the requirement to record the proceedings of those meetings.

41. It is further submitted that the absence of a prescribed format does not mean that the statutory obligation itself stands dispensed with. The requirement under Regulation 16A(10) is to maintain an appropriate record of the proceedings, and the same cannot be reduced to the mere existence of subsequent emails concerning individual issues. An email communicating a particular concern and a record of the proceedings of the consultation are distinct in their nature and purpose. The former may establish that an issue was communicated, but does not necessarily constitute a complete record of the consultation undertaken with the class.

42. The IBBI contended that the Appellant's own case demonstrates that no formal minutes were prepared in cases where no formal instructions or mandates were received from the homebuyers for placing any agenda. Such an approach cannot be accepted as compliance with the statutory requirement. The obligation to maintain a record is attached to the consultation and representation undertaken by the AR and is not dependent upon whether a formal agenda was ultimately placed before the Resolution Professional or CoC.

43. It is submitted that the DC had itself taken note of the fact that the Appellant conducted preliminary meetings and communicated the concerns raised therein to the Resolution Professional. The finding against the Appellant,

therefore, was not based on the allegation that no meetings were conducted or that no concerns were communicated. The contravention related specifically to the failure to maintain the requisite record of the proceedings. The subsequent communication of selected concerns cannot, therefore, be treated as a substitute for the statutory record contemplated under the Regulations.

44. The IBBI further submitted that the size of the class represented by the Appellant assumes significance in this regard. Where approximately 1,428 homebuyers are represented through a single AR and constitute nearly 91% of the voting share of the CoC, proper documentation of consultations becomes essential for transparency, accountability and traceability of the views and instructions of the class. The requirement is therefore not a mere technical formality but forms part of the regulatory framework governing the functioning of an AR.

45. It is further contended by IBBI that the Appellant cannot avoid the statutory requirement by characterising the issue as one concerning only the absence of a document styled as "minutes". What is relevant is whether the proceedings of the consultations were properly recorded. The concurrent emails relied upon by the Appellant may demonstrate communication of certain concerns, but they do not, by themselves, establish that the proceedings of the meetings were duly recorded in terms of the applicable Regulation.

46. The IBBI submitted that the second contravention concerns the Appellant's concurrence to an extension of time for submission of revised Resolution Plans

without obtaining prior instructions from the class of creditors. The Appellant seeks to justify his conduct by relying upon the receipt of the EPFO claim on 19.03.2026 and the limited nature of the extension sought. However, the circumstances which led to the request for extension cannot dispense with the statutory requirement governing the manner in which an AR is required to act on behalf of the class.

47. It is submitted that there were three PRAs, out of whom two sought additional time for submission of their revised Resolution Plans. On 19.03.2026, being the last date for submission of the revised Resolution Plans, the Resolution Professional had shared an EPFO claim with the PRAs and directed them to take the same into consideration and appropriately deal with it in their revised Resolution Plans. The Appellant thereafter concurred with the extension. The receipt of the EPFO claim may explain the circumstances in which the extension was sought, but it does not answer the separate question as to whether the Appellant was entitled to convey such concurrence without first obtaining instructions from the class.

48. The IBBI contended that the relevant issue was not whether consideration of the EPFO claim was necessary, nor whether the extension was limited in duration. The question was whether the Appellant, while acting as the AR of the class, could take a decision having a bearing upon the resolution-plan process without obtaining the prior instructions contemplated under Section 25A(3) of

the Code. The characterisation of the decision as merely procedural cannot, by itself, remove it from the statutory framework governing the AR's conduct.

49. It is further submitted that the Appellant's concurrence had a direct bearing upon the resolution process, since it extended the time available to the PRAs for submission of their revised Resolution Plans. The fact that the Appellant did not approve or reject any Resolution Plan, alter voting rights or determine distribution does not by itself establish compliance with Section 25A(3). The statutory obligation concerns the manner in which the AR exercises the rights and functions of the class represented by him.

50. The IBBI submitted that the Appellant's explanation that consultation with approximately 1,428 homebuyers would have consumed considerable time cannot substitute the statutory requirement of obtaining instructions. Practical difficulty or administrative inconvenience cannot, by itself, authorise an AR to act without following the procedure prescribed under the Code. The fact that the EPFO claim had to be considered in the revised plans could have been placed before the class and appropriate instructions obtained in accordance with law.

51. It is contended that the Appellant's statement that he had “no choice” but to extend the timeline also cannot alter the statutory position. The obligations of an AR are prescribed by the Code and cannot be diluted merely because the circumstances prevailing at the relevant time were considered urgent or inconvenient. The subsequent explanation furnished by the Appellant may

explain his reasoning, but does not establish that the statutory requirement stood complied with.

52. The IBBI submitted that the two contraventions have to be considered in the context of the statutory responsibilities attached to the office of an AR. The role of an AR is not merely to transmit individual grievances to the Resolution Professional. The AR acts as the representative of an entire class of creditors and is required to discharge that responsibility in the manner prescribed under the Code and the applicable Regulations. It is further submitted that the requirements concerning maintenance of records and obtaining instructions serve the broader purpose of ensuring accountability in the functioning of an AR. Where a large number of creditors act through a single representative, the statutory safeguards assume greater significance. The absence of an identified instance of individual prejudice cannot, by itself, negate a statutory contravention.

53. The IBBI contended that the regulatory framework is intended not merely to address prejudice after it occurs but also to ensure proper procedure, transparency and accountability during the insolvency process itself. Consequently, the Appellant cannot contend that the contraventions should be disregarded merely because no specific homebuyer has been shown to have suffered a quantified loss or because the Appellant's actions did not result in any alleged personal gain.

54. The IBBI submitted that the Appellant's challenge to the penalty must also be considered having regard to the nature of the statutory responsibilities attached

to his office. The fact that the Appellant was not found guilty of financial irregularity, personal gain, fraud or collusion does not, by itself, mean that cancellation of registration could not be considered. The regulatory framework is intended to ensure compliance with the professional and statutory obligations of Insolvency Professionals, including those functioning as ARs.

55. It is submitted that the Appellant's reliance upon disciplinary orders passed in other cases cannot establish that a particular penalty must necessarily follow in the present matter. Each disciplinary proceeding has to be examined on its own facts, including the nature of the contravention, the role of the professional concerned and the circumstances in which the violation occurred. The consequence imposed in one proceeding cannot be mechanically transplanted into another.

56. The IBBI further submitted that the decision in ***S. Shivshanker, Ref. No. IBBI/DC/166/2023,*** relied upon by the Appellant, does not lay down any absolute proposition that a procedural contravention can never result in cancellation of registration. The fact that a different consequence was imposed in that case does not render the consequence imposed in the present case legally impermissible.

57. It is contended that Regulation 13 of the IBBI (Inspection and Investigation) Regulations, 2017 provides for a range of regulatory consequences, including closure of proceedings, warning, suspension or cancellation. The existence of such alternatives does not mean that the DC is required to impose the least severe consequence in every case. The appropriate consequence is

required to be determined having regard to the facts, nature of the contravention and circumstances of the particular case.

58. The IBBI submitted that the Appellant cannot seek substitution of the decision of the DC merely on the ground that, in his view, a lesser consequence would have been appropriate. The question before this Appellate Tribunal is whether the Impugned Order suffers from a legal or factual infirmity warranting interference. The mere availability of other regulatory measures does not, by itself, render the consequence imposed by the DC unsustainable.

59. It is further submitted that the consequential direction concerning the Appellant's existing assignments follows from the cancellation of his registration and cannot be considered independently of the principal disciplinary consequence. Once the registration of an Insolvency Professional stands cancelled, the Appellant cannot claim an independent right to continue assignments which require him to possess valid registration under the applicable regulatory framework.

60. The IBBI submitted that the Impugned Order was passed after consideration of the Appellant's conduct in the discharge of his statutory functions as an AR. The findings relate to two distinct obligations: first, the requirement to properly record the proceedings of consultations with the class of creditors; and second, the requirement to act upon the instructions of the class while exercising the functions contemplated under Section 25A (3) of the Code.

61. It is submitted that the Appellant's reliance upon contemporaneous emails does not answer the requirement of maintaining a proper record of proceedings, just as the receipt of the EPFO claim and the limited nature of the extension do not, by themselves, dispense with the requirement of obtaining prior instructions from the class of creditors.

62. The IBBI contended that the Appellant's subsequent explanation of the circumstances in which he acted cannot override the statutory framework governing his functions. The obligations of an AR are intended to ensure that the representative acts within the authority conferred upon him and that the views and instructions of the class are properly documented and respected.

63. It is further submitted that the absence of a finding of financial gain, fraud, collusion or personal benefit does not, in itself, extinguish the contraventions established against the Appellant. The disciplinary proceedings concern compliance with statutory and professional obligations, and a violation of such obligations may warrant regulatory action even in the absence of financial misconduct.

64. The IBBI submitted that the DC, having considered the nature of the contraventions and the circumstances in which they occurred, exercised the regulatory jurisdiction available to it. The Appellant has not demonstrated any material error in the findings which would justify setting aside the Impugned Order.

65. It is therefore contended that the challenge to the cancellation of registration and the consequential directions does not furnish sufficient ground for interference with the Impugned Order. The disciplinary consequence must be viewed in the context of the Appellant's statutory responsibilities as AR and the importance of compliance with the safeguards prescribed for representing a substantial class of creditors.

66. In view of the aforesaid submissions, the IBBI submitted that the present Appeal is devoid of merit and that the Impugned Order dated 20.08.2026 does not warrant interference by this Appellate Tribunal. Concluding its arguments, the IBBI requested this Appellate Tribunal to dismiss the appeal.

Findings

67. We note that the CIRP of the Corporate Debtor was initiated by the Adjudicating Authority by order dated 04.06.2024 in CP(IB)/657/2021 (Manish Taneja & Ors. v. Revital Realty Private Limited), on a petition under Section 7 of the Code. Mr. Gaurav Katiyar was appointed as the Resolution Professional of the Corporate Debtor.

68. It is pertinent to note that on an application filed by the Resolution Professional under Section 21(6A) (b) of the Code read with Regulation 16A of the CIRP Regulations (I.A. No. 3320/2024), the Adjudicating Authority, by order dated 04.07.2024, appointed the Appellant as the Authorised Representative of the class of financial creditors comprising homebuyers of the Corporate Debtor.

This was the Appellant's first assignment in the capacity of an AR. The class represented by him grew from approximately 573 to approximately 1,428 homebuyers by the 22nd meeting of the CoC, constituting close to 91% of the CoC's voting share.

69. From the record before us, we note that on 02.04.2026, the IBBI informed the Appellant that an examination had been initiated pursuant to a complaint alleging failure on the part of the Appellant to adequately represent the class of homebuyers. The Appellant responded on 04.04.2026 and, upon further and more specific queries from the IBBI dated 09.04.2026 and 21.04.2026, the former calling for the written records of his meetings/consultations with homebuyers under Regulation 16A (10), and the latter calling specifically for evidence of consultation preceding the 19.03.2026 concurrence, furnished detailed responses on 09.04.2026 and 23.04.2026 respectively, together with the underlying e-mail correspondence.

70. A Show Cause Notice dated 17.06.2026 was thereafter issued to the Appellant, alleging contravention of Section 25A of the Code and Regulation 16A of the CIRP Regulations. On the material before this Appellate Tribunal, it does not appear to be in dispute that, of the several grievances contained in the original complaint, the IBBI examination proceeded on only the allegation concerning the extension of the resolution-plan timeline and the allegation concerning the Appellant's failure to record proceedings and prepare minutes of his consultations with the homebuyers. The Appellant filed a detailed reply dated

30.06.2026, denying both allegations and relying on the contemporaneous e-mail correspondence referred to above, and additionally contending that Regulation 16A(10)(i) prescribes no specific form or template for the minutes/record contemplated therein. The Appellant alleged that a personal hearing was held on 05.08.2026; though scheduled for 2:00 P.M., it is stated to have commenced at approximately 3:35 P.M., following an intimation that it may be delayed, and to have concluded within less than five minutes.

71. We note that the Impugned Order was passed in the context of the Appellant's functioning as the Authorised Representative ("AR") of a class of financial creditors comprising homebuyers/allottees, in the CIRP of M/s. Revital Realty Private Limited i.e. Corporate Debtor. Two contraventions were held against the Appellant by IBBI i.e. failure to record proceedings and prepare minutes of meetings/consultations held with the class of creditors, said to be in contravention of Regulation 16A(10)(i) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 ("CIRP Regulations") and concurring, without first obtaining the prior instructions of the class of creditors, to an extension of the timeline for submission of revised resolution plans by the Prospective Resolution Applicants i.e. PRAs , said to be in contravention of Section 25A(3) of the Code.

72. We will record that Arguments were heard finally and concluded on 18.09.2026, when this Appellate Tribunal reserved judgment and, in the interim, extended the operation of paragraph 3.5 of the Impugned Order (which postpones

the coming into force of the direction of cancellation) until pronouncement of present judgement. Learned Senior Counsel for the Appellant undertook that the Appellant would not accept any fresh assignment in the interregnum, and that the specific assignment in respect of which the impugned punishment was awarded (i.e., the AR-ship of the Corporate Debtor) would stand governed by the replacement resolution already passed by the concerned CoC. We have taken this statement on record.

73. It has been brought to our notice by the appellant during hearing that the Appellant is a Chartered Accountant, additionally holding degrees of Master of Business Administration (Finance) and Master of Commerce, and has been registered with the Board as an Insolvency Professional since 28.07.2022, and during his professional career, the Appellant has undertaken ten assignments under the Code in the capacities of Resolution Professional, Authorised Representative, and Voluntary Liquidator, of which four stood concluded/dissolved, and six, including the assignment giving rise to the present proceedings, were ongoing as on the date of the Impugned Order. It is not in dispute that the Appellant had not, prior to the Impugned Order, been subjected to any disciplinary order resulting in suspension or cancellation of his registration. This was confirmed by both, on our pointed query, during hearing of the present appeal.

74. The Appellant emphatically pleaded that during the course of the CIRP , spanning some 27 meetings of the CoC between 2024 and 2026, the Appellant

adopted a consultation mechanism which followed a consistent pattern and prior to each CoC meeting, he circulated the agenda and relevant developments to the homebuyers, convened preliminary/preview meetings to elicit and collate their concerns, and thereafter communicated the substance of those concerns to the RP by contemporaneous e-mail for onward placement before, and recording in the minutes of, the CoC. The Appellant also explained that where a preliminary meeting yielded no specific concern for transmission, as occurred, for instance, during the period when publication of Form G stood stayed in a connected appeal before this Appellate Tribunal, the meeting was informational in character, and no separate written record beyond the notice/agenda trail appears to have been generated.

75. We have noticed that the events giving rise to the disciplinary proceedings arose in March 2026, in the context of the submission of revised resolution plans by three PRAs, namely (i) Mr. Parmjit Gandhi in consortium with Prasandi Infotech Park Pvt. Ltd.; (ii) Mangalam Multiplex Pvt. Ltd.; and (iii) Alpha Corp Development Limited. In the 22nd CoC meeting held on 06.03.2026, the CoC resolved to afford Financial Creditors a final opportunity to raise queries on the resolution plans by 09.03.2026, for the PRAs to respond, with amended plans to be submitted by 17.03.2026 at 4:00 P.M. It is the Appellant's case that this timeline itself was fixed by the RP and merely taken on record by the CoC, and was not the product of a formal CoC resolution as such.

76. It had been brought out by the appellant that on 17.03.2026, two of the three PRAs (Mangalam and Alpha Corp) sought a short extension of two days for submission of their amended plans. Upon being informed of this request by the Resolution Professional, the Appellant expressed the view, by e-mail of the same date, that a two-day extension be granted, on the stated ground that it would enable more competitive plans without adversely affecting the overall CIRP timeline. The Resolution Professional accordingly extended the deadline to 19.03.2026, and the Appellant communicated this development to the homebuyers by e-mail dated 18.03.2026. It has been brought out to our notice by the Appellant that on an earlier occasion, 12.03.2026, when a similar extension request had come from one PRA, the Appellant had expressed the contrary view that the timeline ought not to be extended further indicating that his concurrence on 17.03.2026 was not a matter of course, but a considered response to the specific circumstances then prevailing.

77. It has been also brought out by the Appellant to our notice that that on 19.03.2026, the revised deadline, the Resolution Professional informed stakeholders that a claim had been received from the EPFO requiring consideration and appropriate treatment in the revised resolution plans. One PRA (Alpha Corp) represented that the quantum involved was substantial and that verification was underway, and sought a seven-working-day extension and the Resolution Professional also received a request for a shorter extension from Mangalam. We note that the case of the Appellant, that there was no choice for

him but to extend the timeline as recommended by the Resolution Professional and, the Appellant conveyed his concurrence to an extension, which the Resolution Professional fixed up to 23.03.2026. It is this concurrence conveyed by e-mail, without any antecedent formal consultation of the class of homebuyers and without any resolution being put to a vote of the CoC that forms the substratum of the second contravention alleged against the Appellant. The Appellant has pointed out that, of the period between 19.03.2026 and 23.03.2026, only two days (20.03.2026 and 23.03.2026) were working days, 21.03.2026 being a Ramzan holiday and 22.03.2026 a Sunday.

78. We note that by the Impugned Order dated 20.08.2026, a two-member Disciplinary Committee of the Board held both contraventions established. On the first, the Committee held that the Appellant's contemporaneous e-mail communications with the Resolution Professional could not substitute for the statutorily contemplated recording of proceedings and preparation of minutes under Regulation 16A(10)(i) of the CIRP Regulations, terming the omission a continuing default through the CIRP. On the second, the Disciplinary Committee held that an AR has no discretion to unilaterally characterise a matter as merely procedural so as to dispense with the requirement of prior instructions under Section 25A (3) of the Code, and that the Appellant's concurrence to the extension, without ascertaining the wishes of the class he represented, contravened that provision. On this basis, the Disciplinary Committee found contravention of Sections 208(2)(a) and (e) and 25A(3) of the Code, Regulation

16A(10) of the CIRP Regulations, Regulation 7(2)(a) and (h) of the IBBI (Insolvency Professionals) Regulations, 2016 ("IP Regulations"), and Clause 14 of the Code of Conduct in the First Schedule to the IP Regulations, and directed cancellation of the Appellant's registration under Section 220 of the Code, with consequential directions, rendering him ineligible to continue his other, unconnected, ongoing assignments, with the CoCs concerned to arrange his replacement.

79. For completeness, we take into consideration that broadly it the case of the Appellant that (a) neither the Code nor the CIRP Regulations prescribe any specific form, template, register or signature requirement for the minutes/record contemplated under Regulation 16A(10)(i), and that the contemporaneous e-mail record maintained by the Appellant substantively fulfilled the object of that provision; (b) that the concurrence recorded to the extension of the resolution-plan timeline was a narrow, RP-driven administrative step occasioned by an intervening statutory claim (EPFO dues), and did not involve approval or rejection of any resolution plan, alteration of voting rights, or exercise of the CoC's commercial wisdom, such that Section 25A(3) either did not apply or was not, on a fair reading, contravened; (c) that the finding on non-recording of minutes rested substantially on an allegation not contained in the original complaint, but introduced suo-motu in the course of the Board's examination; (d) that the personal hearing dated 05.08.2026 was illusory, having concluded within under five minutes; and (e), without prejudice to the foregoing, that even

assuming both contraventions established, the penalty of cancellation is grossly disproportionate — a consequence which, on the IBBI own precedents cited at the Bar, has ordinarily been reserved for cases involving financial irregularity, personal or pecuniary gain, fraud, collusion or conflict of interest, none of which is alleged or found here, and contrasted with the corrective, non-punitive course adopted by the Board in a comparable case of procedural lapse (S. Shivshanker, IBBI/DC/166/2023, where a warning and a direction for further training was considered sufficient). Reliance was placed on ***Ranjit Thakur v. Union of India, (1987) 4 SCC 611***, and Chairman-cum-Managing Director, ***Coal India Ltd. v. Mukul Kumar Choudhuri, (2009) 15 SCC 620,*** for the proposition that a penalty disproportionate to proven misconduct is amenable to correction in the exercise of this Tribunal's appellate jurisdiction.

80. In line with our recording the summarised arguments of the Appellant as noted in preceding paragraph, we have also captured and recorded broad arguments of the IBBI. In substance, it is the case of the Appellant , drawing our attention, on the reasoning recorded in the Impugned Order — that: (a) Regulation 16A(10)(i) casts a clear, freestanding statutory obligation on the AR to record proceedings and prepare minutes of his consultations with the class of creditors he represents, which cannot be discharged by informal, ad hoc e-mail communication with the Resolution Professional, however useful such communication might otherwise be in substance; (b) Section 25A(3) uses the word always and admits of no exception, textual or otherwise, permitting an AR

to unilaterally determine that a given matter is merely procedural and therefore does not require prior instructions of the class — the provision requires instructed action, not the AR's independent commercial judgment, precisely because the office of AR is representative and fiduciary in character; and (c) that given the Appellant represented close to 91% of the CoC's voting share, the consequences of any laxity in either consultation-documentation or instruction-seeking stand magnified rather than diminished, which was properly reflected in the view taken by the Disciplinary Committee.

81. After noting in detail, the above rival contentions, the following issues arise for determination:

ISSUE I- Whether the Appellant's contemporaneous e-mail communications with the Resolution Professional, in the admitted absence of any separately maintained minutes-register, satisfy the requirement of Regulation 16A(10)(i) read with sub-regulation (11) of the CIRP Regulations.

ISSUE II- Whether the Appellant's concurrence, without prior instructions of the class of creditors, to the extensions of 17.03.2026 and 19.03.2026 for submission of revised resolution plans, contravened Section 25A(3) of the Code.

ISSUE III- Whether, even assuming both contraventions to be established, the penalty of cancellation of registration and the consequential disqualification from the Appellant's other, unconnected assignments, is proportionate to the gravity of the established misconduct.

82. Before addressing the issues framed above, we would like to set out the relevant statutory provisions which are required in our examination of issues later.

(a) Section 25A (3) of the Code- Section 25A was inserted by the Insolvency and Bankruptcy Code (Amendment) Act, 2018 with effect from 06.06.2018, and sub-section (3) presently reads:

> *"(3) The authorised representative shall not act against the interest of the financial creditor he represents and shall always act in accordance with their prior instructions: Provided that if the authorised representative represents several financial creditors, then he shall cast his vote in respect of each financial creditor in accordance with instructions received from each financial creditor, to the extent of his voting share..."*

(b) Regulation 16A(10) and (11) of the CIRP Regulations- Regulation 16A governs the Authorised Representative. Sub-regulation (10) — inserted by the IBBI (CIRP) (Second Amendment) Regulations, 2023 with effect from 18.09.2023 — provides, insofar as relevant:

> *"(10) The authorised representative shall: — (a) assist the creditors in a class he represents in understanding the discussions and considerations of the committee meetings and facilitate informed decision-making; (b) review the contents of minutes prepared by the resolution professional and provide his comments to the resolution professional, if any; ... (i) record proceedings and prepare the minutes of the meeting with the creditors in a class he represents; and (j) act as a representative for the creditors in a*

> *class he represents in representations before the Adjudicating Authority, National Company Law Appellate Tribunal, and other regulatory authorities.*
>
> *(11) The provisions regarding minutes of meetings in this regulation shall apply mutatis mutandis for clause (i) of sub-regulation (10)."*

(We note that Regulation 24 of the CIRP Regulations, governs the conduct of meetings of the CoC and is the only provision in the CIRP Regulations that substantively addresses "minutes of meetings", requires that minutes be prepared disclosing the particulars of the participants, and circulated to all participants by electronic means within forty-eight hours of the conclusion of the meeting; it does not itself prescribe any particular form, template or signature requirement for such minutes.)

(c) Section 208(2) of the Code reads as under:

> *"(2) Every insolvency professional shall abide by the following code of conduct: — (a) to take reasonable care and diligence while performing his duties; ... (e) to perform his functions in such manner and subject to such conditions as may be specified."*

(d) Regulation 7(2) of the IP Regulations:

> *"(2) The registration shall be subject to the conditions that the insolvency professional shall — (a) at all times abide by the Code, rules, regulations, and guidelines thereunder and the bye-laws of the insolvency professional agency with which he is enrolled; ... (h) abide by the Code of Conduct specified in the First Schedule to these Regulations..."*

(e) Clause 14, First Schedule (Code of Conduct) to the IP Regulations:

> *"An insolvency professional must not act with mala fide or be negligent while performing his functions and duties under the Code."*

(f) Section 220(7) and (8) of the Code- As substituted by the Insolvency and Bankruptcy Code (Amendment) Act, 2026 with effect from 26.05.2026:

> *"(7) Any person aggrieved by an order of the disciplinary committee, under sub-sections (2) to (5), may prefer an appeal to the National Company Law Appellate Tribunal within a period of thirty days from the date of receipt of the order. (8) The National Company Law Appellate Tribunal may, if it is satisfied that a person was prevented by sufficient cause from filing an appeal within thirty days, allow the appeal to be filed under sub-section (7) within a further period not exceeding fifteen days."*

(g) Regulation 13 of the IBBI (Inspection and Investigation) Regulations, 2017- Regulation 13 governs disposal of a Show Cause Notice by the Disciplinary Committee. Sub-regulations (1) and (3), as collated from the Board's consolidated text, provide:

> *"(1) The Disciplinary Committee, after providing an opportunity of being heard to the noticee, shall dispose of the show-cause notice by a reasoned order. ... (3) The Disciplinary Committee may, by order — (a) close the show cause notice without any direction; (b) issue a warning; (ba) suspend or cancel the authorisation for assignment of an insolvency professional; (c) [take action under sub-sections (2) to (4) of Section 220, i.e., impose a penalty, or suspend or cancel the registration, of the insolvency professional/insolvency professional agency/information utility, as the case may be]; (d) refer the*

matter to the Board for action under Section 220(5) or Section 236(2) of the Code; or (e) pass any other order or direction as it considers appropriate."

(h) Section 206 of the Code:

"No person shall render his services as insolvency professional under this Code without being enrolled as a member of an insolvency professional agency and registered with the Board."

83. <u>ISSUE I- Whether the Appellant's contemporaneous e-mail communications with the Resolution Professional, in the admitted absence of any separately maintained minutes-register, satisfy the requirement of Regulation 16A(10)(i) read with sub-regulation (11) of the CIRP Regulations.</u>

84. As noted earlier, we find that Regulation 16A(10)(i) casts on the AR a duty, expressed in the conjunctive, both to "record proceedings" and to "prepare... the minutes" of his meetings with the class of creditors he represents. This is a duty distinct from, and additional to, the AR's duty under clause (b) of the same sub-regulation merely to "review the contents of minutes prepared by the resolution professional" for CoC meetings. In our considered opinion, the statutory language is mandatory and the obligation is cast specific and independently upon the AR, which reflects that the AR's consultations with his own class are a distinct forum from the CoC meeting itself, generating a distinct documentary record.

85. We also find that Sub-regulation (11) extends the provisions regarding minutes of meetings in this regulation, mutatis mutandis, to clause (10)(i). We need to appreciate that Regulation 16A does not itself elsewhere prescribe the content of "minutes" save by the oblique reference, in clause (10)(b), to minutes "prepared by the resolution professional", which are, in substance, the minutes of the CoC meeting governed by Regulation 24. On a purposive reading, sub-regulation (11) is best understood as importing, mutatis mutandis, the standard applicable to CoC minutes under Regulation 24 into the AR's record of his own class-consultations. We find that Code or Regulations prescribes no specific form, template, register or signature requirement; it requires, however, that the minutes "disclose the particulars of the participants" and be reasonably promptly generated and available.

86. In view of this regulatory regime, we are of view that the absence of a prescribed form is not synonymous with the absence of any prescribed content. Applying Regulation 24's standard mutatis mutandis, an AR's record of a class-consultation meeting should, at a minimum, identify: (a) that the meeting/consultation was held and its date; (b) the number, or at least a representative indication, of the class members who participated; and (c) the substance of the concerns/views expressed. On the record before this Appellate Tribunal, the Appellant's contemporaneous e-mails to the Resolution Professional appear, prima facie, to satisfy limbs (a) and (c) with reasonable consistency across the CIRP. What is conspicuously absent from the record is any consistent

indication of limb (b) — the number or representative character of the homebuyers who in fact attended or were consulted at each preliminary meeting. That omission is not a trivial one where, as here, the class numbered upward of a thousand geographically dispersed persons: a preliminary meeting attended by an unrepresentative handful, whose views are then transmitted to the RP as the position of the homebuyers, is a real and not merely theoretical risk which the recording requirement under Regulation 16A(10)(i) is, in part, designed to guard against and make verifiable.

87. At the same time, it is a relevant and mitigating circumstance going to the gravity, though not to the existence, of the contravention that this specific allegation did not form part of the original complaint but was raised suo motu in the course of the Board's own examination, a circumstance which, while not ousting the Board's jurisdiction under Section 218 of the Code to act on matters coming to its notice, calls for care in weighing whether the Appellant had, from the outset of the examination, a fair and specific opportunity to meet a case of continuing default spanning the entirety of a nearly two-year CIRP; further we note that the IBBI's own examination proceeded by calling upon the Appellant to produce the written records of the meetings/consultations, which he did, on the very day such records were sought (09.04.2026), indicating a degree of cooperation, and an absence of concealment, inconsistent with a wilful or contumacious disregard of the Regulation.

88. On above cumulative assessment, we hold that the contravention of Regulation 16A(10)(i) read with sub-regulation (11) is made out, in that the Appellant did not maintain any record identifying the extent of homebuyer participation at his preliminary consultations, distinct from the substance of concerns raised. This finding is, however, one of incomplete documentation of an admittedly and consistently conducted consultation process, rather than of an absence of consultation, or of concealment, or of any consequence traceable to a homebuyer having been left uninformed or unheard. This contravention is carried forward to the proportionality analysis at later stage

89. **<u>ISSUE II-</u> Whether the Appellant's concurrence, without prior instructions of the class of creditors, to the extensions of 17.03.2026 and 19.03.2026 for submission of revised resolution plans, contravened Section 25A (3) of the Code.**

90. We note that Section 25A (1) of the Code confines the AR's obligation to cast an instructed vote to "meetings of the committee of creditors," in accordance with "prior voting instructions... obtained through physical or electronic means." Sub-section (3), on which the Impugned Order rests, provides that the AR shall not act against the interest of the financial creditor he represents and shall always act in accordance with their prior instructions. The word "always" is emphatic, and on a purely textual reading admits no carve-out for matters the AR may subjectively regard as procedural rather than substantive. To this extent, the IBBI findings that an AR has no free-standing discretion to reclassify a matter as

procedural in order to excuse himself from seeking instructions finds support in the plain language of the provision, and on this we are also inclined to hold the same view as a matter of statutory construction. We need to appreciate that the extension impugned here was not the subject of any resolution moved or voted upon at a CoC meeting, rather at best it was an administrative timeline extension granted by the Resolution Professional to PRAs, upon which the Appellant along with other CoC members informally consulted, offered a view by e-mail. This does not, in our assessment, place the matter beyond the reach of Section 25A(3) altogether as the sub-section is not, on its language, confined only to formal votes but it is a circumstance materially bearing on the character and gravity of any default in obtaining instructions, since what was communicated was in the nature of an opinion on an Resolution Professional-driven procedural step, not a vote determining the fate of a resolution plan, the distribution of proceeds, or any other matter substantively affecting creditors' entitlements.

91. We would also like to take into consideration two further circumstances which are of significance in present case. First, the extension of 19.03.2026 to 23.03.2026 was occasioned by an intervening event i.e. the EPFO's claim for provident fund dues which is not shown to have been foreseeable when the CoC met on 06.03.2026 and fixed the original timeline. The Appellant's concurrence was directed at ensuring that a statutory due claim (itself for the ultimate benefit of workmen), was properly addressed in the revised plans, rather than at conferring any advantage on a PRA. Second, the Appellant has pointed to the

practical difficulty of convening a fresh round of formal consultation and voting involving notice, an agenda, a voting window, and collation of results for a class of 1,428 dispersed creditors within the few working days available before the extended deadline, a submission which is not without force, though it cannot by itself dispense with a statutory requirement, if one otherwise applies.

92. We find it relevant factor weighed against the countervailing consideration, correctly emphasised by the IBBI that permitting an AR to determine unilaterally which matters warrant prior consultation and which do not would substantially erode the very check that Section 25A was designed to install , particularly where, the AR's class commanded 91% of the CoC's voting share, such that the AR's individual view, however well-intentioned, effectively substituted for the will of a decisive majority of creditors on a matter (timeline extension enabling PRAs to compete for resolution of the Corporate Debtor) not without consequence for the eventual resolution outcome. It is also material that the Appellant, on his own pleaded practice, held preview meetings before conveying views to the RP on other CoC-agenda items; no corresponding preview meeting preceding the communications of 17.03.2026 or 19.03.2026 specifically has been shown, suggesting an inconsistency between the Appellant's general practice and his conduct on the two occasions actually in issue.

93. On balance, we find that the Appellant's concurrence to the extensions of 17.03.2026 and 19.03.2026, without prior instructions of the class of homebuyers, does contravene Section 25A(3) of the Code, the provision admitting of no textual

exception for matters an AR characterises as procedural. This finding is, however, qualified by the then prevailing circumstances, again relevant to gravity rather than to the existence of the contravention. We need to appreciate the narrow, time-bound, administrative character of the extension in its Resolution Professional-driven origin and further its connection to a statutory due claim of EPFO. It also favours the arguments of the Appellant that it was done for genuine reasons for considerations of EPFO dues rather than to any commercial evaluation of a resolution plan and further the absence of any resolution actually voted upon by the CoC. We give suitable weightage to the fact that there is complete absence of any suggestion that any PRA was thereby favoured, or that the ultimate resolution outcome was altered to the detriment of the class represented by the Appellant.

94. ISSUE III- Whether, even assuming both contraventions to be established, the penalty of cancellation of registration and the consequential disqualification from the Appellant's other, unconnected assignments, is proportionate to the gravity of the established misconduct.

95. We shall now deal the crucial question of penalty which may be distinct from the question of contraventions per se, although we are of opinion that penalty depend on established contraventions. We take into consideration that the doctrine of proportionality, as a facet of judicial/appellate review of disciplinary punishment, was authoritatively stated by Honourable Supreme

Court in case of Ranjit ***Thakur v. Union of India, (1987) 4 SCC 611***, where the Supreme Court held:

> *"Judicial review generally speaking, is not directed against a decision, but is directed against the 'decision-making process'. The question of the choice and quantum of punishment is within the jurisdiction and discretion of the [disciplinary authority]. But the sentence has to suit the offence and the offender. It should not be vindictive or unduly harsh. It should not be so disproportionate to the offence as to shock the conscience and amount in itself to conclusive evidence of bias. The doctrine of proportionality, as part of the concept of judicial review, would ensure that even on an aspect which is, otherwise, within the exclusive province of [the disciplinary authority], if the decision... even as to sentence is an outrageous defiance of logic, then the sentence would not be immune from correction. Irrationality and perversity are recognised grounds of judicial review."*

96. We note that above principle was again applied by Hon'ble Supreme Court in the specific context of disciplinary proceedings against a professional/employee in Chairman-cum-Managing Director, ***Coal India Ltd. v. Mukul Kumar Choudhuri, (2009) 15 SCC 620***, where the Hon'ble Supreme Court, following Ranjit Thakur, B.C. Chaturvedi v. Union of India, and other precedents, held:

> *"In such a situation, unless the court/tribunal opines in its secondary role, that the administrator was, on the material before him, irrational according to Wednesbury or CCSU norms, the punishment cannot be quashed. Even then, the matter has to be*

> *remitted back to the appropriate authority for reconsideration. It is only in very rare cases as pointed out in B.C. Chaturvedi case that the Court might — to shorten litigation — think of substituting its own view as to the quantum of punishment in the place of the punishment awarded by the competent authority."*

and, further extracting the governing principle from B.C. Chaturvedi:

> *"If the punishment imposed by the disciplinary authority or the appellate authority shocks the conscience of the High Court/Tribunal, it would appropriately mould the relief, either directing the disciplinary authority/appellate authority to reconsider the penalty imposed, or to shorten the litigation, it may itself, in exceptional and rare cases, impose appropriate punishment with cogent reasons in support thereof."*

97. From above judgements of the Honourable Supreme Court, we find that two propositions of direct relevance emerge relevant in the present appeal before us. The first, that a reviewing forum will interfere with the quantum of a disciplinary penalty where it is so disproportionate to the proven misconduct as to shock the conscience or amount to an outrageous defiance of logic and the second, that the ordinarily appropriate remedy on such interference is remand to the disciplinary authority for fresh consideration of penalty, this Appellate Tribunal itself substituting a penalty only in rare and exceptional cases, typically to shorten litigation.

98. It is also relevant to note here that Regulation 13(3) of the IBBI (Inspection and Investigation) Regulations, 2017, the very Regulation under which a Show

Cause Notice culminates in an order, contemplates a graduated spectrum of consequences: closure without direction, a warning, suspension or cancellation of an authorisation for assignment, and suspension or cancellation of registration itself, among other appropriate orders. It is thus obvious that the Cancellation of registration is the most severe point on an expressly graduated statutory scale, not the default or only consequence contemplated for an established contravention, and its selection over the lesser alternatives calls for a reasoned justification proportionate to the gravity of what has actually been established.

99. After assessing the present record against that framework, we are of considered view that the circumstances weigh in the Appellant's favour for the various reasons , inter Alia , (a) there is no finding, in the Impugned Order or otherwise, of fraud, dishonesty, personal or pecuniary gain, collusion with any PRA, or conflict of interest; (b) the Appellant's conduct throughout show that nothing was concealed, and the very material now relied upon in his defence was voluntarily furnished by him to the IBBI's examination without demur; (c) no specific instance has been identified of any homebuyer's concern going uncommunicated, or of any prejudice to the class, the CIRP, or the resolution outcome, traceable to either contravention; (d) the Appellant's disciplinary record is otherwise found to be clean so far, in across ten assignments spanning several years, this being his first assignment as an AR, a role materially different , in terms of continuous large-scale stakeholder management, than the other capacities in which he has functioned.

100. We also note few aspects which goes against the Appellant , which we have already noted while examining Issues (I) and (II) above, that: (a) the sheer size of the class he represented (1,428 homebuyers, 91% voting share) heightens rather than diminishes the responsibility to maintain a rigorous, verifiable consultation-and-documentation trail, since the consequence of any lapse is correspondingly magnified (b) the Regulation 16A(10)(i) lapse, on the finding recorded above, persisted without correction across the length of the CIRP and (c) Section 25A(3) admits no self-certified "procedural" exception, and the Appellant's concurrence to both extensions, however well-intentioned, was not preceded by even an informal sounding of the class, in seeming departure from his own general practice.

101. On above detailed cumulative assessment, and mindful that this Appellate Tribunal generally will not like to sit as a disciplinary authority substituting its own preference for that of the IBBI save within the narrow compass identified in Ranjit Thakur and Coal India v. Mukul Kumar Choudhuri (Supra), this Appellate Tribunal finds that the penalty of cancellation of registration — the maximum consequence available on the statutory spectrum under Regulation 13(3) is completely disproportionate to the two contraventions established on this record, each concerning the manner and completeness of the Appellant's discharge of representative and documentary functions, in circumstances devoid of any element of dishonesty, personal benefit, or demonstrated prejudice to any stakeholder.

102. We would like to clarify that in given circumstances, this Appellate Tribunal can intervene and set aside penalty itself or modify penalty without remanding back to IBBI. However, consistent with the ratio as noted in the case of in Coal India v. Mukul Kumar Choudhuri (supra) that the ordinary course, on a finding of disproportion, is remand to the disciplinary authority rather than substitution of penalty by the reviewing forum save in rare cases warranting departure from that course to shorten litigation and taking our findings on Issues (i), (ii) and (iii) , we find appropriate to remand back matter to the IBBI to revisit the quantum of proportionality of extreme penalty of Cancellation of registration. We also give interim protection to the Appellant from operation of the Impugned order till IBBI gives fresh findings. We have already taken on record that Learned Senior Counsel for the Appellant undertook that the Appellant would not accept any fresh assignment in the interregnum, and that the specific assignment in respect of which the impugned punishment was awarded (i.e., the AR-ship of the Corporate Debtor) would stand governed by the replacement resolution already passed by the concerned CoC. The IBBI may give opportunity to the Appellant before imposing revised penalty, as considered appropriate by the IBBI.

103. In view of above detailed discussion, we dispose the appeal in above terms and remand back the matter to the IBBI to determine the quantum of penalty within a period of 30 days from the receipt of the order. There will be however no order as to the cost. IA, if any, stand closed.

[Justice Mohammad Faiz Alam Khan]
Member (Judicial)

[Naresh Salecha]
Member (Technical)

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