

S.No.1

**IN THE NATIONAL COMPANY LAW TRIBUNAL  
HYDERABAD BENCH – 1  
VC AND PHYSICAL (HYBRID) MODE  
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON  
06-05-2026 AT 1:00 PM**

**CP (IB) No. 111/7/HDB/2017  
AND  
IA (IBC) 974/2024 in CP (IB) No. 111/7/HDB/2017  
u/s. 7 of IBC, 2016**

**IN THE MATTER OF:**

IDBI Bank Limited

**...Financial Creditor**

**AND**

Lanco Infratech Limited

**...Corporate Debtor**

**C O R A M :-**

SH. RAJEEV BHARDWAJ, HON'BLE MEMBER (JUDICIAL)

SH. SANJAY PURI, HON'BLE MEMBER (TECHNICAL)

**ORDER**

**IA (IBC) 974/2024**

Present: Mr. G P Yash Vardhan, Ld. Counsel for the Applicant.

Mr. Anugrah Robin Frey, Ld. Counsel for the Respondent No.1.

**Orders pronounced, recorded vide separate sheets.**

**In the result, this application is allowed and disposed of.**

**Sd/-  
MEMBER (T)**

**Sd/-  
MEMBER (J)**

**IN THE NATIONAL COMPANY LAW TRIBUNAL**  
**HYDERABAD BENCH – I**

**IA (IBC) No. 974 of 2024 in**  
**CP (IB) No. 111/7/HDB/2017**

**In the mater of**

**IDBI BANK LIMITED, FINANCIAL CREDITOR**  
**vs**  
**LANCO INFRATECH LIMITED, CORPORATE DEBTOR**

**Between:**

IDBI Bank Limited,  
NPA Management Group,  
IDBI Tower, 7<sup>th</sup> Floor,  
WTC Complex, Cuffe Parade,  
Mumbai – 400 005.  
Rep. by Shri Bhagabat Prasad Patra,  
Deputy General Manager,  
Office at : D.No. 5-9-89/1 & 2,  
Chapel Road, PB No. 370,  
Hyderabad – 500 001.

....Applicant

**And**

1. Mr Savan Godiawala,  
Insolvency Resolution Professional &  
Erstwhile Liquidator of Lanco Infratech Ltd,  
C/o Deloitte Touche Tohmatsu India LLP,  
19<sup>th</sup> Floor, Shapath-V, SG Road,  
Ahmedabad.
2. Deloitte Touche Tohmatsu India LLP,  
19<sup>th</sup> Floor, Shapath-V, SG Road,  
Ahmedabad.
3. Lanco Infratech Limited,  
Represented by its Liquidator  
Ms Anuradha Bisani,  
Office at : Plot No.4, Software Units Layout,  
Hitech City, Madhapur,  
Hyderabad – 500 081.  
Also at :  
3-6-106/A, Om Sri Sai Towers,  
Flat No. 102, Street No. 19,  
Near Vijay Diagnostic Centre,  
Himayatnagar,  
Hyderabad – 500 029.

Respondents

**Date of order : 06.05.2026**

**CORAM:**

Sri Rajeev Bhardwaj, Hon'ble Member (Judicial)

Sri Sanjay Puri, Hon'ble Member (Technical)

**Counsel present:**

For the Applicant : Mr Avinash Desai, Ld Senior Counsel  
along with Mr GP Yashvardhan

For the Respondent No. 1 : Mr Vivek Reddy, Ld Senior Counsel  
along with Mr Pranay Sohini

For the Respondent No. 2 : Mr S Ravi, Ld Senior Counsel  
along with Mr Pratik Reddy

1. This Application is filed by IDBI Bank (The Applicant), seeking directions against Respondent No.1 and 2 to refund the excess amount of Rs. 7,48,73,065/- paid to Respondent No.2 in the form of fees for assisting the Respondent No.1 during the Liquidation Process of the Corporate Debtor (**CD**). The grievance is that such payment was made contrary to the Code & Regulations and not for the benefit of the stakeholders.
2. In this case, Section 7 Application against Lanco Infratech Ltd, Respondent No. 3, was admitted under the IBC<sup>1</sup> and CIRP<sup>2</sup> commenced on 07.08.2017. Since no resolution plan was approved by the Committee of Creditors, on 27.08.2018, liquidation was ordered, and Respondent No.1 was appointed as Liquidator<sup>3</sup>.
3. In the 1<sup>st</sup> meeting of the SCC, Respondent No.1 informed that he had appointed Deloitte Touche Tohmatsu India LLP (**DTTILLP**), Respondent

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<sup>1</sup> Insolvency and Bankruptcy Code, 2016

<sup>2</sup> Corporate Insolvency Resolution Process

<sup>3</sup> Respondent No. 1 was discharged as Liquidator on 19.09.2022, and after another brief appointment, **Ms. Anuradha Bisani** was appointed as the Liquidator of the Respondent No.3 company, who is the current Liquidator representing the CD.

No.2, wherein he himself was a partner, as process advisor to assist and coordinate the entire liquidation process of the Corporate Debtor. The disclosed fee was Rs. 50 lakhs per month + out of pocket expenses at actuals + applicable taxes payable up to completion of liquidation.

4. Pursuant to the 1<sup>st</sup> SCC meeting, in the Joint Lenders Meeting (**JLM**) dated 24.12.2018, which was attended by Respondent No.1 and representatives of Respondent No.2, stakeholders raised concern over the exorbitant fees being paid to Respondent No.2. Respondent No.1 confirmed that the monthly retainer of Rs. 50 Lakhs if paid to Respondent No.2 would be adjusted against the fee payable to the Respondent No.1 as per the Regulations of the Code. The understanding and agreement, as per the Applicant, were that, overall fees payable to Respondent No. 1 and Respondent No. 2 in any event will be restricted to fees payable to Respondent No.1 as prescribed under Regulation 4 of the Liquidation Regulations<sup>4</sup>.

#### **IBBI<sup>5</sup> Disciplinary Committee Proceedings**

5. It is stated that as the matter stood, the IBBI Disciplinary Committee (**DC**) issued a show cause notice<sup>6</sup> dated 13.06.2022 to Respondent No.1, for contraventions committed in the CIRP and liquidation of the Corporate Debtor. Two contraventions were identified, namely, contravention with regard to withdrawal of excess remuneration as Liquidator's fee and contravention with regard to fee of Deloitte Touche Tohmatsu India LLP (DTTILLP).
6. Relying upon, and quoting extensively from the subsequent order dated 18.08.2022 of the Disciplinary Committee, it is submitted that Mr. Savan Godiawala (Respondent No. 1) failed to exercise due care in interpreting his entitlement under Regulation 4 of the Liquidation

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<sup>4</sup> IBBI (Liquidation Process) Regulations, 2016

<sup>5</sup> Insolvency and Bankruptcy Board of India

<sup>6</sup> Under Section 220 of the Code, Regulation 13 of the IBBI (Inspection and Investigation) Regulations, 2017 and Regulation 11 of the IBBI (Insolvency Professionals) Regulations, 2016

Regulations, resulting in withdrawal of excess amounts from the liquidation estate and consequent reduction in value available to creditors.

7. As noted in that order, the arrangement treated the total charge as a fixed sum of Rs.50 lakhs per month, from which the Liquidator's fee was deducted and the balance was billed to DTTILLP as a residual amount. For an illustration, for the period 27<sup>th</sup> August 2018 to 27<sup>th</sup> August 2019 the fee of liquidator and the amount billed by DTTILLP was as follows:

S.No.	Particulars Amount	Amount (Rs.)
1	Overall amount to be charged to CD by Liquidator and DTTILLP {50,00,000 × 12 months} (A)	6,00,00,000
2	Less: Amount Billed by Liquidator (B)	(2,53,85,000)
3	Amount Billed by DTTILLP (A - B)	3,46,15,000

The DC held that such **“fusion of fee of Liquidator with that of residual entitlement of the support services”** to arrive at a total charge being billed against these two entities created an unprecedented situation **“devoid of any commercial wisdom or professional ethics”** and was **“bad in law”**, as the **“provisions of the statute provide for distinct manner in which fee of liquidator is to be fixed independent of consideration whether or not support services are being hired”**.

8. The DC in its order also noted that though the Liquidator had taken mitigating steps by refunding Rs. 92,44,758/- to the liquidation account of the Corporate Debtor, the fact remained that he had withdrawn the excess amount, and any wrong withdrawal from the liquidation estate tantamount to lesser availability of realizable value for the creditors.
9. With regard to DTTILLP, the DC noted that no document was available

to detail the objective criteria adopted for its selection. Even the minutes of 1<sup>st</sup> CoC meeting, held on 12.09.2017, did not disclose any selection criteria. In the 18th CoC meeting (during CIRP), while Respondent No.1 proposed to act as Liquidator on the same terms and DTTILLP would assist him, ICICI Bank informed that the fee structure is stipulated in the Code and the same should be followed. The CoC insisted on adherence to the same structure as prescribed under the Code. The DC observed that from the above decision of CoC, it was evident that Respondent No.1 was instructed to draw fee as per the table-based dispensation provided under Regulation 4(2) of the Liquidation Regulations, 2016, and there was no decision taken on continuation of DTTILLP's services.

10. The Disciplinary Committee also noted that although a liquidator is permitted to appoint professionals under Section 7(1), such appointment must be for reasonable remuneration and with due diligence. The liquidator is required to ensure that both his own fees and expenses incurred (including for professionals) are reasonable. In the present case, the fee paid to DTTILLP was more than double the liquidator's own fee, based on an open-ended arrangement, and given that the liquidator himself was a partner in DTTILLP, this constituted a clear conflict of interest and unreasonable payment.
11. The Disciplinary Committee concluded that there were established contraventions in terms of wrongful withdrawal of fee and hiring of related party without proper identification of scope of work with wrong manner of determination of fee. It observed that Respondent No.1, being a partner in DTTILLP, had paid DTTILLP a fee more than double of his own fee as Liquidator on the basis of an open-ended contract which was neither reasonable nor justified, amounting to a clear case of conflict of interest.
12. It was held that the Liquidator, holding the liquidation estate as a fiduciary for the benefit of all creditors, was required to ensure

remuneration was charged in a transparent manner and was a reasonable reflection of work necessarily undertaken. On these findings, the DC held that mere negligence, oversight or misinterpretation could not justify the over-drawl and suspended the registration of Respondent No.1 for a period of three years.

13. It is submitted that, pursuant to the Order dated 18.08.2022 passed by the Disciplinary Committee, a Joint Lenders Meeting was held on 23.09.2022, wherein the stakeholders took note of the said Order , particularly the findings of the Disciplinary Committee that the services of Respondent No.2 were engaged without well laid out terms of reference, and that the remuneration was structured as a residual amount, resulting in a fusion of fee of Respondent No.1 with that of residual entitlement of the support services, which was held to be bad in law.
14. Reportedly, the stakeholders further took note of the understanding in the Joint Lenders Meeting dated 24.12.2018 that monthly retainer of Rs. 50 lakhs paid to Respondent No.2 would be adjusted against the fees payable to Respondent No.1, and therefore the overall fee payable jointly would be restricted to the fee payable to Respondent No.1 under the Code and Regulations, and accordingly viewed that Rs. 7,48,73,065/- paid to Respondent No.2 was over and above the permissible fee.
15. It is further submitted that in the Joint Lenders Meetings held on 10.07.2023 and 29.08.2023, Respondent No.1 contended that the understanding was that the fee billable by Respondent No.2 would be computed after adjusting the fee payable to Respondent No.1 such that the combined payment did not exceed Rs. 50 lakhs per month. In view of the difference of opinion among lenders, it was decided to obtain their respective stands, and thereafter to initiate proceedings for recovery of the alleged excess fee.

16. The Applicant submits that various e-mails were addressed to Respondent No.1 specifically bringing to his notice the issue of excess fees being paid to Respondent No.2. It was repeatedly pointed out that in the Joint Lenders Meeting dated 24.12.2018, Respondent No.1 had expressly confirmed that the monthly fees of Rs.50 lakhs payable to Respondent No.2 would be adjusted against the fees payable to him under the Liquidation Regulations, and that the maximum amount payable jointly to Respondent No.1 and Respondent No.2 would remain restricted in terms of Regulation 4 of the Liquidation Regulation.
17. It is further stated that Respondent No.1, by e-mail dated 29.09.2022, informed that he had challenged the order dated 18.08.2022 passed by the IBBI Disciplinary Committee before the Hon'ble High Court of Delhi in W.P. (C) No. 13317/2022 along with a stay application. The Delhi High Court, by order dated 14.09.2022, had stayed the IBBI order only to the limited extent of depositing the disgorgement amount.
18. Subsequently, by order dated 11.01.2024, the Hon'ble Delhi High Court set aside the impugned IBBI order and remanded the matter back to the Board with a direction to supply a copy of the Final Inspection Report to Respondent No.1, permit filing of a further or substituted reply to the show cause notice, and thereafter decide the matter afresh in accordance with the Regulations.
19. It is submitted that, in compliance with the above direction, the IBBI Disciplinary Committee provided an opportunity of hearing to the Respondent No.1 and, after hearing the submissions, observed that the enabling provisions permitting appointment of professionals by a liquidator are intended only to assist him in managing the liquidation process, while the fee structure prescribed under Regulation 4(3) of the Liquidation Regulations already takes into account the role and functions of the liquidator. It further ordered that any **“entity engaged to help a liquidator cannot be expected to be entrusted with responsibilities more than that of liquidator so as to justify higher**

**fees to such entity in comparison to that of liquidator**". Accordingly, it was held that engaging DTTILLP, a related entity, on vague terms and conditions and paying it fees more than double of the liquidator's own fee was "**not only unjustified but also malafide**".<sup>7</sup>

20. The Committee further noted in its order dated 04.03.2024, which is relied upon by the Applicant, that while the Resolution Professional's fee during CIRP had been fixed at Rs.75 lakhs per month with DTTILLP assisting him, once liquidation commenced and the CoC insisted upon following the fee structure stipulated in the Code, the liquidator agreed to act as liquidator as per the table-based dispensation under Regulation 4(3). In such a situation, the liquidator's fee was meant to cover all his statutory duties and functions. Professional assistance under Regulation 7(1) could be sought only for work falling within the domain of another professional—such as accounting, valuation, legal or specialist expert services—and not for core functions such as claim verification, taking custody of assets, evaluating assets, inviting and settling claims, which fall within the exclusive domain of the liquidator.
21. On examining the work order dated 28.08.2018 and the activities actually performed by DTTILLP, the Committee found that more than half of the work assigned to DTTILLP corresponded directly to the powers and functions of a liquidator under Section 35 of the Code and the Liquidation Regulations. The provision under Regulation 7(1) could not be used to circumvent the statutory framework by engaging a related party to perform the same duties for which the liquidator was already adequately compensated under Regulation 4. The scope of work was found to be excessively broad, lacking documentation, quantification, and transparency, with no clear justification for the reduction of fees from Rs.50 lakhs to Rs.20 lakhs and later Rs.10 lakhs. Such "**discretion and non-transparency**" were held to point to

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<sup>7</sup> Copy of IBBI Disciplinary Committee Order Dated 04.03.2024 enclosed as Annexure 9 to the Application

unreasonableness in the fees paid to DTTILLP.

22. The Disciplinary Committee upheld the charge that Respondent No.1 **“Mr. Savan Godiawala had engaged DTTILLP on vague terms and conditions and paid unjustified fees without documentation or quantification”**. It further held that **“for carrying out his duties, he engaged the assistance of DTTILLP, which was not in the nature of an appointment of professionals, and paid them fees for work for which he was already duly compensated as per Regulation 4(3)”**.
23. The Disciplinary Committee thus ordered suspension of the registration of Mr. Savan Godiawala for a period of two years. It further observed that professional assistance may be sought only for work requiring specialist expertise, and not for functions to be performed by the liquidator. Noting that more than half of the work assigned to DTTILLP did not require such professional assistance, the Committee imposed a penalty equivalent to half of the fees paid to DTTILLP on Mr. Savan Godiawala, Respondent No.1.

#### **Applicant’s Prayer**

24. It is submitted that, from what is stated supra, Respondent No.1 not only acted contrary to the understanding and agreement arrived at in the Joint Lenders Meeting held on 24.12.2018, but also against the Code and Regulations. Since Respondent No.1 was a partner in Respondent No.2, there was a clear conflict of interest, and he ought to have stopped taking professional assistance from Respondent No.2. However, Respondent No.1 continued to avail the services of Respondent No.2 by paying a fee more than double of his own fees, without the consent of the SCC of Respondent No.3.
25. It is further submitted that Respondent No.1 was holding the liquidation estate in a fiduciary capacity for the benefit of stakeholders and was duty bound to ensure that the fees were paid to the professional in a transparent manner and also a reasonable reflection

of the work necessarily and properly undertaken, and were not inconsistent with the applicable Regulations. However, it appears from the record that Respondent No.1 did not work diligently and transparently with respect to payment of the fees to Respondent No.2. Therefore, Respondent No.1 and Respondent No.2 are liable to refund Rs. 7,48,73,065/- which was paid in excess to Respondent No.2.

**Counter Reply (Respondent No.1)**

26. In the reply filed by Dr. Savan Godiawala, Respondent No.1, has raised a preliminary objection that the present Application filed by IDBI Bank is not maintainable for want of proper authorization. It is submitted that the authorization flowing from the JLM dated 29.08.2023 was limited to the issue of alleged excess fee in view of the IBBI Previous Order dated 18.08.2022, which has been set aside by the Hon'ble Delhi High Court and is therefore non est in the eyes of law. It is further contended that the authorization did not extend to interpretation of the JLM dated 24.12.2018, and that the Fresh Order dated 04.03.2024 is also sub judice, thereby rendering the foundation of the Application untenable.
27. It is submitted that, though in the JLM dated 23.09.2022 it was indicated that an application may be filed under Section 220(5) of the Code, no final decision was taken, and the matter remained inconclusive. Even thereafter, in the JLM dated 10.07.2023, it was agreed that a decision would be taken only upon receipt of expressed stand furnished by the respective lenders. However, in the subsequent JLM dated 29.08.2023, it is evident that there was a difference of opinion and no consensus amongst lenders, yet IDBI proceeded to file the Application.
28. It is thus contended that the reliefs sought are not supported by any valid authorization, particularly since the Previous Order itself stood set aside, and did not deal with allegations of excess fee charged by

DTTILLP. It is also urged that reliance on the Fresh Order is misconceived in view of the pending challenge before the Hon'ble Delhi High Court. On this basis, the Application is characterised as a speculative and adventurous exercise, predicated on a legally untenable basis.

29. It is further contended that the present Application is liable to be dismissed as the Applicant has approached this Tribunal with unclean hands, having indulged in suppression of material documents / material facts. It is submitted that relevant e-mails dated 06.10.2021 and 10.10.2021 sent by Respondent No.1, as well as the e-mail dated 10.07.2023, have been deliberately omitted, despite forming part of the correspondence annexed as Annexure 7 (Colly). It is further stated that in the said e-mails, the Applicant had acknowledged that the Liquidator had absolute authority to decide fees payable to professionals, which contradicts its present stand. It is also pointed out that though the Applicant had filed I.A. No. 1883 of 2024 to bring additional documents on record, the relevant correspondence has still not been produced. On this basis, it is urged that the Application is vitiated by suppression and distortion of facts, and an adverse inference ought to be drawn against the Applicant.
30. A separate objection is raised on limitation, it being submitted that IDBI was fully aware of the fees paid to DTTILLP from the beginning. The first invoice for Liquidator's fee was raised on 25.10.2019 and the first invoice for DTTILLP fee on 26.10.2019, both placed before IDBI. The e-mail dated 04.11.2019 and subsequent correspondence also show complete knowledge of such payments. It is claimed that despite being aware of the fees paid to Respondent No.2 and benefiting from its services, IDBI raised no objection until 30.08.2021, and when it did raise the issue, it accepted the explanation provided by Respondent No.1 as reflected in its email dated 06.10.2021. Since the present Application came to be filed only on 03.04.2024, it is barred by delay

and laches and is beyond the period of limitation, which in any event cannot exceed three years.

31. It is submitted that IDBI, having benefitted from the significant time and efforts of Respondent No.2, is now raising false contentions in a mala fide manner to claw back monies to its own kitty as a secured creditor of Lanco. It is further contended that no dispute was ever raised by IDBI or any other lender regarding the scope or quality of services provided by Respondent No.1 as Resolution Professional and later Liquidator, nor with respect to the services rendered by DTTILLP. In these circumstances, where IDBI has enjoyed the full benefit of such services and payments were made as far back as 13.11.2019, it is urged that IDBI is estopped from seeking any refund, and that the present Application is an opportunistic attempt based on wild and baseless allegations against Respondent Nos.1 and 2.
32. On facts it is submitted by Respondent No.1 that he was appointed as the Interim Resolution Professional (IRP) for the CIRP of the CD vide order dated 07.08.2017 and later confirmed as RP. The CD, being part of the “Dirty Dozen” with the largest non-performing loan exposure, was undergoing resolution at a time when the Code and liquidation framework were in a nascent stage with negligible precedents. As the Liquidator he undertook multiple e-auctions and private sale, and dealt with unsold assets and actionable claims in view of pending arbitration proceedings. The acquisition plan dated 22.09.2021 of KRS Erectors Private Limited for acquiring the CD as a going concern on an ‘as is where is’ basis was ultimately approved.
33. Given the sheer size, significant complexities and extensive nature of the CIRP, it is stated that it would have been impossible for an individual Insolvency Professional to discharge his functions without the aid of a credible and sophisticated professional support entity. The lenders, being a consortium of banks including IDBI, initiated a process to shortlist reputed firms including Deloitte, KPMG,

PricewaterhouseCoopers and Ernst & Young. It is emphasized that even prior to initiation of CIRP, the Applicant had approached DTTILLP as the professional support entity. It is also noted that Respondent No.1 disclosed that he was a partner in DTTILLP in the interests of complete transparency.

34. It is submitted that following rejection of the Resolution Plan submitted by Triveni Earthmovers Private Limited, the CoC in its commercial wisdom resolved to proceed with liquidation under Section 33(1)(a), and Respondent No.1 was appointed as Liquidator vide order dated 27.08.2018. Considering the size and complexity of the CD, including investments in subsidiaries, it was determined that extensive professional support would be required, and DTTILLP, having acted during CIRP, continued as the professional support firm in liquidation. While DTTILLP provided professional advisory services, Respondent No.1 continued to be responsible for discharge of his duties under the Code.
35. The liquidation process is described as an unprecedented mega-project, involving admitted claims of approximately Rs. 54,335 Crores (financial creditors), Rs. 7,005 Crores (operational creditors), and claims of employees and workmen, with assets spread across multiple geographical locations and diverse infrastructure sectors including construction, roads, power, transmission and metro. The process involved closure and monetization of multiple EPC projects, management of 42,000 line items, and handling of about 100 litigation proceedings. The Liquidator is stated to have taken extensive and proactive steps for value maximisation, including engaging with stakeholders and reaching out to potential bidders for sale of assets / actionable claims and acquisition as a going concern.
36. It is further stated that Respondent No.1, in the interests of ensuring transparency, voluntarily consulted stakeholders through SCC meetings, even though the concept of SCC was introduced later on

25.07.2019.

37. In the 1st SCC meeting dated 09.10.2018, the appointment of DTTILLP as professional support entity for a fixed monthly professional fee of Rs. 50 Lakhs (plus expenses and applicable taxes) was disclosed, along with reiteration that he was a partner in DTTILLP. In the JLM dated 24.12.2018, lenders sought renegotiation, and an understanding was arrived at that DTTILLP would adjust its fee against the fee payable to Respondent No.1 as per Regulation 4 of the Liquidation Regulations. A cost conservative approach was thereafter adopted, with fees reducing from Rs. 50 Lakhs per month (average Rs. 28.84 Lakhs) to Rs. 20 Lakhs and thereafter to Rs. 10 Lakhs per month.
38. Essentially the position of the Respondent No.1 is that after being appointed as IRP and later Liquidator of the CD, he was managing an exceptionally large and complex CIRP and liquidation of one of the “Dirty Dozen” companies at a time when the Code was in a nascent stage, and therefore required a credible and sophisticated professional support entity. The engagement of DTTILLP is presented as a lender-driven and transparent process, initiated by a consortium of banks including IDBI, with full disclosure of Respondent No.1’s association with DTTILLP, and continued into liquidation owing to its experience, knowledge and requisite resources. The liquidation is described as an unprecedented mega-project involving massive admitted claims, geographically dispersed assets across multiple sectors, subsidiaries, EPC projects, and numerous litigations, requiring continuous value maximisation efforts and stakeholder engagement. It is further emphasized that Respondent No.1 remained responsible for discharge of his duties under the Code, while DTTILLP acted in a professional advisory capacity, with fees being disclosed, discussed in SCC/JLM meetings, renegotiated and progressively reduced in a cost conservative approach, including adjustment against the Liquidator’s fee as per Regulation 4 of the Liquidation Regulations.

39. About the proceedings before IBBI qua the Respondent No.1, it is submitted that pursuant to a routine inspection carried out by IBBI, an Inspection Order dated 12.10.2020 was passed under Section 196 of the Code read with the Inspection Regulations, followed by a notice of inspection dated 13.10.2020 covering all assignments undertaken by Respondent No.1. Thereafter, a Draft Inspection Report (DIR) dated 11.11.2021 was issued under Section 218 of the Code raising observations in respect of four assignments including that of the CD, to which Respondent No.1 provided detailed comments vide response dated 24.12.2021.
40. Subsequently, on 13.06.2022, the IBBI issued a Show Cause Notice (SCN) under Section 219 of the Code and relevant Regulations, calling upon Respondent No.1 to show cause as to why disciplinary action should not be taken for contravention of provisions of the Code and regulations. In response, Respondent No.1 filed a detailed response dated 04.07.2022, raising preliminary objections including lack of power, violation of natural justice and suppression of the Final Inspection Report, and denying all allegations on merits.
41. It is further submitted that the IBBI, allegedly without due consideration of the response and on wholly erroneous and perverse interpretations, passed the Previous Order dated 18.08.2022, which was challenged before the Hon'ble Delhi High Court in WP (C) No. 13317 of 2022. The Hon'ble High Court, vide order dated 11 January, set aside the Previous Order and remanded the matter to the IBBI, directing supply of the Final Inspection Report and permitting a further / substituted reply.
42. Thereafter, upon receipt of the Final Inspection Report on 18.01.2024, Respondent No.1 filed a Substituted Response dated 01.02.2024 reiterating objections on maintainability, lack of jurisdiction and contravention of regulations, while again denying allegations on merits. However, the IBBI passed the Fresh Order dated 04.03.2024, which has

been challenged before the Hon'ble Delhi High Court in WP (C) 4951 of 2024, and the Hon'ble High Court has directed that no precipitative action shall be taken against Respondent No.1 till final adjudication.

43. On the merits of the Applicant's contentions, it is argued that the allegation that fee was paid to DTTILLP without approval of SCC is misleading, as at the relevant time there was no requirement to constitute an SCC, and hence no requirement to seek approval for fixing fees under Regulation 7(1) of the Liquidation Regulations. It is stated that, nevertheless, in good faith and in the interest of full transparency, the Liquidator conducted the 1st SCC meeting on 09.10.2018, where it was recorded that DTTILLP had been appointed to assist the Liquidator and had been engaged at a monthly fee of Rs. 50 Lakh. It is further emphasised that Regulation 31A providing for SCC was introduced only on 25.07.2019, and therefore the entire premise of lack of approval is misconceived.
44. It is further submitted that although JLM is not a body recognised under the Code, the Liquidator in good faith attended the JLM dated 24.12.2018, where concerns were expressed regarding quantum of fee and the Liquidator agreed to renegotiate. The minutes, including the two versions of JLM minutes, clearly record that the fee payable to the Liquidator would be as per the IBC Regulations, and that DTTILLP agreed to adjust its monthly retainer (Rs. 50 Lakhs per month) against the fee payable to the Liquidator. It is emphasised that a plain reading of JLM minutes shows that while the Liquidator's fee was governed by Regulation 4, DTTILLP was entitled to charge a fee for its services, and discussions were limited to reduction and adjustment, and not that DTTILLP would work pro bono or that its fee was subsumed within the Liquidator's fee.
45. The Respondent contends that the interpretation advanced by IDBI that the combined fee of Liquidator and DTTILLP was to be capped at the Liquidator's fee is patently incorrect, and amounts to having

unilaterally expanded the language recorded in the JLM minutes. It is submitted that the discussions in the JLM must be read in light of the earlier SCC meeting dated 09.10.2018, where DTTILLP fee was proposed, and that no discussion ever took place that DTTILLP would work for free. The subsequent reduction of DTTILLP fee from Rs. 50 Lakhs to Rs. 20 Lakhs and thereafter Rs. 10 Lakhs is relied upon to demonstrate a cost conservative approach, and that such fee was in addition to the Liquidator's fee and not part of it.

46. It is further submitted that the issue regarding DTTILLP fee was addressed and clarified, including through correspondence dated 09.08.2021, wherein IDBI itself suggested that Deloitte fee is to be adjusted against fee payable to liquidator as per IBC table, and the Respondent clarified that the fee structure was in line with discussions with stakeholders / lenders. However, IDBI is stated to have subsequently changed its stand vide email dated 30.08.2021, asserting that the maximum fee payable to the liquidator and Deloitte combined is restricted, which is characterised as an erroneous interpretation not borne out from the JLM minutes, and forming the basis of the present dispute.
47. In view of the above, it is asserted that the interpretation sought to be placed by IDBI on the JLM minutes and the fee arrangement is wholly untenable, being contrary to the plain reading of the record, the contemporaneous understanding of stakeholders, and the framework of the Code and Liquidation Regulations. The arrangement regarding DTTILLP's fee having been disclosed, discussed, renegotiated and consistently acted upon, and the same having been addressed and clarified from time to time, the present attempt to reinterpret such understanding is misconceived. Accordingly, the allegations with respect to excess or impermissible fee are stated to be baseless and without merit, and the Application is liable to be rejected.
48. In view of the foregoing, it is contended that the present Application is

a mala fide attempt to take undue advantage of IBBI orders which are themselves untenable, the Previous Order having already been set aside and the Fresh Order remaining sub judice, with recovery of penalty also stayed. The Application is thus stated to lack any legal or factual foundation, to be contrary to the record, and to be liable to be dismissed forthwith.

**Counter Reply ( Respondent No.2)**

49. According to the DTTILLP, Respondent No.2, the IDBI Application seeking refund of the alleged excess amount paid to DTTILLP is wholly misconceived, an abuse of process of law, and merely an attempt to take undue advantage of the circumstances created by the IBBI orders passed against Respondent No.1. It is specifically stated that the Fresh Order dated 04.03.2024 is itself under challenge before the Hon'ble Delhi High Court and, by order dated 22.05.2024, the High Court has directed that no precipitative action be taken against Respondent No.1 till final judgment.
50. While broadly supporting the stand of Respondent No.1 on maintainability and interpretation of the JLM, Respondent No.2 raises an independent objection that IDBI has no locus standi to seek reliefs directly against DTTILLP and that DTTILLP is neither a necessary nor a proper party. It is submitted that DTTILLP was engaged by Respondent No.1 under a separate contractual arrangement to provide professional support services, the fee was negotiated and mutually agreed with the Liquidator, and there was no contractual privity with IDBI or any other lender. Importantly, the Applicant has not even alleged that services were not rendered by DTTILLP, and therefore no direct claim for refund can lie against it.
51. Respondent No.2 also seeks stay of the present proceedings on the ground that the Application relies substantially on the two IBBI orders. The Previous Order dated 18.08.2022 already stands set aside and is therefore non est in law, while the Fresh Order is presently sub judice

before the Hon'ble Delhi High Court. Since the present Application is founded substantially on findings recorded in those proceedings, it is contended that the matter ought to be stayed till the writ proceedings attain finality.

52. On merits, Respondent No.2 emphasizes that the understanding recorded in the JLM dated 24.12.2018 was never that DTTILLP would cease charging fees or that both the Liquidator and DTTILLP together would be restricted to the fee payable under Regulation 4. The understanding was that DTTILLP's monthly professional fee of Rs.50 lakhs would be adjusted to the extent of the Liquidator's fee for the corresponding month so that the monthly outgo for the stakeholders was capped at Rs. 50 lakhs. The two versions of the JLM minutes and the e-mail correspondence dated 09.08.2021 and 25.08.2021 are relied upon to show that lenders, including IDBI, were always aware that DTTILLP had a separate fee for its services.
53. A distinct defence of Respondent No.2 is that all payments were made from the company account maintained with IDBI itself, and the Applicant, being a member of both the CoC and SCC, was throughout aware of the fees paid to DTTILLP. The fees were repeatedly disclosed in SCC meetings, including the clarification in the 12th SCC meeting dated 24.12.2020 that fees of Deloitte has been reduced significantly to Rs. 20 Lakhs per month effective from August 2019, and were also reflected in progress reports submitted to the Adjudicating Authority, IBBI and IIP-ICAI. No stakeholder raised any objection contemporaneously. It is therefore contended that the present Application is an afterthought, and IDBI is estopped from taking a contrary stand after having accepted and benefited from the arrangement.
54. Respondent No.2 separately addresses the allegation of conflict of interest by pointing out that IDBI was always aware that Respondent No.1 was a partner of DTTILLP and that such relationship was disclosed

even before his appointment as IRP/RP, including in the 1st CoC meeting dated 12.09.2017 and again in the 1st SCC meeting dated 09.10.2018. It is further submitted that at the time of appointment on 28.08.2018, there was no restriction on appointment of a related party of the insolvency professional, and Clause 23B of the Code of Conduct was introduced only on 23.07.2019. Even otherwise, the issue of continuation of DTTILLP post introduction of Clause 23B is stated to have been closed by IBBI itself in the Fresh Order.

55. On the issue of transparency and reasonableness of fees, Respondent No.2 stresses that DTTILLP was not merely a name lender but actually performed extensive professional work including claims verification, preparation of preliminary report, asset memorandum, auction strategy, preparation of liquidation estate, coordination of valuations, interaction with stakeholders, auction documentation, appointment of auction agency, marketing outreach and deliberations on monetisation of group entities. Given the volume and complexity of the work required in the liquidation process of Lanco, it is submitted that it was entirely reasonable for the fees of the professional advisory firm, comprising a team of professionals, to be higher than that of the Liquidator, who is an individual.
56. It is further pointed out that as the scope of work reduced, Respondent No.1 negotiated reduction in DTTILLP's fees and the benefit was passed on to the liquidation estate. Neither the IDBI Application nor the Fresh Order alleges that DTTILLP failed to provide services to the satisfaction of stakeholders or that there was any issue regarding the conduct or quality of process. In the absence of any such allegation, seeking refund of the entire fees paid for work admittedly performed is stated to be grossly unfair, unjust and incorrect in law, and the Application is therefore liable to be dismissed with costs.

#### **Applicant's Rejoinders**

57. The Applicant, in its rejoinders, submits that Respondent No.2 has filed

a counter containing false, baseless and irrelevant allegations only to obfuscate the real issue involved in the present I.A., namely, the refund of excess fees paid to Respondent No.2 by Respondent No.1 from the liquidation estate of the Corporate Debtor. It is denied that the Application is misconceived, an abuse of process, or an afterthought based upon the IBBI disciplinary proceedings.

58. The Applicant has asserted that the grievance regarding exorbitant professional fees payable to Respondent No.2 had been raised by the lenders and stakeholders much prior to the IBBI Orders, and that the Application is founded upon the decision taken by the stakeholders and the applicable provisions of the Code and Liquidation Regulations, and not upon the findings of the IBBI.
59. It is reiterated that the understanding recorded in the Joint Lenders Meetings and CoC meetings was clear that the fees payable to Respondent No.2 were to be adjusted against the fee payable to Respondent No.1 as Liquidator, and that the combined fee payable to both could not exceed the fee structure prescribed under Regulation 4 of the Liquidation Regulations, 2016. The Applicant referred to the statements made by Respondent No.1 in the meetings and submitted that no separate fee structure for Respondent No.2 was ever approved.
60. It is specifically denied that two conflicting versions of minutes were circulated; rather, revised minutes were issued only to incorporate an omitted discussion point conveyed by ICICI Bank, and neither Respondent No.1 nor Respondent No.2 objected to the same at the relevant time. The allegation that the lenders later changed their position is therefore stated to be false and misleading.
61. It is further submitted that repeated objections were raised by IDBI through various e-mails from 2021 onwards, including communications dated 09.08.2021, 30.08.2021, 23.09.2021, 30.09.2021, 21.07.2022 and thereafter, specifically recording that fees

paid to Respondent No.2 had to be adjusted against the Liquidator's fees and that the liquidation costs incurred were not proportionate to the amount realised. It is emphasised that all bank advices were issued under the authority of the Liquidator and mere knowledge of such payments could not amount to consent or approval. The allegation that the Applicant remained silent and has now raised objections opportunistically is therefore denied. According to the Applicant, lenders were under the bona fide impression that the payments were being made in accordance with the understanding recorded in the 1st JLM and only later it became evident that excess amounts had been drawn.

62. On the objection regarding maintainability and impleadment of Respondent No.2, the Applicant submits that Respondent No.2 is both a necessary and proper party, since Respondent No.1 is a partner in Respondent No.2 and had admittedly availed its services during CIRP and liquidation. The fees paid to Respondent No.2 formed part of the liquidation cost and were paid out of the liquidation estate, thereby directly affecting stakeholder recoveries under the waterfall mechanism under Section 53. Since Respondent No.2 is the recipient of the excess fees and was also present in the meetings where the fee arrangement was discussed, the relief for refund cannot be effectively adjudicated in its absence.
63. The rejoinders also deny the contention that the present proceedings ought to be stayed on account of the pending writ proceedings before the Hon'ble Delhi High Court. It is submitted that the High Court order dated 22.05.2024 merely stayed recovery of penalty imposed by the IBBI Disciplinary Committee and did not stay adjudication of the present I.A. The Applicant maintains that the relief sought herein is distinct and independent of the IBBI proceedings. Even otherwise, the previous IBBI Order itself had taken note of Respondent No.1 availing services of Respondent No.2, which was a related party concern. It is

therefore contended that Respondent No.2 cannot avoid adjudication of the excess fee issue by projecting the present I.A. as merely derivative of the IBBI orders.

64. The Applicant further alleges that Respondent No.1, being a partner in Respondent No.2, continued to engage Respondent No.2 despite the clear conflict of interest and the prohibition introduced under Clause 23B of the Code of Conduct with effect from 23.07.2019, which bars an insolvency professional from engaging relatives or related parties. It is submitted that most of the activities claimed by Respondent No.2 fell within the domain of duties to be discharged by Respondent No.1 himself, and Regulation 7(2) specifically prohibits outsourcing of such duties except where permitted. The Applicant contends that Respondent No.1 failed to act transparently while holding the liquidation estate in a fiduciary capacity and continued to pay Respondent No.2 fees far exceeding permissible limits, in some cases more than double of his own fees, thereby causing grave loss to the stakeholders, who are financial institutions and custodians of public money.
65. On the above basis, the Applicant maintains that Respondent No.1 acted contrary to the decisions taken in the meetings, contrary to the Code, Liquidation Regulations and the Code of Conduct, and without proper disclosure or approval of the stakeholders. The excess amount of Rs. 7,48,73,065/- paid to Respondent No.2 is stated to have reduced the amount distributable to creditors from the liquidation estate. Accordingly, both Respondent No.1 and Respondent No.2 are stated to be jointly liable to refund the said amount, and the Applicant prays for allowing the I.A. in full.

### **Findings & Decision**

66. We have gone through the rival submissions and the records placed before us and have carefully considered the arguments advanced by the Ld Counsels on behalf of the Applicant and the Respondents.

67. It is an admitted position that during the period from 27.08.2019 to 30.06.2021, payments made to DTTILLP amounted to Rs. 7,48,73,065/- over and above the payments made to Respondent No.1, as Liquidator, which stood at Rs. 3,15,25,914/-. The Applicant, through the present Application, seeks refund of the said amount of Rs. 7,48,73,065/- into the liquidation estate.

68. The core issue to be decided in this matter is therefore:

**Whether the fees paid by Respondent No.1 (erstwhile Liquidator) to Respondent No.2 (DTTILLP), a firm in which he was a partner, for assisting in the liquidation process were in excess of and contrary to the fee structure prescribed under the IBC and the Liquidation Regulations, as well as the understanding recorded in the Joint Lenders Meeting dated 24.12.2018, thereby rendering Respondent Nos. 1 and 2 liable to refund Rs. 7,48,73,065/- to the liquidation estate of the Corporate Debtor?**

69. Before proceeding to determine the central issue arising in the present matter, it is necessary to advert to the prior proceedings before the IBBI Disciplinary Committee. The said proceedings also examined the issue of withdrawal of excess amounts by Respondent No.1 Mr. Savan Godiawala, from the liquidation estate towards payments made to Respondent No.2 and to himself, resulting in a corresponding diminution of the value available to creditors, and the litigation that followed therefrom.

70. The initial order of the IBBI Disciplinary Committee, dated 18.08.2022, was set aside on the grounds that it failed to meet the requisite standards of natural justice. Following a fresh consideration of the matter, the Committee issued a subsequent order on 04.03.2024. This order meticulously evaluated all aspects of the case, including the

detailed submissions of Mr. Savan Godiawala, and arrived at the conclusion that the Insolvency Professional was guilty of malfeasance in the conduct of liquidation proceedings.

71. The specific contraventions noted by the Committee pertained to the improper delegation of statutory duties and the authorization of excessive payments to DTTILLP, an entity in which Mr. Savan Godiawala was a partner. Consequently, the IBBI directed a two-year suspension of his registration and mandated the refund of fifty percent of the professional fees into the Consolidated Fund of India. This finding of professional misconduct underscored the high fiduciary standards expected of an appointee under the IBC.
72. The aforesaid order came to be challenged before the Hon'ble Delhi High Court. The learned Single Judge, by order dated 09.09.2025, examined the matter and declined to interfere with the disciplinary action, thereby affirming the findings of the IBBI Disciplinary Committee. The Hon'ble Court observed that the insolvency process can work properly only if insolvency professionals strictly follow the rules and maintain high standards of conduct.
73. The Hon'ble Court, while explaining the object of the Code and the role of insolvency professionals, observed that

***“The purpose of the IBC is revival of a company. A Resolution Professional takes complete charge of the company when the company is undergoing through resolution process. His role is to see whether the company can be revived or not.”***

It further held, in the context of liquidation, that

***“Similarly, it is also the function of a Liquidator of the company, where revival is not possible, to ensure that the assets of the company are not frittered away which are meant to repay the Government dues, the wages of the employees, who have not been paid, and the other dues.”***

The Hon'ble Court also emphasised that

***“The Insolvency Professional itself cannot become a predator of a company which itself is in the dire financial strains. Such professionals who act more like scavengers of a dead body for their own ulterior motives have to be dealt with severely as they strike at the heart rather the very object of the IBC.”***

Coming to the conduct of Mr. Savan Godiawala, Respondent No.1 herein, the Hon'ble Court recorded that

***“The conduct of the Petitioner has been first scrutinized by the Investigating Authority which found substantial deficiencies in the conduct and performance of the Petitioner inasmuch the Petitioner failed to maximise the returns to the creditors by withdrawing excessive fee from the Liquidation estate of Lanco, hiring of external agency and allowing them huge fees for the tasks that were supposed to be done by the Petitioner himself...”***

and further held that

***“The facts of the case [do] indicate a lack of devotion on the part of the Petitioner in... engaging an entity in which he was a partner to perform functions which the Petitioner could have undertaken himself and thereby, saving substantial amount of money that has to be paid.”***

74. It is reported that an appeal against the said order of the learned Single Judge is presently pending before the Division Bench of the Hon'ble Delhi High Court. The Division Bench has directed that the amount of penalty imposed by the IBBI vide order dated 04.03.2024 be deposited by the appellant (Respondent No.1) with the Registry of the Court in the name of the Registrar General. No stay has been granted on order of the Hon'ble Single Judge order dated 09.09.2025.

#### **Regulation 4**

75. Be that as it may, to decide the core issue<sup>8</sup> before us we have to look

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<sup>8</sup> Whether the fees paid by Respondent No.1 (erstwhile Liquidator) to Respondent No.2 (DTTILLP), a firm in which he was a partner, for assisting in the liquidation process were in excess of and contrary to the fee structure prescribed under the IBC and the Liquidation Regulations, as well as the understanding recorded in

into the fee structure prescribed under the IBC and the Liquidation Regulations, and the understanding regarding the fees payable to DTTILLP as recorded in the Joint Lenders Meeting dated 24.12.2018, which has been interpreted differently by the rival parties.

76. So far as the fee payable to the Liquidator is concerned, Regulation 4 of the Liquidation Regulations provide as follows:

**4. Liquidator's fee**

(1) The fee payable to the liquidator shall form part of the liquidation cost.

(2) The liquidator shall be entitled to such fee and in such manner as has been decided by the committee of creditors before a liquidation order is passed under sections 33(1)(a) or 33(2).

(3) In all cases other than those covered under sub-regulation (2), the liquidator shall be entitled to a fee as a percentage of the amount realized net of other liquidation costs, and of the amount distributed, as under:

Amount of Realisation / Distribution (In rupees)	Percentage of fee on the amount realized / distributed:			
	in the first six months	in the next six months	in the next one year	Thereafter
<b>Amount of Realisation (exclusive of liquidation costs)</b>				
On the first 1 crore	5.00	3.75	2.50	1.88
On the next 9 crore	3.75	2.80	1.88	1.41
On the next 40 crore	2.50	1.88	1.25	0.94
On the next 50 crore	1.25	0.94	0.68	0.51
On further sums realized	0.25	0.19	0.13	0.10
<b>Amount Distributed to Stakeholders</b>				
On the first 1 crore	2.50	1.88	1.25	0.94
On the next 9 crore	1.88	1.40	0.94	0.71
On the next 40 crore	1.25	0.94	0.63	0.47
On the next 50 crore	0.63	0.48	0.34	0.25
On further sums distributed	0.13	0.10	0.06	0.05

(4) The liquidator shall be entitled to receive half of the fee payable on realization under sub-regulation (3) only after such realized amount is distributed.

**18<sup>th</sup> CoC Meeting**

77. It is relevant here to refer to the 18th CoC meeting<sup>9</sup> held on 02.05.2018, wherein the CoC resolved to proceed with liquidation under Section 33(1)(a). In the said meeting, Respondent No.1, then acting as the

the Joint Lenders Meeting dated 24.12.2018, thereby rendering Respondent Nos. 1 and 2 liable to refund Rs. 7,48,73,065/- to the liquidation estate of the Corporate Debtor?

<sup>9</sup> Page 48 – 58 of R2 Counter

Resolution Professional and Chair of the meeting, recorded that he had:

**“... proposed to act as the Liquidator on same terms (including the fee) as RP and DTTILLP shall assist him in discharging his duties as a liquidator.”**

The minutes further record that:

**“ICICI bank informed that fee structure is stipulated in the Code and the same should be followed. The spirit of the Code to introduce a fee structure is to ensure recovery in a timely manner. RP's representative informed that having a success fee-based structure may lead to lower recovery to the stakeholders as liquidator's fee could be higher than in case of retainer-based arrangement. However, the CoC insisted to follow the same structure as per the Code. RP's representative said that RP does not have any issue and is agreeable to act as liquidator as per suggestions of CoC and directions from NCLT.”**

These minutes clearly show that, at the stage when liquidation was being contemplated, the CoC specifically insisted that the fee structure prescribed under the Code be followed, even though it was proposed that DTTILLP would continue to assist Respondent No.1 during liquidation.

78. It is also material to note that during the CIRP, when the fee of the Resolution Professional was fixed at Rs. 75 lakhs per month in the 1st CoC meeting<sup>10</sup> held on 12.09.2017, Respondent No.1, acting as the Resolution Professional and Chair of that meeting, “assured support and backing of DTTILLP, the Institution of which he is also a Partner” and “showed the interest in being appointed as Resolution Professional with DTTILLP assisting him in discharging his duties”, without any stipulation for a separate fee payable to DTTILLP. Further, the agenda item relating to creation of a reserve fund to meet expenses does not provide for any separate fee to DTTILLP, even though expenses for engagement of other professionals such as security services, legal counsel, valuation agency, forensic auditor, etc., were specifically

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<sup>10</sup> Page 85 – 109 of R1 Counter

provided for.

79. A conjoint reading of the minutes of the 1st CoC meeting, wherein the fee of the Resolution Professional was fixed and the assistance of DTTILLP in discharge of his duties was noted, and the minutes of the 18th CoC meeting, where liquidation was being contemplated and it was specifically recorded that the fee structure prescribed under the Code be followed, along with the proposal that DTTILLP would continue to assist Respondent No.1 as Liquidator, makes the position clear. At both stages—at the commencement of CIRP as well as at the threshold of liquidation—there was no stipulation for any separate fee to be paid to DTTILLP, notwithstanding that the RP/Liquidator was to be compensated in terms of the agreed fee structure, i.e., Rs. 75 lakhs per month during CIRP and thereafter in accordance with the fee structure prescribed under the Code during liquidation, with no separate payment envisaged for DTTILLP by the CoC at any stage.

**1<sup>st</sup> SCC Meeting**

80. We now refer to the 1st meeting<sup>11</sup> of the Stakeholders' Consultation Committee (SCC) held on 09.10.2018. In the said meeting, Respondent No.1, by then appointed as Liquidator, informed the stakeholders that he had appointed DTTILLP, Respondent No.2, a firm in which he himself was a partner, as a professional advisor to “**assist the Liquidator and coordinate the entire liquidation process**” of the Corporate Debtor. It was also specifically recorded that “**...the cost of DTTILLP is significantly lower than that incurred in CIRP process and is subject to the relevant provisions of the Code and the regulation therein**”. The fee structure placed before the stakeholders was stated to be Rs. 50 lakhs per month, together with out-of-pocket expenses at actuals and applicable taxes, payable up to completion of liquidation.

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<sup>11</sup> Page 28 – 36 of the Application

**Engagement of DTTILLP and Scope of Work**

81. However, it is material to note that even prior to the said 1st SCC meeting, Respondent No.1, on 28.08.2018, i.e., one day after his appointment as Liquidator by this Authority, had issued a Work Order / Engagement Letter dated 28.08.2018 to DTTILLP. While the said document has not been placed before this Tribunal, a crucial portion thereof has been referred<sup>12</sup> to in the IBBI order dated 04.03.2024, wherein it is recorded that

**“It is observed that DTTILLP, where Mr. Savan Godiawala is a partner, was appointed by him vide work order dated 28.08.2018 to assist him in taking control and managing affairs of the CD and other obligations as the liquidator of the CD”**

The submissions of Respondent No.1 before the IBBI Disciplinary Committee are also aligned with the above observation, wherein it has been stated that:

**“The scope of services provided by DTTILLP was all encompassing except for providing valuation services, e-auction platform related services and legal advisory. DTTILLP was engaged to provide professional advisory services to assist the Insolvency Professional who was managing the affairs of CD1 and discharging his other functions during the liquidation of CD-1, because of which a comprehensive scope of work (and not at all vague), was stipulated in the Work Order”**

82. Equally significant are the details of the work undertaken by DTTILLP, as placed on record by Respondent No.1 before the IBBI Disciplinary Committee and considered in the IBBI order. In para 3.3.46 of the said order, the **“work done by the DTTILLP as submitted by Mr Savan Godiawala”** has been set out alongside the delineation of the statutory duties of the Liquidator under IBC.

Sr.	Activity where assistance of DTTILLP was sought	Duty of Liquidator
1	Claim verification	Section 35(1)(a) to verify claims of all the creditors;

<sup>12</sup> Paras 3.3.2 & para 3.3.13 of IBBI Order dated 04.03.2024 at Page 90-97 of Application

**Case Citation: (2026) ibclaw.in 1353 NCLT**

NCLT, HYDERABAD BENCH-I  
 IA (IBC) No. 974 of 2024 in  
 CP (IB) No. 111/7/HDB/2017  
 Date of Order : 06.05.2026

2	Planning and strategy for the auction of the CD-1, businesses, and assets	Regulation 33 of Liquidation Regulations
3	Preparation of liquidation estate and preparation for auction – data collation from various sites, review of assets and their categorization for first auction.	Section 36
4	Coordination and facilitation of valuation of assets	Regulation 35 of Liquidation Regulations
5	Preparation of reports such as preliminary report, asset memorandum, marketing documents, etc.	Regulation 34 of the Liquidation Regulations
6	Interactions with the stakeholders, including through conduct of Stakeholders' meetings	Regulation 31A of Liquidation Regulations.
7	Preparation of process documents for auction of the Corporate Debtor, businesses, and assets	Clause 3 Schedule I of Liquidation Regulations
8	Appointment of auction agency	Clause 8 of Schedule I of Liquidation Regulations
9	Discussion and planning the details of auction process with appointed auction agency	Clause 2 of Schedule I of Liquidation Regulations
10	Initial marketing thrust and reach out to potential buyers	With the help of a marketing professional
11	Deliberation with stakeholders on the possible monetization of group entities for the benefit of stakeholders, whether as part of liquidation or outside liquidation process	Regulation 31A of Liquidation Regulations.
12	Discussions with SAIL and various stakeholders and efforts towards realizing value from a coal mining contract of Corporate Debtor	Regulation 31A of Liquidation Regulations.
13	Identifying EPC projects and potential receivables for recovery	Section 35(1)(b) to evaluate the assets and property of the corporate debtor in the manner as may be specified by the Board and prepare a report;
14	Bids for sale as a going concern at later stage	Regulation 32 of Liquidation Regulations.
15	Filing of progress reports and compliances	Regulation 15 of the Liquidation Regulations "The liquidator shall submit Progress Reports, in the format stipulated by the Board, to the Adjudicating Authority and the Board"

83. It is evident that bulk of the work claimed to have been performed by DTTILLP was within the domain of the Liquidator himself, who was to

be remunerated out of the liquidation estate under Regulation 4(1) of the Liquidation Regulations, and did not pertain to any distinct or specialised professional domain warranting separate engagement.

84. In this regard, the IBBI order (as confirmed by the Hon'ble Delhi High Court, Single Judge Bench) specifically observed that:

**“The provision for seeking assistance under regulation 7(1) of the Liquidation Regulations cannot be circumvented to engage a related party and pay it a fee more than what is envisaged for a liquidator under regulation 4 of the Liquidation Regulations.”**

and further concluded that

**“The DTTILLP engaged herein performed the same functions as provided for a liquidator and which do not fall in the domain of another professional and charge fees more than the liquidator itself.”**

In view of the above, the engagement of DTTILLP and the payment of fees thereto for such overlapping functions cannot be sustained in law and constitutes an impermissible and unjustified depletion of the liquidation estate.

### **Regulation 7**

85. Here it is useful to look at the provisions of Regulation 7 of the Liquidation Regulation, which give the Liquidator authority to appoint professionals to assist him in discharge of his duties.

#### **7. Appointment of professionals.**

- (1) A liquidator may appoint professionals to assist him in the discharge of his duties, obligations and functions for a reasonable remuneration and such remuneration shall form part of the liquidation cost.
- (2) The liquidator shall not appoint a professional under sub-regulation (1) who is his relative, is a related party of the corporate debtor or has served as an auditor to the corporate debtor in the five years preceding the liquidation commencement date.
- (3) A professional appointed or proposed to be appointed under sub-regulation (1) shall disclose the existence of any pecuniary or personal relationship with any of the stakeholders, or the

concerned corporate debtor as soon as he becomes aware of it, to the liquidator.

86. Regulation 7 makes it clear that the Liquidator is authorised to appoint professionals to “assist” him in the discharge of his duties. The significance of this provision lies in the nature of such assistance. Later part of the sub-regulation (1) provides that the remuneration payable to such professionals forms part of the liquidation cost. This is distinct from the remuneration payable to the Liquidator under Regulation 4(1) also forming part of the liquidation cost. This structural separation indicates that the engagement of professionals is not intended to substitute the Liquidator’s own functions, but to support him in areas where assistance is required.
87. The scheme of the Regulations thus draws a clear distinction between (i) the remuneration of the Liquidator for discharge of his statutory functions, and (ii) the remuneration of professionals engaged to assist him. While both constitute liquidation cost, they serve different purposes. The assistance contemplated under Regulation 7 is, therefore, in the nature of supplementary or specialised support, and not for functions which the Liquidator is himself required to perform and for which he is compensated under Regulation 4.
88. In the present case, Respondent No.1, as Liquidator, appointed Respondent No.2 (DTTILLP) to “coordinate the entire liquidation process”, which is a function squarely falling within the domain of the Liquidator. Such an engagement travels beyond the scope of “assistance” envisaged under Regulation 7 and results in duplication of the Liquidator’s role. This stands in contrast to other professionals ordinarily engaged during liquidation—such as valuers, auditors, and legal counsel—whose functions are distinct and specialised, do not overlap with the core responsibilities of the Liquidator, and are legitimately required to assist him in the proper discharge of his duties.
89. The judgment of Delhi High Court dated 09.09.2025 in the case of

Respondent No.1, which has been discussed in the earlier part of this order, also articulated similarly to hold that:

***“As per Liquidation Regulations, a liquidator can engage services of professionals to assist him... however, those services should fall within the domain of a professional, for example, accounting professional, auditing professional, marketing professional, valuation professional, legal professional.”***

90. The IBBI, in its **Circular No. IP/003/2018 dated 03.01.2018**, had also clarified that the Insolvency and Bankruptcy Code, 2016 read with the regulations casts specific duties and responsibilities upon an insolvency professional. It was noted that an insolvency professional is required to perform various tasks while acting as an Interim Resolution Professional, Resolution Professional, Liquidator or Bankruptcy Trustee, including management of the operations of the corporate debtor as a going concern, and inviting, examining and placing resolution plans before the committee of creditors. The Circular further recognised that, to assist in carrying out these responsibilities, the Code permits engagement of accountants, legal or other professionals, as may be necessary.
91. Though the aforesaid Circular was subsequently rescinded on the ground that the position was already codified, the underlying principle continues to be reflected in the regulatory framework. Regulation 7(2)(bb) of the IP Regulations<sup>13</sup> provides that the registration of an insolvency professional is subject to the condition that he ***“shall...not outsource any of its duties and responsibilities under the Code, except those specifically permitted by the Board.”*** This reinforces the position that while assistance may be taken from professionals, the core duties and responsibilities under the Code cannot be delegated or

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<sup>13</sup> Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016

outsourced.

**JLM of 24.12.2018**

92. The next document of significance is the minutes of the Joint Lenders Meeting (JLM) held on 24.12.2018 where the matter of remuneration to DTTILLP was deliberated. The said minutes<sup>14</sup> circulated by the Applicant Bank and agreed amongst the attendees, including Respondent No.1 / Liquidator, after exchange of e-mails, specifically recorded the discussion regarding remuneration payable to DTTILLP. It was noted that,

“... on a specific query, it was clarified that the fee payable to the Liquidator would be as per the IBC Regulations. It was informed that the service of Deloitte, as Advisor has been engaged for a fee of Rs. 50 lakhs per month. The members expressed concern over such high fees payable to Deloitte. **The Liquidator confirmed that the monthly retainer of Rs. 50 lakhs, if paid to Deloitte, would be adjusted against the fee payable to the Liquidator as per the IBC Regulations**”.  
*(emphasis provided)*

93. This recording assumes central importance, as the interpretation of this understanding lies at the heart of the present dispute regarding whether there was an agreement between lenders that DTTILLP was entitled to an independent fee over and above the Liquidator’s statutory remuneration.

94. On behalf of Respondent No.1, it has been contended, relying upon the text of the JLM minutes, that the lenders had agreed to a monthly retainer of Rs. 50 lakhs to be paid to DTTILLP, which was to be “adjusted” against the fee payable to the Liquidator. It is submitted that, on this understanding, Respondent No.1 computed his fee in accordance with the Regulations and paid the balance amount out of Rs. 50 lakhs to DTTILLP. It has further been argued that, based on such understanding of the aforesaid minutes, Respondent No.1 was justified

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<sup>14</sup> Revised and agreed minutes circulated by IDBI Bank through email dated 07.01.2019

in making payments to DTTILLP over and above the fee payable to him under the Regulations, subject to an overall cap of Rs. 50 lakhs per month.

95. On the other hand, the case of the Applicant is that any retainer payable to DTTILLP was required to be “adjusted” within the remuneration payable to the Liquidator under the Code and the Regulations, and that any payment made over and above such prescribed remuneration is unjustified and impermissible.

**Email Exchange between Parties**

96. The email exchanges between IDBI and Respondent No.1 regarding the issue of excess fees are of considerable relevance. In particular, emails dated 09.08.2021, 30.08.2021, 23.09.2021, 30.09.2021 and 21.07.2022, as well as the emails dated 05.10.2021 and 06.10.2021 relied upon by Respondent No.1, require examination to determine whether IDBI had raised contemporaneous objections, whether there was any acquiescence, and whether any issue of suppression or estoppel arises.
97. The email dated 09.08.2021, sent by one Arvind Bansal on behalf of the Applicant Bank (IDBI), raised a query regarding the fee payable to Respondent No.2, stating:

“The available records suggests that Deloitte monthly fee is to be adjusted against the fee payable to Liquidator as per IBC table. Kindly provide date-wise Amount realised from the liquidation of the company assets and amount distributed to the Stakeholders. A detailed calculation of the Liquidator fee be provided.”

By this communication, the Applicant clearly raised an issue regarding the fee structure, with specific reference to the understanding recorded in the JLM minutes.

98. This position was reiterated and elaborated in the subsequent email dated 30.08.2021, wherein it was stated that:

“As per the 1st Stakeholder meeting held on October 9, 2018, Liquidator has informed about the appointment of Deloitte to assist him and coordinate the entire liquidation process... Accordingly it is clear that the maximum fee payable to the Liquidator & Deloitte combined is restricted to the fee payable to the Liquidator as per the IBC regulations. In view of the above, we request you to do the needful to bring back the fee drawn in excess of the eligible Liquidator fee, if any, to the Liquidation estate.”

This communication unequivocally records the Applicant’s understanding that the combined fee payable could not exceed the fee permissible under the Regulations.

99. In the email dated 23.09.2021, the Applicant once again flagged the issue, stating that:

“As you are aware, certain cost matter (especially Deloitte fee etc) are under discussion with the Stakeholders. Costs incurred are not in proportion to the amount realised from the liquidation”

This was followed by the email dated 30.09.2021 reiterating that:

“... certain cost matters (especially Deloitte fee, liquidator fee, legal counsel fee, employee cost etc) are under discussion with the stakeholders. Costs incurred are not in proportion to the amount realised from the liquidation.”  
These communications demonstrate that the issue of disproportionate costs, particularly with respect to Deloitte fees, was being actively raised and discussed.

100. The same position was reiterated in the email dated 21.07.2022, wherein it was stated that:

“As per the 1st Stakeholder meeting held on October 9, 2018... Accordingly maximum fee payable to both Liquidator and Deloitte is restricted to the applicable fee payable to Liquidator as stipulated under IBC.”

This reinforces the consistent stand of the Applicant regarding the interpretation of the JLM minutes and the permissible fee structure.

101. The Respondents have relied upon the email dated 06.10.2021 (in response to the Liquidator’s email dated 05.10.2021) to contend that the Applicant had admitted that the Liquidator had absolute authority in relation to operational matters, including the liquidation account.

The said email records:

“Kindly note that Liquidator's liquidation account with IDBI Bank is an independent relationship... However Liquidator in his absolute authority may not agree with the concerns raised by IDBI bank as a stakeholder in liquidation proceedings.”

However, a plain reading of this communication shows that it relates to operational autonomy of the liquidation account and does not dilute or withdraw the substantive objections raised by the Applicant regarding the fee structure.

102. It is thus evident from the aforesaid email exchange that there existed a continuing and substantive difference of opinion between the Applicant, being the lead banker in the consortium of lenders, and Respondent No.1 with regard to the interpretation of the JLM minutes dated 24.12.2018 and the permissibility of fees paid to DTTILLP.
103. In such circumstances, it was incumbent upon the Liquidator to place this divergence before the Adjudicating Authority to obtain clarity on the issue. While the mandatory requirement in this regard was introduced subsequently by way of the proviso to Regulation 31A(10) of the Liquidation Regulations, the obligation to act with transparency and disclose material disputes existed in any event. At the very least, the Liquidator ought to have reflected this issue in his periodic progress reports. However, a perusal of the Progress Reports filed for the quarters ending December 2020 to September 2022 reveals that there is no reference whatsoever to this dispute or divergence regarding the fees paid to DTTILLP, despite the same being clearly evident from the contemporaneous email correspondence. The Liquidator neither disclosed this issue in his reports nor sought any adjudication from this Authority in respect thereof.

#### **Services rendered by DTTILLP**

104. The submissions advanced on behalf of DTTILLP, Respondent No.2 that no deficiency in services has been alleged and that extensive work was

in fact performed during the liquidation process do not, in our considered view, address the core issue arising for determination. The question before us is not whether services were rendered, but whether the remuneration paid for such services was in accordance with the scheme of the Code and the Liquidation Regulations. As already held, the functions discharged by DTTILLP substantially overlapped with the statutory duties of the Liquidator, for which the Liquidator is remunerated under Regulation 4. The fee structure prescribed therein is intrinsically linked to the value realised from liquidation, such that higher recoveries yield higher remuneration to the Liquidator. Permitting separate payments for the same set of functions would not only defeat this calibrated framework, but would also open the door to undesirable outcomes where a Liquidator could appoint any professional consultant and pay unregulated and excessive fees for work, he is himself required to perform, while simultaneously drawing his own fee under the Regulations.

105. The other contention that the fee paid to DTTILLP was the result of a mutually agreed and transparent arrangement, and that stakeholders had knowledge thereof, is equally untenable. It is well settled that any understanding between parties or stakeholders cannot override the statutory framework governing liquidation costs. The remuneration of the Liquidator under Regulation 4 constitutes the permissible fee for discharge of his functions, and any engagement of professionals must necessarily be structured within that framework. Where, as in the present case, the remuneration payable to DTTILLP ought to have been subsumed within the fee payable to the Liquidator, any payment made over and above such entitlement, even if disclosed or not objected to at the time, cannot be sustained. The plea of equity or avoidance of a so-called “windfall” is misplaced, as restitution of amounts impermissibly drawn from the liquidation estate is not a matter of equity, but that of statutory compliance and protection of stakeholder interests under the Code.

**Conclusion & Order**

106. In view of the foregoing discussion, we are of the considered view that the fee arrangement adopted by Respondent No.1 in engaging Respondent No.2 (DTTILLP) was contrary to the scheme of the Code and the Liquidation Regulations. The statutory framework clearly delineates the remuneration payable to the Liquidator under Regulation 4, which is calibrated to the realisations made during liquidation and is intended to encompass the discharge of his core functions. The engagement of professionals under Regulation 7 is only to provide supplementary or specialised assistance, and cannot be utilised to delegate or duplicate the Liquidator's statutory duties. In the present case, the material on record establishes that the work performed by DTTILLP overlapped with the functions of the Liquidator, and the payments made to it were over and above the permissible remuneration under Regulation 4.
107. The interpretation sought to be advanced by Respondent Nos.1 and 2 of the understanding recorded in the Joint Lenders Meeting dated 24.12.2018 is untenable. The expression "adjusted" cannot be construed to permit a separate stream of payment outside the regulatory framework. The contemporaneous email correspondence further demonstrates that the Applicant had consistently raised objections to such payments, and there was no acquiescence or waiver. The failure of the Liquidator to disclose this material divergence in the progress reports, coupled with the admitted position that substantial amounts were paid to a related party entity for functions falling within his own domain, renders the impugned payments unsustainable in law. The plea that services were rendered or that stakeholders were aware of the arrangement does not cure the fundamental illegality, as statutory compliance cannot be overridden by consent or conduct.
108. Accordingly, the present Application is allowed, and Respondent Nos.1 and 2 are directed to jointly and severally refund a sum of Rs. 7,48,73,065/- to the liquidation estate of the Corporate Debtor, being

the amount found to have been paid in excess and in contravention of the Code and the Liquidation Regulations. The aforesaid amount shall be deposited with the Liquidator within a period of six weeks from the date of this order. In the event of default, the said amount shall carry interest @ 9% per annum from the date of this order till the date of actual realisation.

109. The Liquidator shall, upon receipt of the said amount, account for the same as part of the liquidation estate and proceed in accordance with law.

The Application is disposed of accordingly.

**Sd/-**

**(SANJAY PURI)  
MEMBER (TECHNICAL)**

**Sd/-**

**(RAJEEV BHARDWAJ)  
MEMBER (JUDICIAL)**

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