

IN THE NATIONAL COMPANY LAW TRIBUNAL

KOCHI BENCH

IA(IBC)/23/KOB/2025

IN

CP(IB)/05/KOB/2024

Date of Institution: 07.01.2025

&

IA(IBC)/402/KOB/2024

IN

CP(IB)/05/KOB/2024

Date of Institution: 02.09.2024

*(Under Section 60(5) of the IBC, 2016 and
Rule 11 of NCLT Rules, 2016)*

Order delivered on: 24.06.2026

In the matter of:

M/S Davani Silks Private Limited

MEMO OF PARTIES:

IA(IBC)/23/KOB/2025

Mr. CS Narender Reddy Banala

3-7-406/PS/204, 2nd Floor,
Flat # 204, Parkstone Apartments,
Sirimalle Nagar Colony,
Hyderguda, Aditya Pharmacy,
Hyderabad, Telangana - 500048.

... Applicant

-Vs-

Mr. T.S.Jayaprakash

R/o: 1/964, Nanjappa Nagar,
Olavakkode P.O, Palakkad,
Kerala-678002.

... Respondent No.1

Mr. James Thomas

R/o: Maleparambil House,
Athirampuzha P.O,
Kottayam District,
Kerala-686562.

...Respondent No.2

Mr. Ibrahimkutty K.A.,

R/o: Kizhakkethil House,
Chiramanangad P.O.
Pannithadam, Thrissur,
Kerala-680604.

...Respondent No.3

Mr. Arun Jyothi Mathias

Mathias Villa, Kannanchath,
Chundale.P.O ,
Wayanad District-673123

...Respondent No.4

Mr. Joseph Jestin

VRA 194, Vappalassery PO,
Angamaly 683572,
Ernakulam, Kerala.

...Respondent No.5

MEMO OF PARTIES:

IA(IBC)/402/KOB/2024

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VRA 194, Vappalassery PO,
Angamaly 683572,
Ernakulam, Kerala.

...Respondent No.5

Mr. Padmakumar Sankaranarayanan Nair,
Suspended Director & Financial Creditor
(Related party)4/638, Sukriti,
Edavanasserry,Mynagappally. P.O.
Kollam-690519, Kerala.

...Respondent No.6

Mr. Karottumariyil Skariah Chacko,
Suspended Director & Financial Creditor
(Related party) 45 Alfa Complex, Near New
Gopal Vihar Police Lines, Kota - 324001
Rajasthan.

...Respondent No.7

Coram:

HON'BLE MEMBER(JUDICIAL) : SHRI. VINAY GOEL

HON'BLE MEMBER(TECHNICAL) : SHRI.RAVICHANDRAN RAMASAMY

Appearances:

For the Applicant	: Mr. Sankar P Panicker, Adv.
For the Respondent No.1	: Mr. Krishnan Unni, PCS.
Respondent No.2 to 7	: Not entered appearance

ORDER

Per Coram

1. The present application IA(IBC)/23/KOB/2025 has been filed under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 and Rule 11 of NCLT Rules,2016, by Mr. CS Narender Reddy Banala, Resolution Professional of Davani Silks Pvt Ltd., seeking the following reliefs: -

1. *1.To direct the members of CoC to release Rs 11, 94, 145/- being the balance amount of CIRP cost which includes Rs.10,32,500/- as Fees for the RP and Rs 4,61,645/- as the other cost of CIRP less the money advanced till date by the members of CoC and the applicable GST as contained in Annexure VI to bank account of Applicant viz Narender Reddy Banala.*
2. *2.Any other relief the Hon'ble Tribunal may consider deemed fit in the interest of Justice.*

The Brief facts of the case are as follows:

2. The Applicant stated that this Adjudicating Authority, vide order dated 30.05.2024 in CP (IBC) No. 05/KOB/2024, admitted the Corporate Debtor, Davani Silks Private Limited, into the Corporate Insolvency Resolution Process. The Company Petition

was initially filed by Mr. T.S. Jayaprakash and Mr. James Thomas. Thereafter, the Committee of Creditors, in its first meeting held on 27.06.2024, resolved with the requisite majority to appoint Mr. Narender Reddy Banala (IBBI/IPA-003/IP-N00376/2021-22/13910), who had consented to act as Resolution Professional, as the RP for the balance period of the CIRP, and the said appointment was duly taken on record by this Adjudicating Authority. Pursuant thereto, the Applicant took charge of the affairs of the Corporate Debtor and conducted the CIRP in compliance with the provisions of the Insolvency and Bankruptcy Code, 2016, and the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

3. It is stated that the Applicant, as Resolution Professional, has been discharging his duties in accordance with the Insolvency and Bankruptcy Code, 2016, and the regulations framed thereunder, including convening meetings of the Committee of Creditors. However, the CoC members repeatedly abstained from attending the meetings on the grounds that they had withdrawn their claims and were not interested in participating in the CIRP, resulting in a stalling in the process. Consequently, this Adjudicating Authority, vide order dated 11.11.2024 in IA No. IBC/402/KOB/2024 directed the Applicant to convene a CoC meeting and further directed the CoC members to attend the same.
4. It is stated that on 09.12.2024, Mr. James Thomas and Mr. T.S. Jayaprakash, holding 94.15% voting share in the CoC, requested the Applicant to place proposals regarding liquidation of the Corporate Debtor, appointment of a Liquidator, and CIRP costs before the CoC. Accordingly, the 7th CoC meeting held on 10.12.2024, attended by members holding 99.15% voting share, unanimously approved the liquidation of the Corporate Debtor and appointment of a Liquidator, pursuant to which a liquidation application was filed on 27.12.2024.

5. It is stated that during the 7th CoC meeting, certain members proposed that the Applicant's fee be fixed at Rs. 1,00,000/- per month for the period from June 2024 to November 2024 and further insisted that the Applicant's fees, CIRP costs, and liquidation expenses be paid only from the sale proceeds of the Corporate Debtor's assets. The said stand was reiterated through subsequent communications addressed to the Applicant.
6. The Applicant stated that the fee of the IRP/RP had originally been approved by the CoC at Rs. 2,00,000/- plus GST per month in its 1st meeting held on 27.06.2024 and, acting on such approval, he discharged his functions as Resolution Professional. Apart from Rs. 3,00,000/- paid pursuant to the admission order towards CIRP expenses, no further payment has been made towards the Applicant's fees or CIRP costs.
7. The Applicant further stated that the subsequent attempt of the CoC to retrospectively reduce the approved fee is contrary to the scheme of the IBC and the regulations framed thereunder. It is pertinent to note that, considering the financial condition of the Corporate Debtor, the Applicant had voluntarily proposed a reduced fee of Rs. 1,25,000/- plus GST per month before the CoC in the 3rd meeting held on 29.07.2024.
8. It is stated that the agenda items relating to approval of the Applicant's revised fee and CIRP budget were deferred at the request of Mr. James Thomas and Mr. T.S. Jayaprakash, who sought time to obtain legal opinion. Thereafter, the said members expressed their intention to withdraw from the CIRP, withdrew their claims, and abstained from attending the 4th to 6th CoC meetings.
9. The Applicant stated that, after the expiry of more than 180 days of CIRP, the CoC resolved that CIRP expenses, including the Applicant's fees, would be paid only from the sale proceeds of the Corporate Debtor's assets during liquidation. According to

the Applicant, such a decision is contrary to the provisions of the IBC and the applicable regulations, which contemplate payment of CIRP costs from the funds of the Corporate Debtor or, in their absence, through contributions by the applicants or CoC members.

10. The Applicant further stated that the CoC's decision to defer payment of CIRP costs necessitated the filing of the present application and relied upon judicial precedents recognising the obligation of CoC members to bear CIRP costs, including the fees of the Resolution Professional.
11. It is stated that the conduct of the CoC members, particularly Mr. T.S. Jayaprakash and Mr. James Thomas, reflects their unwillingness to contribute any amount beyond Rs. 3,00,000/- already deposited and their insistence that the Applicant's fees and CIRP costs be paid only from the sale proceeds of the Corporate Debtor's assets.
12. The Applicant further stated that despite the CoC seeking to restrict his fees to six months and denying payment for December 2024 onwards, he continued to discharge his statutory functions, including conducting CoC meetings, making statutory filings, convening the Annual General Meeting, filing reports before this Adjudicating Authority, and pursuing the liquidation proceedings.

Reply filed by the Respondent No.1

13. The Respondent No.1 filed a reply on 25.02.2025, contending that the Application is misconceived, not maintainable, and liable to be dismissed. It is stated that the CIRP against Davani Silks Private Limited was initiated pursuant to a petition under Section 7 of the IBC filed by Respondent Nos. 1 and 2, which was admitted on 30.05.2024, and the Applicant was appointed as IRP. An amount of Rs. 3,00,000/- was paid towards initial CIRP expenses, subject to CoC approval. The CoC, in its 1st meeting held on 27.06.2024, confirmed the Applicant as Resolution Professional,

considered the expenses incurred during CIRP, and approved his remuneration at Rs. 2,00,000/- per month plus GST, while observing that the fees and CIRP expenses could be met from the realization of assets or otherwise in accordance with law.

14. It is further stated that the Applicant had accepted the CoC's decision regarding payment of fees and expenses from the realization of assets. In the 2nd CoC meeting held on 12.07.2024, the Applicant was directed to negotiate the fees of Registered Valuers and was authorized to engage professionals, subject to subsequent ratification by the CoC. According to the Respondents, the CoC formed the view that the Corporate Debtor was not viable for resolution and that liquidation was the appropriate course. The Applicant himself had proposed reducing his fee to Rs.1,25,000/- per month plus GST in view of the financial condition of the Corporate Debtor. It is also stated that Respondent No.1 did not participate in the 4th, 5th, and 6th CoC meetings and had informed the Applicant of his inability to continue in the CoC.

15. It is stated that in the 7th CoC meeting held on 10.12.2024, the members present concluded that revival of the Corporate Debtor was not feasible and resolved to seek liquidation, subject to approval of this Adjudicating Authority. During the meeting, the Applicant informed the CoC that a detailed statement of CIRP expenses with supporting invoices would be placed before the next meeting. However, instead of convening a further CoC meeting and placing the details for consideration, the Applicant filed the present Application seeking payment of his fees and CIRP expenses.

Rejoinder filed by the Applicant

16. The Applicant, in his rejoinder dated 17.03.2025, denied the allegations of suppression of facts and misleading averments, contending that the present Application became necessary due to the refusal of the CoC members to pay the

Resolution Professional's fees and CIRP expenses and their insistence that such costs be paid only from liquidation proceeds under Section 53 of the IBC. The Applicant further relied upon the order dated 20.12.2024 in IA (IBC) No. 402/KOB/2024, whereby this Adjudicating Authority directed the filing of a separate application for payment of fees and CIRP costs.

17. It is stated that the CIRP expenses amounting to Rs. 2,41,813/- were duly placed before and approved by the CoC in its first meeting. However, the CIRP process could not progress effectively as the CoC failed to ratify the fees of the Registered Valuers, thereby preventing the valuation of assets. The Applicant contended that Respondent Nos. 1 and 2 were primarily interested in recovery of their dues and, upon realizing that recovery was unlikely, sought to withdraw from the CIRP while refusing to contribute any amount beyond Rs. 3,00,000/- towards CIRP costs.
18. It is stated that, although the Applicant did not insist upon payment of his own fees during the CIRP, the other CIRP expenses ought to have been funded by the CoC members as interim finance. Nevertheless, in view of the refusal of the CoC members to contribute further amounts, the Applicant agreed to defer recovery of his fees and certain expenses to ensure continuation of the CIRP.
19. The Applicant further stated that Respondent Nos. 1 and 2 repeatedly expressed that the CIRP had been initiated only for the recovery of their dues and were unwilling to incur further expenditure. The Applicant denied that the CoC had approved engagement of professionals in the 2nd CoC meeting and pointed out that the proposed reduction of his fee to Rs. 1,25,000/- plus GST was never approved as the agenda items were deferred at the request of the Respondents. It was also contended that Respondent No. 1 initially sought withdrawal from the CIRP and later withdrew his claim upon being informed of the statutory requirements for withdrawal.

20. It is stated that the CoC had categorically decided in the 7th CoC meeting that the Resolution Professional's fees and CIRP costs would be paid only from liquidation proceeds. In such circumstances, convening another CoC meeting for approval of expenses would have served no useful purpose. The Applicant nevertheless circulated the detailed statement of expenses and supporting invoices and had already obtained approval for a substantial portion of the expenses in the 1st CoC meeting.
21. It is further stated that repeated attempts to convene CoC meetings and obtain decisions received no response from the members. The Applicant contended that the expenses and invoices had already been furnished to the CoC and relied upon Regulation 34B(5) of the CIRP Regulations to assert that the fees of the Resolution Professional and CIRP costs are payable from the funds of the Corporate Debtor, contributions by applicants or CoC members, and/or interim finance, and not solely from liquidation proceeds.
22. The Applicant maintained that the stand of Respondent No. 1 regarding payment of CIRP costs only from sale proceeds is contrary to Regulation 34B(5). It was further contended that the proposed reduction of the Applicant's fee was never approved by the CoC, that the expenses and invoices had been duly circulated, and that the Respondents remained unwilling to participate in the CIRP or contribute beyond Rs. 3,00,000/-. Reliance was also placed on judicial precedents recognizing the entitlement of an IRP/RP to fees and reimbursement of CIRP costs.
23. It is stated that the fees of the Resolution Professional and CIRP costs cannot be deferred until liquidation and are required to be borne in accordance with the provisions of the IBC and the regulations framed thereunder. The Applicant further contended that the present application has been filed in his capacity as Resolution Professional pursuant to the directions of this Adjudicating Authority and that the

CoC members are duty-bound to comply with the Code and may verify the expenses and supporting invoices, if so required.

Written Submission filed by the Applicant

24. The Applicant stated that the fee of the Resolution Professional was initially fixed at Rs. 2,00,000/- plus GST per month by the Committee of Creditors. Considering the financial condition of the Corporate Debtor, he had voluntarily proposed a reduction of his fee to Rs.1,25,000/- per month; however, no decision was taken on the proposal as the CoC members sought time to obtain legal opinion. The Applicant further stated that he is willing to accept a fee of Rs.1,00,000/- per month for the period from June 2024 to November 2024. It was also stated that, having continued to discharge his duties and responsibilities even after completion of the CIRP period and during the pendency of the liquidation proceedings, he seeks approval of a fee of Rs. 50,000/- per month from December 2024 onwards for the period during which he continued to perform the functions of the Resolution Professional and undertake activities necessary for compliance with the requirements preceding liquidation. The statement of expenses, i.e., fees of Resolution Professional and other CIRP expenses, given by the Resolution Professional, is reproduced under:

Sl. No.	Particulars	Period	Amount
1.	IRP & RP Fees @ Rs.1 lakh per month – 6 months (Minimum fees fixed under IBBI Regulations)	June 1 2024 to Nov 2024	6,00,000/-
2.	IRP & RP Fees @ 50,000 per month – 16 months (50% of minimum fees fixed under IBBI Regulations) (from the date of approving liquidation by CoC i.e. Dec 12, 2024)	Dec 2024 to March 2026	8,00,000/-
3.	Public Announcement and other expenses approved in 1 st meeting of CoC	June 2024	44,280/-
4.	Travelling and accommodation expenses approved in 1 st meeting of CoC	May 2024 and June 2024	52,922/-
5.	Legal expenses incurred	Upto filing of application for liquidation	2,10,300/-
6.	Miscellaneous Expenses (Audit fees 2023-24, Stock verification fees, MCA filing fees, filing fees of I.A.)		1,16,289/-
7.	Legal expenses, Audit fees for 2024-25, Accounting and		219,146/-
8.	Total excluding GST		2,042,937/-
9.	GST on the above		3,67,728/-
10.	Total including GST		24,10,666/-
11.	Amount paid		3,00,000/-
12.	Net payable		21,10,666/-

25. The Applicant stated that the scheme of the Insolvency and Bankruptcy Code, 2016, does not contemplate the initiation of CIRP and subsequent liquidation of a Corporate Debtor without ensuring the availability of funds for meeting CIRP costs. CIRP costs, including the fees of the Resolution Professional, are not contingent upon the realization of assets and cannot be deferred solely until distribution under Section 53 of the Code. According to the Applicant, a conjoint reading of Regulations 34B(5) and 39B of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 requires that CIRP expenses be determined and provided for prior to passing an order of liquidation. It is further stated that crystallization of CIRP costs is necessary for adjudication of the pending liquidation application in IA(IBC) (Liq.)/2/KOB/2025. Since the fees of the Resolution Professional and other CIRP expenses remain unpaid, except for the amount of Rs. 3,00,000/- deposited pursuant to the admission order, the Applicant seeks appropriate directions for payment of the outstanding CIRP costs and fees.

Analysis and Findings

26. It is the case of the Applicant that he was appointed as the Interim Resolution Professional upon admission of the Corporate Debtor into the Corporate Insolvency Resolution Process vide order dated 30.05.2024 in CP(IBC)/05/KOB/2024 and was subsequently confirmed as the Resolution Professional by the Committee of Creditors. According to the Applicant, although the CoC had initially approved his remuneration and the CIRP process was carried forward in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016, the members of the CoC gradually ceased to participate in the process, expressed their intention to withdraw, and ultimately resolved that the fees of the Resolution Professional and other CIRP expenses would be paid only from the sale proceeds of the assets of the Corporate Debtor during liquidation. The Applicant contends that such a stand is

contrary to the provisions of the Code and the applicable Regulations, which require CIRP costs to be funded during the CIRP itself through the Corporate Debtor's funds, contributions from the applicants or CoC members, or by way of interim finance. It is further his case that despite continuing to discharge his statutory duties, including conducting CoC meetings, making statutory filings, convening the Annual General Meeting, and pursuing liquidation proceedings, his fees and CIRP expenses remained unpaid, compelling him to approach this Adjudicating Authority seeking directions for approval and payment of the outstanding CIRP costs and remuneration.

27. It is not in dispute that the CIRP commenced pursuant to the order dated 30.05.2024 passed by this Adjudicating Authority and that the Applicant was appointed as the Interim Resolution Professional and thereafter confirmed as the Resolution Professional by the CoC. The record further shows that the Applicant continued to perform his duties under the Code, including conducting CoC meetings, making statutory compliances and filings, and taking steps in furtherance of the CIRP and subsequent liquidation process.

28. At this stage, we deem it judicious and fair to reproduce Regulation 34- B of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

Regulation 34B: Fee to be paid to interim resolution professional and resolution professional.

34B. (1) The fee of interim resolution professional or resolution professional, under regulation 33 and 34, shall be decided by the applicant or committee in accordance with this regulation.

(2) The fee of the interim resolution professional or the resolution professional, appointed on or after 1st October 2022, shall not be less than the fee specified in clause 1 for the period specified in clause 2 of 2 [Schedule-I]:

Provided that the applicant or the committee may decide to fix higher amount of fee for the reasons to be recorded, taking into consideration market factors such as size and

scale of business operations of corporate debtor, business sector in which corporate debtor operates, level of operating economic activity of corporate debtor and complexity related to process.

(3) After the expiry of period mentioned in clause 2 of 2[Schedule-I], the fee of the interim resolution professional or resolution professional shall be as decided by the applicant or committee, as the case may be.

(4) For the resolution plan approved by the committee on or after 1st October 2022, the committee may decide, in its discretion, to pay performance-linked incentive fee, not exceeding five crore rupees, in accordance with clause 3 and clause 4 of 2[Schedule-I] or may extend any other performance-linked incentive structure as it deems necessary.

(5) The fee under this regulation may be paid from the funds, available with the corporate debtor, contributed by the applicant or members of the committee and/or raised by way of interim finance and shall be included in the insolvency resolution process cost.]

29. A plain reading of Regulation 34B (5) makes it clear that the fee of the IRP/RP forms part of the CIRP costs and may be met from the funds of the Corporate Debtor, contributions by the applicant or CoC members, or through interim finance.

30. The process for resolution under the IBC, 2016, cannot be equated with a recovery mechanism. The CoC and its members have been placed at a very high pedestal under the scheme of the IBC. The entire process is a creditor-driven mechanism, and the wisdom of the CoC has been given prime importance; the proportionate duties and obligations of the CoC are also strict in nature. It is the duty of the CoC to pump in funds in case interim finance is not adequate or available. The attempt to withdraw claims has no bearing on their liability to contribute towards the CIRP costs. If we allow such types of things, it would tarnish the entire scheme and objective of the IBC.

31. The Insolvency and Bankruptcy Code is a time-bound resolution process conducted under the supervision of Resolution Professionals. The Resolution Professional is a statutory functionary appointed by the Adjudicating Authority, and it acts for the benefit of all stakeholders. To perform such duties, Resolution Professionals necessarily incur some expenditure towards public announcements, valuation, legal assistance, security, preservation of assets, and running the corporate debtor as a going concern, apart from the fee of the Resolution Professional. The Resolution Professional has no right to fix its own fees; rather, it is the Adjudicating Authority that fixes the regular remuneration of Resolution Professionals in consonance with the regulations framed under the provisions of the IBC. In case the corporate debtor does not possess sufficient funds and interim finance is not available, the entire responsibility to ensure the continuation of the CIRP falls upon the Committee of Creditors.
32. The Committee of Creditors, being the supreme decision-making body during the CIRP, cannot cripple the insolvency process by refusing to make arrangements for meeting the essential costs of the process. Any action or act of the CoC to deprive the Resolution Professional of such funds would render the entire process impossible, and the Resolution Professional would not be able to perform his duties. The Resolution Professional is required to perform different acts for the resolution of the Corporate Debtor and, in case such resolution fails, to recommend liquidation. It is the corresponding duty of the CoC to cooperate with and facilitate the Resolution Professional in discharging his statutory duties and obligations. The CoC members cannot be allowed to withdraw their claims or disassociate themselves from the process merely because the prospect of recovery appears bleak, with a view

to avoiding contributions towards the CIRP costs. Once the creditors have opted to invoke a mechanism under the IBC, they are required to act within the framework of the IBC, and the IBC does not contemplate selective participation. Once creditors invoke or participate in the CIRP, it becomes part of the statutory process that aims at resolution and value maximisation rather than mere debt recovery. At this stage, when CIRP costs are required to be incurred, the members of the CoC are under an obligation to make contributions towards the satisfaction of invoices raised by the Resolution Professional.

33. In the present case, the Committee of Creditors, in its 1st meeting held on 27.06.2024, approved the fee of the Resolution Professional at Rs. 2,00,000/- per month plus GST. It is also the case of the Applicant and Respondent that the Resolution Professional had subsequently expressed his willingness to accept a reduced fee, considering the financial position of the Corporate Debtor. However, apart from the sum of Rs. 3,00,000/- deposited at the commencement of the CIRP, no further amount has been paid towards the fee of the Resolution Professional or CIRP costs. At the same time, the Resolution Professional continued to discharge his statutory duties throughout the CIRP and even after the CoC resolved to liquidate the Corporate Debtor.

34. Therefore, once the CIRP is admitted and the Resolution Professional commences discharge of his statutory duties under the Insolvency and Bankruptcy Code, 2016, the Committee of Creditors cannot evade its obligation to ensure payment of the CIRP costs, including the fees of the Resolution Professional. The CIRP is a statutory process undertaken for the benefit of all stakeholders, and the Resolution Professional cannot be expected to continue rendering professional services without remuneration. The CoC, having invoked and participated in the insolvency

process, is bound to bear the CIRP costs in accordance with the provisions of the Code and the Regulations framed thereunder, and cannot defer or avoid such liability on the ground that the expenses would be met only upon realisation of the assets of the Corporate Debtor during liquidation.

35. The Applicant has placed on record the detailed statement of expenses incurred during the Corporate Insolvency Resolution Process before the Committee of Creditors. It is observed that the expenses so submitted have neither been disputed nor has any objection been raised by any member of the Committee of Creditors regarding their genuineness or admissibility. In such circumstances, the members of the Committee of Creditors are liable to contribute towards the said expenses in proportion to their respective voting shares in the Committee of Creditors.

36. It is also noted that the Corporate Debtor was admitted into CIRP vide order dated 30.05.2024. In terms of Section 12 of the Insolvency and Bankruptcy Code, 2016, the CIRP was required to be completed within a period of 180 days. During the CIRP, the Applicant was constrained to file IA(IBC)/402/KOB/2024 on account of the non-cooperation and non-participation of the members of the Committee of Creditors. The said application came to be considered by this Adjudicating Authority, and vide order dated 11.11.2024, the following directions were issued:

In this case, RP informed that the Financial Creditors are not interested in pursuing the claim and that they need to have a meeting of the CoC for recommendation for further cause of action in the matter. It is informed that the meetings convened by the RP on 29.07.2024 (3rd meeting), 21.08.2024 (4th meeting), 16.09.2024 (5th meeting) and 16.10.2024 (6th meeting) have not been attended by the CoC members. This is a clear violation of IBC Law and we take a strong view of the same. Hence, we hereby pass the following directions:

- 1. RP shall convene a meeting of CoC within next 30 days to discuss and recommend the continuation of the CIRP proceedings in respect of the CD. A notice in this regard along with a copy of this order shall be served on all the CoC members through available means.*
- 2. All the CoC members shall attend this meeting without fail and coordinate with the RP with regard to the CIRP.*

3. The CoC members are hereby informed that this direction if not complied with, i.e., any absence from the said CoC meeting without reasonable cause, will have serious consequences attracting appropriate action under Law.

4. The RP is directed to submit the recommendations of the CoC within one week from the conclusion of the meeting.

37. Pursuant to the aforesaid directions, the Resolution Professional convened the meeting of the Committee of Creditors, and the CoC ultimately resolved to liquidate the Corporate Debtor. However, it is pertinent to note that no application for extension of the CIRP period came to be filed, and no order extending the CIRP beyond the statutory period of 180 days was passed by this Adjudicating Authority.

38. This Adjudicating Authority is of the considered view that the fee of the Resolution Professional, having been approved by the Committee of Creditors at Rs.2,00,000/- per month plus applicable GST, constitutes a part of the CIRP costs and the Resolution Professional would ordinarily be entitled to receive the said amount for the period during which he discharged his statutory duties. However, taking note of the fact that the Applicant has voluntarily agreed to restrict his claim to Rs.1,00,000/- per month for the period from June 2024 to November 2024, which is also in consonance with the fee prescribed under Regulation 34B read with Schedule II of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, the same is allowed. Further, this Adjudicating Authority is of the view that upon expiry of the CIRP period, in the absence of any extension granted under the Code, the Resolution Professional is not entitled to claim regular remuneration as a matter of right. Nevertheless, considering that the Resolution Professional continued to discharge certain duties and undertake activities in connection with the pending proceedings before this Adjudicating Authority, including matters relating to liquidation and compliance arising out of the CIRP, it would be just and proper to allow a remuneration of Rs.10,000/- per month for the period subsequent to the expiry of the CIRP till the date of the liquidation order. The

members of the Committee of Creditors shall contribute towards the aforesaid amounts in accordance with their respective voting shares. It is further clarified that the members of the Committee of Creditors shall also be liable to bear all other expenses or any additional expenses which may subsequently be determined to form part of the Corporate Insolvency Resolution Process costs, in accordance with their respective voting shares in the Committee of Creditors.

39. This Adjudicating Authority also finds it necessary to observe that once a creditor invokes the provisions of the Insolvency and Bankruptcy Code, 2016 and initiates the Corporate Insolvency Resolution Process against a Corporate Debtor, such creditor becomes part of a statutory process governed by the provisions of the Code. After commencement of CIRP, a creditor cannot simply walk out of the process or avoid its responsibilities by merely withdrawing its claim. Any withdrawal from the insolvency process can only be in accordance with the provisions of the Code and the procedure prescribed thereunder. If creditors are permitted to initiate CIRP and thereafter withdraw their claims or disassociate themselves from the process whenever recovery appears unlikely, the very objective of the Code would be defeated, and the insolvency mechanism would be reduced to a mere recovery tool. The IBC contemplates only genuine resolution proceedings undertaken in the interest of all stakeholders. Initiation of CIRP for any purpose other than a bona fide insolvency resolution may attract the provisions of Section 65 of the Code and may expose the concerned parties to consequences under the Code. Therefore, creditors who have invoked the insolvency jurisdiction cannot evade their obligations and other statutory responsibilities merely by withdrawing their claims after commencement of the process.
40. The other application filed by the Applicant, namely IA(IBC)/402/KOB/2024, sought, inter alia, (i) stay of the continuation of the CIRP, (ii) a declaration that the

filing of CP(IBC)/05/KOB/2024 by Respondent Nos.1 and 2 constituted fraudulent and malicious initiation of proceedings under Section 65 of the IBC, and (iii) imposition of penalty upon Respondent Nos.1 and 2 with consequential directions to restore the Corporate Debtor to the position existing prior to commencement of CIRP. However, during the pendency of the said application, this Adjudicating Authority, vide order dated 17.06.2026 in IA(IBC)(Liq.)/2/KOB/2025, has already ordered liquidation of the Corporate Debtor and appointed a Liquidator. In view of the subsequent developments and the liquidation order having attained effect, no further orders are required to be passed in IA(IBC)/402/KOB/2024.

41. In view of the above observations, **IA(IBC)/23/KOB/2025** is **partly allowed** and **disposed of**, and **IA(IBC)/402/KOB/2024** is **dismissed as infructuous**.
42. The Registry is directed to send e-mail copies of this order forthwith to all the parties and their Learned Counsels for information and for taking necessary steps.
43. Let *the* certified copy of this order be issued upon compliance with the requisite formalities.
44. File be consigned to records.

Sd /-

RAVICHANDRAN RAMASAMY
(MEMBER TECHNICAL)

Sd /-

VINAY GOEL
(MEMBER JUDICIAL)

Signed on this the 24th day of, June 2026.

At* A*