

**NATIONAL COMPANY LAW APPELLATE TRIBUNAL**  
**AT CHENNAI**  
**(APPELLATE JURISDICTION)**  
**Company Appeal (AT) (CH) (Ins) No. 108/2026**  
**(IA No. 337/2026)**

**In the matter of :**

**MATHIOLI N**

Resolution Professional of MQ Networks Private Limited  
VGN La Parisienn Apartment, Block 1, 2E,  
4<sup>th</sup> Main Road, Nolambur, Mogappair West,  
Chennai – 600 037

... APPELLANT

V

**SUDHIR GS**

Erstwhile RP of MQ Networks  
7<sup>th</sup> floor, KRD GEE GEE Crystal,  
Dr. Radhakrishnan Salai,  
Mylapore, Chennai – 600004

... RESPONDENT NO.1

**M/S. RELIANCE ASSET RECONSTRUCTION  
COMPANY LTD - Removed FC**

11th Floor, North Side, R-Tech Park,  
Western Express Highway, Goregaon East,  
Mumbai – 400 063  
Rep by its Vice President (Resolution)

... RESPONDENT NO.2

**Present:**

For Appellant : Mr. Mathioli Nagarajan (Party-in-person)

For Respondent : Mr. R. Imayavaramban, Advocate for R2

**ORDER**  
**(Hybrid Mode)**

**02.03.2026:**

**Oral Judgment: Justice Sharad Kumar Sharma, Member (Judicial)**

The Appellant-in-person in the instant appeal seeks to challenge the order dated 20.01.2026, as it has been rendered by the Ld. NCLT, Chennai, in IA(IBC)/2031(CHE)/2025, that was preferred in CP(IBC)/188(CHE)/2023. In the

said order, Ld. NCLT considered the application IA(IBC)/2031(CHE)/2025 seeking replacement of the Resolution Professional (RP) of the Corporate Debtor, and after observing that the CoC has recommended the replacement of RP in its meeting held on 31.10.2025 with 100% voting, agreed with the same. Further, noting that Mr. Padukasahasram Raghunathan Raman whose name has been recommended by Committee of Creditors (CoC), has since been suspended by IBBI, appointed Mr. CA Sudhir GS as RP with immediate effect and directed the erstwhile RP, the Appellant herein, to handover all the records related to the Corporate Debtor to the newly appointed RP within seven days from the date of the order.

2. Brief facts of the case are that the Corporate Debtor was admitted into CIRP on 25.09.2024 and the Appellant was appointed as Interim Resolution Professional (IRP) and that the Appellant herein, on appointment as IRP, undertook the paper publication on 09.02.2025 and formed the CoC on 20.02.2025. Thereafter, the Financial Creditor, Reliance Asset Reconstruction Company Limited (RARCL) filed its claim on 06.03.2025 and updated the CoC and conducted the 1<sup>st</sup> meeting of CoC on 12.03.2025, where he was confirmed as RP. Thereafter, dispute arose between the RP and RARCL regarding the conduct of 2<sup>nd</sup> meeting of CoC, placing of agenda for replacement of RP in the said meeting and admissibility of the fees and other payments claimed by the RP. Subsequently, RARCL filed an application IA(IBC)/917/CHE/2025 under

Section 60(5) of I&B Code, praying for replacement of RP on grounds of his non-cooperation, highhandedness and aggressive behaviour. The Ld. NCLT, after hearing the parties to the said application, passed orders on the said application to the effect that since the CIRP is not going on smoothly and there are issues of non-cooperation and difference of opinion between the sole CoC member and the RP, the present RP needs to be replaced in order to ensure effective conduct of CIRP and timely resolution of insolvency of the Corporate Debtor and therefore, Mr. Pathukasahasram Raghunathan Raman who has been recommended by the sole CoC member, RARCL is appointed as RP and that the present RP is relieved from functions and duties pertaining to the Corporate Debtor with immediate effect.

3. Aggrieved by the said order, the Appellant-in-person filed the Company Appeal (AT) (CH) (Ins) No. 412/2025, agitating his grievances as against the order of 07.07.2025 that was passed on IA(IBC)/917/CHE/2025 in the same set of proceedings of the Company Petition alleging that, the directions given therein to relieve the Appellant from the post of RP with immediate effect and to appoint Mr. Pathukasahasram Raghunathan Raman, Insolvency Professional as RP of the Corporate Debtor ought to be set aside on the grounds that they happen to be in violation of principles of natural justice, that since the order would be having civil consequences, he was required to be mandatorily heard and that the order of 07.07.2025 happens to be in violation of Section 27 of the I & B Code, 2016.

4. After hearing the Appellant at length, we had decided the aforesaid Company Appeal by a Judgment rendered by us on 18.09.2025, wherein by way of an exception, we had issued certain directions as contained in para-10 of the said Judgment, which is extracted hereunder: -

*“10. In these peculiar facts and circumstances, without carving out as a precedent, we direct the Ld. Adjudicating Authority, to discharge the onus of formulating an Agenda for consideration of replacement of Resolution Professional on its own, in the light of the allegations levelled in the application being IA(IBC)/917/CHE/2025 and to direct it to be placed before the CoC for its consideration in the light of the provisions contained under Section 27(2) of the I & B Code, 2016. It is hoped and trusted that the Ld. Adjudicating Authority, will act upon the aforesaid directions while exercising its inherent powers by formulating an Agenda within a period of two weeks from the date of the uploading of this order, and within two weeks thereafter, the CoC is to meet and consider the agenda in the light of the pleadings in IA(IBC)/917/CHE/2025. Subject to the above, the impugned order dated 07.07.2025, so far it relates to the order passed on IA(IBC)/917/CHE/2025, would stand quashed, leaving all options to the Ld. Adjudicating Authority to take action, as directed above to satisfy the spirit of Section 27 of the I & B Code, 2016. Subject to the above exceptions, the Company Appeal (AT) (CH) (Ins) No.412/2025 would stand allowed, limited to the restrictions observed above. All Interlocutory Applications would stand closed.”*

5. We passed the aforesaid orders on the premises that the replacement of the RP by the Ld. NCLT on its own by the order passed in IA(IBC)/917(CHE)/2025

appeared to be not in consonance with the provisions of Section 27 (2) of the I & B Code, 2016, and therefore, we had directed the issue of replacement of RP to be placed before the CoC for its consideration, in the light of the provisions contained under Section 27 (2) of the I & B Code, prior to it being taken up by the Ld. Adjudicating Authority for a decision on merits. The said observation made by us was not, in any manner, creating any precedent as such. It may be noted that the directions issued by us in our order dated 18.09.2025 as extracted above, were only intended to ensure that the spirit of the provisions contained under Section 27 of the I & B Code are met and therefore, the Ld. Adjudicating Authority was requested to call for a report from the CoC, prior to taking any action.

6. The Ld. NCLT accordingly issued direction on 23.09.2025 to the CoC to meet and consider the agenda replacement of RP within two weeks in the light of the pleading in IA/917/2025 after following the due process under Section 27 (2) of the I & B Code and to submit the report within two weeks. It also appointed Mr. Arvind Devanathan, former Technical Member of NCLT to act as Chairman of the proposed CoC to convene the meeting and to file the recommendation of CoC before it. Contesting the said order, the Appellant herein preferred another Appeal being Company Appeal (AT) (CH) (Ins) No.519/2025, on the ground that only the RP duly appointed under Section 22 of the Code can convene the meeting of CoC and that as per Section 27(5) of the Code he still continues to be the RP and therefore, the said order of the Ld. NCLT nominating a third person to convene the meeting of CoC and to chair the meeting is bad in law. The said

appeal was disposed by us on 17.10.2025 with the observations that already directions have been given on 18.09.2025 to conduct CoC meeting to consider the issue of replacement of the RP and that since the order being challenged is only a sequel to the said directions and the matter is yet to be adjudicated by Ld. NCLT, Appeal will not lie against such interlocutory order because that will amount to venturing into the decision-making process of Ld. NCLT.

7. After the issue of the order dated 18.09.2025 by this Appellate Tribunal as referred to herein above, the proceedings were taken up once again before the Ld. Adjudicating Authority on the issue of replacement of the RP of the Corporate Debtor and CoC was directed to meet and give its report on the aforesaid issue. In the process, the CoC, in its meeting held on 31.10.2025, recommended the name of Mr. Pathukasahasram Raghunathan Raman, for appointment as the RP by 100% majority. However, the Appellant herein, filed a memorandum before Ld. NCLT on 14.01.2026 stating that Mr. Pathukasahasram Raghunathan Raman, who was recommended by the CoC, has been suspended by the Insolvency and Bankruptcy Board of India (IBBI) and therefore, he cannot be appointed as RP. Therefore, to meet the said contingency, Ld. NCLT directed that Mr. CA Sudhir GS, who is already registered with the IBBI and has the necessary qualifications, be appointed as the RP. It is this order, which is under challenge by the erstwhile RP (the Appellant herein) in the instant appeal.

8. The Appellant contends that, the impugned order of 20.01.2026 is bad, since it has been passed in violation of Section 27 (2) of the I & B Code because Mr. G.S. Sudhir has been directly appointed as RP by Ld. NCLT without the recommendation of CoC. He further contends that the application filed to replace the RP is bad in law as the meeting of CoC has not been conducted in consonance to the provisions contained under Section 24 (2) of the I & B Code. He argues that the provisions of Section 24(2) of the I & B Code clearly stipulate that all meetings of the CoC shall be conducted by the RP and that, the CoC meeting of 31.10.2025 was not conducted by the RP, but by a person nominated by Ld. NCLT and therefore it cannot be considered as valid meeting and the resolutions/recommendations made by CoC in the said meeting will have to be considered as not valid. He further contends that he will continue to remain the RP till he is replaced by another RP as per the procedure prescribed under Section 27(5) of I&B Code. He further contends that even if Mr. CA Sudhir GS was to be appointed as an RP, he should have been properly recommended by the CoC which should have met as per the procedures laid down by the provisions contained under Section 24(2) of the I & B Code.

9. This contention raised by the Appellant-in-person is absolutely misconceived for the reason being that the Appellant herein does not have any grievances or even locus also as such under law, as against the meeting of the CoC which took place on 31.10.2025, because the CoC duly met and passed the resolution to replace the RP and to appoint Mr. Padukasahsaram Raghunathan

Raman by 100% voting. He does not contend that, the process adopted for appointment of Mr. Pathukasahasram Raghunathan Raman as RP was in violation of Section 27 of the I & B Code. He only contends that the said CoC meeting is not valid because it was not chaired by the RP but by a third person nominated for that purpose by Ld. NCLT. This is not acceptable for the reason being that there was complete breakdown of communication between the RP and the CoC and therefore, to facilitate the meeting of CoC as directed by us in our order dated 18.09.2025, Ld. NCLT in exercise of its inherent powers under Section 60(5) of the Code, has nominated a former Technical Member of NCLT to chair the meeting. The Appellant has not contested on the eligibility of the said person at the time of his selection. He has not raised any grievances as against the process followed by the CoC in holding its meeting on 31.10.2025 and in resolving to recommend the aforesaid name for appointment as the new RP. Only after the application was filed to appoint the said person as RP, he, by filing the memorandum, has pointed out that Mr. Pathukasahasram Raghunathan Raman who was recommended for appointment as RP is ineligible because he has been suspended by IBBI. Ld. NCLT has taken note of the same and while accepting the recommendation to replace the RP, took corrective measure by appointing Mr. G.S. Sudhir and not Mr. Pathukasahasram Raghunathan Raman. In this case, CoC has met and resolved with 100% majority to replace the RP. So, the contention of the Appellant that till the new RP is properly appointed he should be permitted to continue is not maintainable.

10. His other contention is that the said CoC meeting was conducted by a person other than RP and hence it is not valid as per the provisions of Section 24(2) of the I & B Code. Here is a peculiar situation where the CoC and the RP (Appellant herein) are at loggerheads and the CoC intends to replace RP because of the misconduct of the RP (Appellant herein). In the previous occasions also, the Appellant has not acted on the request of the sole Financial Creditor to convene meeting of CoC and to place the agenda of replacement of RP before the CoC for discussion as observed by Ld. NCLT in its order. Ld. NCLT has also clearly mentioned in its order that since the matter involves replacement of RP, a chairman of CoC is being appointed for convening and filing the recommendation of CoC before it. The Code is silent on the scenario where the RP refuses to convene the meeting of CoC. In such a situation, Ld. NCLT is fully justified in using its inherent powers to order nomination of a third person to chair the meeting of CoC to decide on the issue of replacement of RP, in order to meet the objectives of the Code. In view of the above, the said order of Ld. NCLT cannot be faulted and therefore, the contention of the appellant is not acceptable.

11. It will be apt to note at this point of time that the Principal Bench of this Appellate Tribunal had the occasion to deal with a similar situation in the matter of **Mr. Sri Gopal Chaudhary, RP of Shree Ram Urban Infrastructure Limited v. SREI Equipment Finance Limited** in CA (AT) (Ins) No. 1443/2022. In that case, serious difference of opinion had arisen between the RP and the members of CoC and RP had refused to place the agenda of replacement of RP in

the meeting of CoC. Aggrieved by the same, 3 financial creditors filed applications before Ld. NCLT, Mumbai for replacement of the RP which was allowed by Ld. NCLT. An appeal was filed before NCLAT by the RP on grounds which are exactly similar to this case, that since there is an express provision for replacement of RP in Section 27 of the Code, the same must be followed and the Ld. Adjudicating Authority cannot exercise its inherent powers under Section 60(5) of the Code to replace the RP without following the provisions laid down in Section 27 of the Code. The Appellate Tribunal dismissed the said Appeal stating the following: -

*“15. At the cost of repetition, it is pertinent to mention that the CIRP was initiated vide order dated 06.11.2019 and the first CoC Meeting was conducted on 19.04.2021 after a lapse of one and half years and the Adjudicating Authority has categorically observed that the RP has ‘miserably failed to adhere to the timelines stipulated in the Code’. We are conscious of the fact that the provision of Section 27 of the Code contemplates that the replacement of the Resolution Professional can be done by the CoC alone. But if the ingredients of Section 27 of the Code cannot be met i.e. in the event, the RP is not convening the meeting of CoC, which in turn has to decide the replacement of the RP himself, we are of the considered view that the Adjudicating Authority, in order not to delay the CIRP proceedings, on an application under Rule 11 of the NCLT Rules, 2016 has rightly invoked its inherent jurisdiction and passed the impugned order.”*

12. In the instant case also, the action of Ld. NCLT in relieving the Appellant from the functions and duties of the RP in respect of the CD, MQ Networks and

in subsequently appointing Mr. CA Sudhir GS as the RP is absolutely in consonance with the principles laid down by the aforesaid Judgement and the exception, which we had carved out in pursuance to the Judgment rendered by us on 18.09.2025. In fact, we have gone a step further and shown more consideration to the pleadings of the Appellant by insisting on adherence to the process outlined in Section 27(2) of the Code while deciding on the matter of replacement of RP. Ld. NCLT has dutifully ensured the conduct of the meeting of CoC to decide on the issue of replacement of RP and has acted on the recommendations of CoC. When it found that the person who was recommended by CoC for the post of RP has been rendered ineligible it has gone ahead and appointed a RP from out of the list of eligible Insolvency Professionals whose Authorization for Assignment was valid till 31.12.2026. Further, as per the principles of doctrine of necessity, if person who was recommended for the post of RP is found to be not eligible to continue as a RP any further, under law this stalemate cannot be permitted to persist for all times to come and it has to be judicially met out, so as to meet the objective of the Code itself. That is what has been done by the Ld. Adjudicating Authority in the instant case by appointing Mr. G.S. Sudhir as RP. In our view, the instant case does not require a repeated compliance of the provisions contained under Section 24 (2) or under Section 27 of the I & B Code, because the spirit of the provisions relating to replacement of RP, as contemplated under Section 27 of the I & B Code, was very well met out by the resolution of CoC dated 31.10.2025

where the RP was recommended to be replaced and it has not been put to challenge by the Appellant in any further proceedings.

13. Admittedly, the Code lays down the procedure for replacement of RP in Section 27. But the Code and the said Section is silent on the course of action to be taken in the event where the RP, who is sought to be replaced, does not convene the meeting of CoC or avoids to place the agenda containing the subject of replacement of RP in the said meeting. In such situation, since there is a gap in the law, use of inherent powers under Section 60(5) and Rule 11 of NCLT Rules by NCLT to take appropriate steps to meet the objectives of the Code is perfectly permissible and does not require any interference at our hands.

14. The Appellant due to his past conduct had already been ousted and replaced by Mr. Pathukasahasram Raghunathan Raman and was not continuing as RP when the decision was taken by the CoC on 31.10.2025. We had directed to hold the said CoC meeting to meet out the stipulations of Section 27(2) of the Code. This will not, in any way, entitle the Appellant to claim that he still continues as RP, nor it will revive his status as the RP of the Corporate Debtor for the purposes of holding meeting of CoC, when his removal as RP has attained finality with the decision of CoC in its meeting dated 31.10.2025 which was held pursuant to the orders of this Appellate Tribunal dated 18.09.2025.

15. In that eventuality, the decision taken by the Ld. Adjudicating Authority by the impugned order of 21.01.2026 falls to be within the exceptions carved out by

us in the Judgment dated 18.09.2025 and the ratio laid down by another coordinate bench of this Appellate Tribunal in the matter of **Sri Gopal Choudary v. SREI Equipment Finance (supra)** and the action taken to replace the RP by appointing Mr. CA Sudhir GS as an RP does not happen to be in violation of Section 24 (2) or Section 27 of the I & B Code. Further, since the CoC meeting held on 31.10.2025 has been accepted by the Appellant, he cannot raise his contentions now against the decision taken by the Ld. Adjudicating Authority on 21.01.2026 being in consonance with our order dated 18.09.2025. Thus, the Company Appeal lacks merits and the same is accordingly ‘dismissed’.

16. All Interlocutory Applications would stand ‘closed’.

**[Justice Sharad Kumar Sharma]**  
**Member (Judicial)**

**[Jatindranath Swain]**  
**Member (Technical)**

AR/MS/AK