



IN THE NATIONAL COMPANY LAW TRIBUNAL

HYDERABAD BENCH – 1

IA (IBC) 1364/2024

in

CP (IB) No. 69/9/HDB/2023

U/s 19(2) of IBC, 2016

In the matter of:

Mr. Maligi Madhusudhana Reddy

...Applicant/ Resolution Professional

Versus

1. Prabhakar Reddy Nallapu

(Suspended Director of Corporate Debtor)

...Respondent No. 1

2. Devineni Narasimha Pratap Chowdary

(Suspended Director of Corporate Debtor)

...Respondent No. 2

In the matter of:

Mytrah Energy (India) Private Limited

...Operational Creditor

Versus

M/s. Naolin Infrastructure Private Limited

...Corporate Debtor

Date of order:21.02.2025

Coram:-

Dr. Venkata Ramakrishna Badarinath Nandula, Hon'ble Member (Judicial)

Shri Charan Singh, Hon'ble Member (Technical)



Counsel present:

For the Applicant : Ld.Counsel Mr.Bhupendra Dave for

Learned RP Mr.Maligi Madhusudhan Reddy

For the Respondent:Ld.Counsels Mr.V.K.Sajith and Mr.Ravi Kumar.

PER BENCH:
ORDER

1. The present Application is filed under Section 19(2) of the Insolvency and Bankruptcy Code, 2016 by Mr. Maligi Madhusudhana Reddy, the Resolution Professional of the corporate debtor i.e M/s Naolin Infrastructure Private limited against suspended Directors of the corporate debtor, seeking to extend the cooperation to the Resolution Professional to handover all necessary information, data, and documents as requested by RP for the smooth conduct of the CIRP.
2. The brief facts of the case are as follows:
 - 2.1 The Applicant/RP, was appointed as the Interim Resolution Professional ('IRP') vide order dated 23. 07.2024.
 - 2.2 It is averred that in compliance with the duties and responsibilities conferred upon the Resolution Professional under the Insolvency and Bankruptcy Code, 2016 (IBC), visited the office of the Corporate



Debtor on 27th July 2024 to take charge of the affairs and to commence the Corporate Insolvency Resolution Process (CIRP).

2.3 It is averred that suspended directors informed the RP that the Corporate Debtor did not have any active business operations, and due to non-payment of rent, they were allocated only a small portion of the premises, specifically a conference room. Upon inspection, it is observed that there were no records, files, papers, computers, or any other relevant information of the Corporate Debtor available in the premises. The suspended directors further informed that no data was available and stated that the matter was pending before the Hon'ble Supreme Court of India, expressing confidence that the CIRP proceedings would be set aside or stayed.

2.4 During the CIRP process, Applicant requested the suspended director to hand over the records of the Corporate Debtor (CD) and transfer custody of CD's assets to facilitate the resolution process. despite repeated requests and reminders through various emails and other communications, the suspended directors of the Corporate Debtor have consistently failed to cooperate and provide the necessary information, data, and documents required for the CIRP. The details of the information sought by the RP and the responses (or lack thereof) from



the suspended directors are tabulated and attached to the Application as “Annexure-B”.

2.5 It is averred that non-cooperation by the suspended directors has severely hindered the progress of the CIRP. The required information is essential for verifying claims, obtaining a valuation of the Corporate Debtor's assets, conducting a Transaction Audit under Sections 43, 45, 49, 50, and 66 of the IBC, preparing the Information Memorandum, and issuing an Expression of Interest (EOI).

2.6 In view of the facts and circumstances stated above, it is prayed that the Tribunal may direct the Respondent to provide all necessary information, data, and documents as requested by me for the smooth conduct of the CIRP.

3. Counter filed by the Respondent No. 2 in brief:

3.1 The respondent herein is the suspended Director of the corporate debtor and denied all the averments made by the Applicant as incorrect and untenable in law.

3.2 It is averred that the Applicant after his appointment as RP started asking confidential information such as tenders etc., of the business and has been giving the information to the competitor of the corporate debtor. Knowing the attitude of the Applicant/RP, COC has proposed to replace the Applicant with another RP to continue the CIRP.



- 3.3 It is averred that despite being provided the necessary information and data wherein Applicant also acknowledged in receiving data, but still claiming as not co-operating.
- 3.4 It is averred that respondents have never resisted handing over the documents to the Applicant. It is averred that Applicant has not informed that the team will come and collect the documents and thus the respondents resisted the two people which resulted the Applicant to reach the police and sought assistance, which shows the actions of the Applicant are illegal and void.
- 3.5 It is averred that due to uncertainty in the organization few employees left the organization and thus we request the old staff to help the Applicant and to provide the information called for. Though respondents are providing the information, it was shocked for the mails sent by the Applicant stating the Respondents are not cooperating. Thus, prayed to dismiss the Application.
4. While this is so, this Tribunal on 04.10.2024 directed the respondent to handover the records which the RP has sought particularly as specified in the Application and file compliance. The order passed by this Tribunal is a below:

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Learned Counsel Mr Bhupendra R Dave, for Resolution Professional present through Video Conference.



Mr Maligi Madhusudhan Reddy, Resolution Professional present physically. matter passed over.

Matter called again. Ld. Counsel Mr.Bhupendra Dave for the Applicant/Resolution Professional present through VC. Ld. Counsel Mr.Ravi Kumar for the Respondents present through VC. Call on 09.10.2024. Meanwhile, Respondents are directed to handover the records which the Resolution Professional had sought more particularly as specified in the application and file compliance.

5. Further on 09.10.2024, learned counsel for Respondent/suspended Board submitted that 80% of the information sought by the RP has been furnished and for the remaining information sought time. The docket proceeding of 09.10.2024 is as below:

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Mr Maligi Madhusudhan Reddy, Resolution Professional present through Video Conference.

Learned Counsel Mr Ravi Kumar, for respondent present through Video Conference. According to the Learned Counsel Mr Ravi Kumar for the Suspended Board that 80 % of the information sought by learned Resolution Professional has been furnished and if a week time is granted the remaining information will be gathered and submit it to the Resolution Professional. The submission is recorded.
For filing compliance, call on 16.10.2024.

6. Thereafter on 16.10.2024, Learned Counsel Mr.V.K.Sajith, vide compliance memo stated that information as sought for by the RP has been provided and if any more is required will be provided at the earliest. Thus this Tribunal directed the RP to be present in the corporate debtor premises on Saturday and told to resolve the issues and directed to file final memo.
The docket proceeding of 16.10.2024 is as below:



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Ld. Resolution Professional Mr.Maligi Madhusudhan Reddy and Ld. Counsel Mr.Bhupendra Dave for the Resolution Professional present through VC. Ld. Counsels Mr.VK Sajith and Mr.Ravi Kumar for the suspended directors of the board/Respondent present physically.

It is stated by the Ld. Counsel Mr.VK Sajith that though the compliance memo has been filed, if any some more information is required by the Resolution Professional, the RP can state that same specifically and he would ensure that the suspended board provides the same to the Resolution Professional at the earliest.

Therefore, enabling both sides to coordinate and take the CIRP forward, we direct the Resolution Professional to be present in the Corporate Debtor's premises this Saturday, resolve the issues and file final memo on the next hearing date. Call on 04.11.2024

7. It is averred by the RP on 29.11.2024 that the directions of this Tribunal by the members of suspended board not made. Hence this Tribunal gave a last chance and adjourned to 29.11.2024. The docket proceedings are as below:

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Ld. Counsel Mr.Bhupendra Dave for the Resolution Professional alone present. None for the Respondents. It is stated that compliance of the directions of this Tribunal by the members of the suspended board not made. Hence, as a last chance call on 17.12.2024.

8. Subsequently, on 17.12.2024 there was no representation for the respondent. Thus, the matter was adjourned for orders on 20.01.2025.



9. We have heard learned RP Mr. Madhusudhan Reddy, Learned Counsel for Respondent Mr.V.K.Sajith along with Learned Counsel Mr.Ravi Kumar. Perused the documents provided.

10.In the light of the above contentions the point that emerges for consideration is :

Whether the suspended management complied the directions of this Tribunal in providing the information sought for by the RP and to co-operate with the RP ?

11.We have heard the Ld. Counsel for RP, perused the affidavit of the Application.

Section 19 mandates the Personnel of Corporate Debtor to extend cooperation to interim resolution professional as under:-

19. (1) The personnel of the corporate debtor, its promoters or any other person associated with the management of the corporate debtor shall extend all assistance and cooperation to the interim resolution professional as may be required by him in managing the affairs of the corporate debtor.

(2) Where any personnel of the corporate debtor, its promoter or any other person required to assist or cooperate with the interim resolution professional does not assist or cooperate, the interim resolution professional may make an application to the Adjudicating Authority for necessary directions.

(3) The Adjudicating Authority, on receiving an application under sub-section (2), shall by an order, direct such personnel or other person to comply with the instructions of the resolution professional and to cooperate with him in collection of information and management of the corporate debtor.

12.It is pertinent to state that CIRP is a time bound process and for completion of CIRP, RP should gather necessary information from the records of the Corporate Debtor available with the suspended management and its Audit team. In this regard in so far as the case on hand is concerned the RP had



sought information which he felt necessary for the purpose of the CIRP of Corporate debtor.

13.However, it appears that the suspended Management had not provided the said information and also has not extended the required co-operation to the RP enabling the RP to complete the CIRP within the fixed time frame. Hence resolution professional filed the present application.

14.On perusal of the affidavit filed we are satisfied that the information as sought for by the RP from the suspended management is necessary for the purpose of CIRP of the corporate debtor and that suspended management is not providing full co-operation in providing the said information.

15.We observe that any delay in providing the information by the suspended management will cause delay in completion of CIRP, which cannot be allowed. The suspended Board of Directors of the Corporate Debtor are duty bound to provide all the information and records to the RP appointed with the approval of the Tribunal. Section 17 (1) of the IBC provides that from the date of appointment of the interim resolution professional, the management of the affairs of the corporate debtor shall vest in the interim resolution professional.

16.We therefore, hereby direct the respondent/suspended management to provide remaining necessary information within 10 days from today and to



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extend necessary cooperation to the RP in completing the CIRP within time frame.

17.Despite this direction if the suspended management fails to furnish the information as above or fails to cooperate with the RP, RP is at liberty to approach this Tribunal for necessary directions as per law.

18.With the above directions, we dispose of IA No. 1364/2024 accordingly.

-sd-

-sd-

Charan Singh
Member (Technical)

Dr.Venkata Ramakrishna Badarinath Nandula
Member (Judicial)

Pavani