

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – 1**
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
23-05-2023 AT 10:30 AM

IA (IBC) 1479/2022 in Company Petition IB/255/2021
u/s. 7 of IBC, 2016

IN THE MATTER OF:

India Resurgence ARC Private Limited

...Financial Creditor

VS

Master Weaver Ethnics India Private Limited

...Corporate Debtor

C O R A M:-

**DR. VENKATA RAMAKRISHNA BADARINATH NANDULA, HON'BLE MEMBER (JUDICIAL)
SH. CHARAN SINGH, HON'BLE MEMBER (TECHNICAL)**

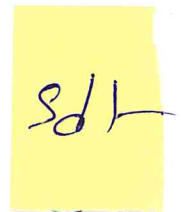
ORDER

IA 1479/2022

Order pronounced. Recorded vide separate sheets. In the result, the petition is partly allowed. The Respondent shall pay the applicant Rs.75,000/- for 6 months towards professional fee and Rs.25,000/- per month towards other expenses incurred along with expenses incurred towards engaging the professionals etc.



MEMBER (T)



MEMBER (J)



**NATIONAL COMPANY LAW TRIBUNAL, BENCH-1,
HYDERABAD**

IA (IB) No.1479 of 2022
Application filed under Section 60(5) of the
Insolvency and Bankruptcy Code, 2016
Read with Rule 11 of NCLT, Rules.

**IN THE MATTER OF THE M/S. MASTER WEAVER ETHINICS
PRIVATE LIMITED**

Between

Malireddy Ramana Reddy,
Resolution Professional of Corporate Debtor,
8-3191/155(16/A) Vaishnavis Sai Saurabh Residency,
Vengal Rao Nagar, Beside Sai Darshini Tiffin Centre,
Hyderabad, Telangana - 500038.

...Applicant/ Resolution Professional

VS

1. M/s. India Resurgence Arc Private Ltd
Registered Office at 304, 3rd Floor, Piramal Towers,
Peninsula Corporate Park, Ganpatrao Kadam Marg,
Lower Parel Mumbai City MH-400013 IN.
2. M/s Shriram City Union Finance Limited
Registered Office at 123, Angappa Naicken Street,
Madras TN 600001 IN.
3. M/s Aditya Birla Finance Limited
Registered Office at Indian Rayon Compound,
Veraval GJ 362266 IN.
4. ICICI Bank Limited
Registered Office at ICICI Bank Tower,
Near Chakli Circle, Old Padra Road,
Vadodara, GJ 390007 IN.

...Respondents/Members of CoC



Date of order: 23.05.2023.

Coram

Dr. Venkata Ramakrishna Badarinath Nandula, Hon'ble Member (Judicial)
Shri Charan Singh, Hon'ble Member (Technical)

Parties/ Counsels present:

For the Applicant : Mr. Maharshi Viswaraj, Counsel.

For the Respondent : Mr. Kalyan Chakravarthy , Counsel.

PER: BENCH

1. This is an Application filed by the Resolution Professional under section 60(5) of the IBC Code, 2016 for the following relief:-

- a) Pass an order directing the members of the COC/Respondents to pay the CIRP Expenses and Fee of the Applicant/RP amounting to Rs. 7,58,104/- proportionately as per their voting share.

2. AVERMENTS BY PETITIONER:

- i. It is averred that this Tribunal vide order dated 04.04.2022 in CP(IB) No. 255/2021 admitted the petition under section 7 of IBC, 2016 filed by one of the Financial Creditor M/s India Resurgence ARC Private Limited and initiated Corporate Insolvency Resolution Process



against Corporate Debtor and appointed the applicant as Interim Resolution Professional.

- ii.** On 10.04.2022 the Applicant/RP issued Public Announcement in Form-A as per section 15 of IBC read with Regulation 6 of IBBI, 2016 in Financial Express English Daily News Paper and Nava Telangana Telugu Daily News Paper.
- iii.** On 12.05.2022 the first CoC Meeting was conducted by the Applicant and the Applicant was confirmed as Resolution Professional under section 22(3) (a) of the IBC, 2016 and same was communicated to this Tribunal. This Tribunal vide order dated 04.08.2022 in IA No. 532/2022 in CP(IB) No. 255/9/HDB/2021 allowed the IA filed by the Resolution Professional under section 19(2) and directed the suspended board of directors to provide all the information to the applicant.
- iv.** It is averred that the CoC has not paid the CIRP expenses and Applicant/RP Fee amounting to Rs. 7,58,104/- inspite repeated follow up with the Financial Creditors and the claims received from the Financial Creditors and Operational Creditor are admitted by the Resolution Professional.



- v. The 1st CoC meeting was held On 12.05.2022, and the CoC approved the Applicant/ Resolution Professional fee and out of pocket expenses with 100% voting is Rs. 2,25,000/-, only one claim was received on the same day i.e. Employee State Insurance Corporation thereafter, Respondent No.1 and 2 has filed their claims.
- vi. The Applicant reconstituted the COC with Respondent No. 1 and 2 and conducted 2nd CoC Meeting on 25.02.2022, the applicant again placed resolution before the CoC for approval of Resolution Professional fee and out of pocket expenses. The Authorized Representative of Respondent No.1 M/s India Resurgence Arc Private Limited having 86.09% voting rights informed the chair the fee will be approved subject to approval of their Higher Authorities.
- vii. The Applicant reduce his fee from Rs. 2,00,000/- to Rs. 1,00,000/- upon request made by the Financial Creditors and on 26.08.2022 the 3rd CoC meeting was conducted, once again a resolution was placed before CoC for approval of Resolution Professional fee and out of pocket expenses. The Authorized Representative of Respondent No.1 M/s India Resurgence Arc Private Limited having 86.09% voting rights requested to defer the matter till next CoC meeting.



- viii.** In the 4th and 5th CoC meeting the resolution for approval of Resolution Professional fee and out of pocket expenses has been placed before CoC and the Resolution neither assented not dissented by the Financial Creditors.
- ix.** On 01.09.2020, after examining the possibility of reviving the Corporate Debtor came to conclusion that there is no possibility of revival of Corporate Debtor. Hence, with 100% voting the CoC resolved to liquidate the Company and it is further resolved to appoint the Resolution Professional/Applicant as Liquidator and the Resolution passed in the 4th CoC meeting is reproduced below:
“RESOLVED THAT the consent of the committee of creditors be and is hereby accorded to proceed for the liquidation of the Master Weaver Ethnics India Private Limited”
- x.** The applicant has worked for 180 days (6 Months) as IRP/RP and engaged professionals for smooth conduct of CIRP and also incurred expenditure, but the Respondents did not contributed the CIRP expenses till date inspite of repeated reminders to the Financial Creditors.



xi. The applicant has to be paid Rs. 75,000/- per month for 6 months towards Professional Fee and Rs. 25,000/- per month for 6 months towards Out-of-Pocket expenses/expenditure Rs. 98,104/- need to be paid to the Professionals engaged by the Applicant while discharging duties under IBC and the total CIRP expenses is Rs. 8,58,104/- out of which the balance of Rs. 7,58,104/- still pending and same need to be contributed by the respondents proportionately in accordance with their voting share.

xii. Reply filed on Behalf of Respondent No.1 :

- a) It is averred by the Respondent No.2 that the averments, allegations and statements made by the Applicant are baseless.
- b) It is averred that the reply filed by the Respondent No.1 has been reiterating the facts mentioned in the application.

3. We have heard Ld. Counsel Mr. Maharshi Viswaraj, for the Applicant/Resolution Professional and Ld. Counsel Mr. Kalyan Chakravarthy for the Respondent. Perused the record. There is no dispute regarding the services rendered by the RP.

4. Though respondents have not denied their responsibility to contribute their respective share of CIRP costs they only disputed quantum of amount claimed.



- i. We have carefully considered the said aspect and we are of the view that the applicant shall be paid Rs.75,000/- per month for 6 months towards Professional Fee and Rs. 25,000/- per month for 6 months towards Out-of-Pocket expenses/expenditure Rs. 98,104/- need to be paid to the Professionals engaged by the Applicant while discharging duties under IBC and the total CIRP expenses is Rs. 8,58,104/- out of which the balance of Rs. 7,58,104/- still pending and same need to be contributed by the respondents proportionately in accordance with their voting share.
- ii. Accordingly IA No. 1479 of 2022 is allowed.

Sd/-

CHARAN SINGH
MEMBER (TECHNICAL)

Swapna

Sd/-

DR. N.VENKATA RAMAKRISHNA BADARINATH
MEMBER (JUDICIAL)