

NATIONAL COMPANY LAW APPELLATE TRIBUNAL
PRINCIPAL BENCH, NEW DELHI

Company Appeal (AT) (Ins.) No. 108 of 2026

(Arising against the impugned order dated 07.10.2025 passed by the National Company Law Tribunal, Mumbai Bench in Company Petition (IB) No. 1135 of 2021].

IN THE MATTER OF:

CMA Harshad Deshpande

Registered Address: 403,
Kumar Millenium, Shivatirtha Nagar Kaman.
Opp. Krishna Hospital, Paud Road,
Kothrud, Pune, Maharashtra-411038

...Appellant

Versus

1. SHRI RAKESH KUMAR RELAN

Resolution Professional of
M/s Shri Tadco Deesan Private Limited
Having his office at:
109, Surya Kiran Building, 19,
Kasturba Gandhi Marg, New Delhi- 110001

Registered Address: 2501, A Wing, Transcon
Triumph, VLG Amboli, Hill Road,
Andheri West, Near Excel Industries,
Survey No. 48, Oshiwara, District: Mumbai
Suburban, Maharashtra-400053.

...Respondent No.1

2. Committee of Creditors

of M/s Shri Tradco Deesan Private Limited
Through
State Bank of India

Stressed Assets Resolution Group,
Commercial (III) 112/115, Plot No. 212, 1st
Floor, West Wing, Tulsiani Chambers,
Free Press Journal Marg, Nariman Point,
Mumbai - 400021.

...Respondent No.2

Present:

For Appellant: Mr. Sunny V. Gangar, Mr. G. Aniruth Purusothaman,
Advocates.

For Respondent: Mr. Ricky Sampat, Advocate.

J U D G M E N T

(19th May, 2026)

INDEVAR PANDEY, MEMBER (T)

The present appeal has been preferred by the Appellant, **CMA Harshad Deshpande**, who had been appointed as the Interim Resolution Professional (“IRP”) of the Corporate Debtor, namely M/s Shri Tradco Deesan Private Limited, challenging the Order dated 07.10.2024 passed by the Hon’ble National Company Law Tribunal, Mumbai Bench-V, (Adjudicating Authority) in IA (IBC) No. 4549/2024 in CP (IB) No. 1135/MB/2021. By the said order, the Adjudicating Authority partly allowed the application filed by the Appellant against Respondent No. 1, **Shri Rakesh Kumar Relan**, who was subsequently appointed as the **Resolution Professional (“RP”)** of the Corporate Debtor in the place of Appellant, and against Respondent No. 2, namely the **Committee of Creditors (“CoC”) of M/s Shri Tradco Deesan Private Limited through**

State Bank of India, regarding payment of professional fees and reimbursement of expenses incurred by the Appellant during the Corporate Insolvency Resolution Process (“CIRP”).

2. The dispute in the present appeal arises from the grievance of the Appellant that despite discharging various statutory duties as IRP throughout the CIRP period, including during the period when this Appellate Tribunal had stayed the constitution of the CoC, the CoC/Respondent No. 2 refused to ratify and pay his professional fees for a substantial duration and further arbitrarily reduced the agreed fee structure. The Appellant has therefore filed this appeal contending that the Adjudicating Authority failed to grant him fees in accordance with the agreed remuneration as well as the minimum fee structure prescribed under Regulation 34B read with Schedule II of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

Facts of the Case

3. The brief facts of the case relevant to deciding this case are as under:

(i) The Corporate Insolvency Resolution Process against M/s Shri Tradco Deesan Private Limited commenced pursuant to an Order passed by the Adjudicating Authority, under Section 7 of the Insolvency and Bankruptcy Code, 2016 (herein referred to as ‘**Code**’) on 15.02.2023, whereby the Corporate Debtor was admitted into CIRP and the Appellant/ CMA Harshad Deshpande, was appointed

as the Interim Resolution Professional for conducting the insolvency process in accordance with the provisions of the Code and the CIRP Regulations. Following his appointment, the Appellant assumed charge and commenced discharge of statutory duties required under the Code.

(ii) The admission order dated 15.02.2023 was thereafter challenged before this Appellate Tribunal by the Suspended Board of Directors of the Corporate Debtor through Company Appeal (AT) (Insolvency) No. 244 of 2023. During pendency of the said appeal, the Hon'ble NCLAT by an interim order passed on 28.02.2023 stayed the constitution of the Committee of Creditors, while specifically permitting the IRP to continue with collation and verification of claims. The order expressly directed that the IRP shall not constitute the CoC and shall not take further steps except collation and verification of claims.

(iii) The interim stay granted by the NCLAT ultimately was vacated vide order dated 01.09.2023, following which the Appellant proceeded with constitution of the Committee of Creditors in accordance with the Code. Upon constitution of the CoC, the first CoC meeting was convened on 18.09.2023, wherein the members of the CoC resolved to replace the Appellant as the Interim Resolution Professional and proposed appointment of Respondent No. 1, namely Shri Rakesh Kumar Relan, as the new Resolution Professional of the Corporate Debtor.

(iv) Thereafter, during the second CoC meeting held on 10.10.2023, the Appellant sought ratification of the professional fees payable to him for services rendered during the CIRP period. At this stage, representatives of State Bank of India objected to payment of fees for the period during which the constitution of CoC had remained stayed on the ground that according to them no substantial work had been performed during the said period. It was also contended by the representatives of SBI that the Appellant should charge only the minimum fee prescribed under Schedule II of the CIRP Regulations, namely INR 2,00,000/- per month. The Appellant, however, clarified that the fee of INR 2,50,000/- per month had already been agreed between SBI and the Appellant at the time his name was proposed as IRP in Part III of Form-1 and further explained that the fee prescribed under Schedule II was only a minimum benchmark and not a ceiling restricting higher agreed remuneration.

(v) Subsequently, the application seeking replacement of the Appellant as Resolution Professional was allowed by the Adjudicating Authority through order dated 26.10.2023, whereby Respondent No. 1 came to be appointed as the Resolution Professional of the Corporate Debtor. Pursuant thereto, the Appellant formally handed over charge and records of the Corporate Debtor to Respondent No. 1 on 04.11.2023.

(vi) In the third CoC meeting held on 30.11.2023, the CoC ratified the Appellant's fees only partially. The CoC approved payment of INR

1,25,000/- for the period from 15.02.2023 to 28.02.2023, INR 2,00,000/- for September 2023, INR 2,00,000/- for October 2023, and INR 26,666.67 for the period from 01.11.2023 to 04.11.2023, aggregating to INR 5,51,667/- exclusive of GST. Notably, no fees whatsoever were ratified for the six-month period from 01.03.2023 to 31.08.2023, during which the stay on constitution of CoC had remained operative. The CoC also reduced the Appellant's fee from the originally agreed amount of INR 2,50,000/- per month to INR 2,00,000/- per month from September 2023 onwards.

(vii) Aggrieved by the refusal to pay fees for the aforesaid six-month period and the unilateral reduction of his remuneration, the Appellant issued a legal notice on 27.03.2024 to the Resolution Professional and the CoC raising objections regarding arbitrary curtailment and non-payment of fees. Despite issuance of the legal notice, the amounts claimed by the Appellant were not released.

(viii) Subsequently, the Appellant approached the Adjudicating Authority by filing IA (IBC) No. 4549/2024 under Section 60(5) of the Insolvency and Bankruptcy Code seeking directions for payment of his professional fees and reimbursement of expenses incurred during the CIRP. In the said application, the Appellant contended that the CIRP process had never been stayed and only constitution of the CoC had been restrained; therefore, he remained entitled to fees for all services rendered during the relevant period. He further asserted that the agreed fee of INR 2,50,000/- per month as well as the minimum

statutory fee prescribed under Regulation 34B and Schedule II entitled him to remuneration substantially higher than what was being offered by the CoC.

(ix) During proceedings before the Adjudicating Authority, Respondent No. 1 filed an affidavit-in-reply contending that the Resolution Professional was bound by the decisions and resolutions passed by the Committee of Creditors and therefore could not release any amount beyond what had been approved by the CoC in its meetings. It was specifically asserted that the fee amount of INR 6,50,967/- inclusive of GST had already been ratified by majority vote of the CoC and consequently no further liability could be imposed upon the Resolution Professional beyond the approved amount.

(x) The AA ultimately disposed of IA (IBC) No. 4549/2024 by order dated 07.10.2024. By way of the impugned order, the Adjudicating Authority directed the CoC and the Financial Creditor to reimburse the fees of the Appellant for the period from 28.02.2023 to 01.09.2023 at the rate of INR 50,000/- per month on a pro-rata basis and also permitted reimbursement of actual expenses incurred by the Appellant subject to verification. However, the Adjudicating Authority did not accept the Appellant's claim for payment at the rate of INR 2,50,000/- per month or at least the minimum fee prescribed under Schedule II of the CIRP Regulations during the period of stay. Aggrieved by the same the Appellant has filed this appeal.

SUBMISSIONS OF THE APPELLANT

4. Ld. Counsel for the Appellant submits that the Corporate Insolvency Resolution Process (“CIRP”) against the Corporate Debtor commenced pursuant to the Order dated 15.02.2023 passed under Section 7 of the Insolvency and Bankruptcy Code, 2016 and the Appellant was appointed as IRP. The said admission order was challenged before this Appellate Tribunal in Company Appeal (AT) (Ins.) No. 244 of 2023. While entertaining the said appeal, this Hon’ble Appellate Tribunal, vide Order dated 28.02.2023, directed that the appeal be listed for admission on 11.04.2023 and further directed that, in the meantime, the IRP shall not constitute the Committee of Creditors (“CoC”) and shall not take any further steps except collation and verification of claims. Therefore, the directions issued by this Appellate Tribunal were limited in nature and did not amount to a complete stay of the CIRP proceedings.

5. Ld. Counsel submits that the interim protection granted by this Hon’ble Appellate Tribunal was subsequently vacated vide Order dated 01.09.2023. Therefore, from 01.09.2023 onwards, the CIRP proceedings continued without any restriction.

6. He submits that during the 03rd CoC Meeting held on 30.11.2023, the CoC itself approved and agreed to pay the fees of the IRP/Appellant for the relevant periods. The fee structure approved by the CoC included an amount of Rs.1,25,000/- for the period from 15.02.2023 to 28.02.2023, Rs.2,00,000/- each for the months of September and October 2023, and

Rs.26,666.67 for the period from 01.11.2023 to 04.11.2023, aggregating to Rs.5,51,667/- exclusive of GST. After adding GST at the rate of 18%, the total approved amount came to Rs.6,50,967/-.

7. He further that despite having approved the fees payable to the IRP, the Respondent No.02/CoC deliberately refused to pay the fees of the Appellant for the period from 01.03.2023 to 31.08.2023. In view of such refusal, the Appellant was constrained to file IA No. 4549/MB/2024 before the Ld. Adjudicating Authority seeking, inter alia, directions against the CoC for payment of fees payable to the IRP for the aforesaid period. The Ld. Adjudicating Authority partly allowed the said application vide the impugned Order dated 07.10.2025 and directed the CoC to pay fees to the Appellant at the rate of Rs.50,000/- per month during the period from 01.03.2023 to 31.08.2023. However, despite the passing of the said order, the CoC/Respondent No.2 has till date failed to comply with the same and has not paid even the reduced amount directed by the Ld. Adjudicating Authority.

8. The Appellant submits that the stand taken by the CoC/Respondent No.2 that the CIRP itself stood stayed during the period from 28.02.2023 to 01.09.2023 is factually and legally incorrect. The Order dated 28.02.2023 passed by this Appellate Tribunal merely restrained the IRP from constituting the CoC and from taking further steps in the CIRP, except for verification and collation of claims. Thus, the CIRP proceedings were not completely stayed. The limited directions were issued only to facilitate settlement discussions between the parties and not to terminate or suspend

the CIRP altogether. Therefore, the Appellant continued to discharge his statutory duties during the said period.

9. It is submitted that during the aforesaid period, the Appellant actively carried out the work of verification and collation of claims received from various creditors. The Appellant verified and collated claims exceeding Rs.250 crores. This fact has also been specifically recorded by the Ld. Adjudicating Authority in Paragraph 6 of the impugned Order dated 07.10.2025. The Ld. Adjudicating Authority categorically observed that the stay granted by this Appellate Tribunal was limited only to the constitution of the CoC and that the IRP was permitted to continue the functions relating to verification and collation of claims. The Hon'ble Adjudicating Authority further recorded that, after publication of Form-A, the IRP received claims from four financial creditors aggregating to more than Rs.250 crores and also received nine claims from operational creditors. The Hon'ble Adjudicating Authority therefore expressly held that it could not be said that no function was discharged by the IRP during the relevant period.

10. Ld. Counsel submits that in view of the above categorical findings recorded by the Hon'ble Adjudicating Authority, the argument advanced by the learned counsel for CoC/Respondent No.2 that no work was performed by the Appellant during the six-month period from 28.02.2023 to 01.09.2023 is wholly untenable and contrary to the material available on record. It is significant that the findings recorded in the impugned Order dated 07.10.2025 have not been challenged by Respondent No.02/CoC.

Therefore, the Respondent cannot now dispute the fact that substantial work was in fact carried out by the Appellant during the relevant period.

11. Ld. Counsel submitted that Regulation 34-B of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 specifically governs the fees payable to the Interim Resolution Professional and Resolution Professional. Regulation 34-B(2) clearly provides that the fee payable to an IRP or RP appointed on or after 01.10.2022 shall not be less than the fee prescribed in Schedule-II for the period specified therein. The Regulation further provides that while the applicant or CoC may fix a higher amount considering market factors, the minimum prescribed fee cannot be reduced below the statutory threshold. The said Regulation also clarifies that the fee forms part of the insolvency resolution process costs.

12. He submits that Schedule-II of the CIRP Regulations prescribes the minimum fee structure applicable to the IRP/RP. As per Table-1 under Schedule-II, where the quantum of admitted claims exceeds Rs.50 crores but is less than or equal to Rs.500 crores, the minimum fee payable is Rs.2,00,000/- per month. Clause 2 of Schedule-II further provides that such minimum fixed fee shall apply from the date of appointment of the IRP/RP till submission of the application for approval of the resolution plan, filing of liquidation application, filing of withdrawal application under Section 12A, or closure of the CIRP, whichever is earlier.

13. Ld. Counsel submitted that the List of Creditors filed with the Insolvency and Bankruptcy Board of India (“IBBI”), which forms part of the

Appeal Memo, clearly demonstrates that the Appellant admitted claims of financial creditors amounting to Rs.268,40,92,902/- and claims of operational creditors amounting to Rs.10,34,94,352/-. Thus, the admitted claims of the Corporate Debtor were well within the bracket attracting the statutory minimum fee of Rs.2,00,000/- per month under Regulation 34-B read with Schedule-II of the CIRP Regulations. In these circumstances, the direction of the Hon'ble Adjudicating Authority restricting the fees payable to the Appellant to only Rs.50,000/- per month for the period from 28.02.2023 to 01.09.2023 is contrary to the mandatory statutory framework and therefore unsustainable in law.

14. It is further submitted that the CoC/Respondent No.2 had itself agreed to pay the Appellant fees at the rate of Rs.2,50,000/- per month. The subsequent reduction of fees to Rs.2,00,000/- per month was applicable only after the interim directions were vacated on 01.09.2023. Therefore, for the period from 01.03.2023 to 31.08.2023, the Appellant is entitled to fees at the rate of Rs.2,50,000/- per month in terms of the resolutions passed by the CoC itself. The Ld. Adjudicating Authority failed to properly appreciate these material facts and consequently committed an error in reducing the fee payable to the Appellant.

15. It is submitted by the Appellant that he regularly filed the list of creditors before the IBBI from time to time as and when claims were received and verified. The records filed before the IBBI clearly show that the last claim was received and verified by the Appellant on 16.09.2023. The screenshot of the list of claims produced on record establishes that the

Appellant continuously discharged his duties during the relevant period and remained actively engaged in the CIRP process.

16. It is submitted that the Appellant undertook extensive work as IRP during the relevant period between 28.02.2023 and 01.09.2023. The Appellant received and processed claims from several creditors including Poonam Pipes, State Bank of India, Encore ARC, Ashapura Fuels Pvt. Ltd., Raj Process Equipments and Systems Pvt. Ltd., Food & Biotech Engineers, B.G. Shirke Construction, HDFC Bank, Axis Bank, and the Deputy Commissioner of State Tax. The Appellant also sent multiple communications seeking additional documents and clarifications for the purpose of claim verification. Various creditors submitted additional documents in response to the communications issued by the Appellant. Therefore, the allegation that the Appellant performed no work during the relevant period is entirely baseless and contrary to the documentary record.

17. Ld. Counsel submitted that the Respondent No.2 has relied upon the judgment of this Hon'ble Appellate Tribunal in "*IndusInd Bank Ltd. v. Mr. Rajendra K. Bhuta*, reported in (2022) ibclaw.in 325 NCLAT", to contend that no fee is payable during the period of stay. However, the said judgment is clearly distinguishable on both facts and law and has no application to the present case due to following reasons:

(a) It is submitted that in *IndusInd Bank Ltd. v. Rajendra K. Bhuta*, the admission order initiating CIRP was challenged before the Hon'ble Supreme Court and the Hon'ble Supreme Court granted a complete stay of the insolvency proceedings vide Order dated 26.11.2018 in Civil Appeal No.11020 of

2018. The Hon'ble Supreme Court specifically directed that "there shall be stay of insolvency proceedings in the meantime." Therefore, there was an absolute and complete stay on the CIRP proceedings in the said matter.

(b) It is submitted that the factual position in the present case is entirely different. In the present matter, this Hon'ble Appellate Tribunal never stayed the insolvency proceedings in entirety. The Appellant was only restrained from constituting the CoC and from taking further steps except verification and collation of claims. Thus, the Appellant continued to perform statutory functions during the relevant period and the CIRP itself remained operational.

(c) It is further submitted that in the judgment relied upon by Respondent No.2, the dispute pertained to the fees of the Resolution Professional after constitution of the CoC, whereas in the present case the dispute concerns the fees payable to the IRP during the stage of verification and collation of claims prior to constitution of the CoC. In the present case, the Appellant demonstrably performed substantial work relating to claim verification and collation, which has already been acknowledged by the Hon'ble Adjudicating Authority in the impugned order itself. Therefore, the ratio of the aforesaid judgment cannot be mechanically applied to the facts of the present case.

Ld. Counsel therefore submitted that the judgment in *IndusInd Bank Ltd. v. Rajendra K. Bhuta* is clearly distinguishable both on facts and on law and cannot be relied upon to deny the legitimate fees payable to the Appellant for the work actually performed by him during the relevant period.

18. Summing up his arguments, Ld. Counsel submitted that the Appellant is legally entitled to fees in accordance with Regulation 34-B read with Schedule-II of the CIRP Regulations and also in terms of the resolutions passed by the CoC itself submitted that the present appeal deserves to be allowed. The impugned Order dated 07.10.2025 deserves to

be set aside to the extent it restricts the fees payable to the Appellant to Rs.50,000/- per month for the period from 01.03.2023 to 31.08.2023. Accordingly, this Appellate Tribunal may be pleased to grant the reliefs prayed for in the Appeal.

Submissions of the Respondent No. 1/RP

19. Ld. Counsel for the Respondent No.1/ Resolution Professional Shri Rakesh Relan submitted that the substantive reliefs and prayers raised in the Appeal were essentially against Respondent No. 2, namely the Committee of Creditors. The counsel for Respondent No. 1 specifically emphasized that no direct allegations had been levelled against the Answering Respondent in the Appeal and no substantive reliefs had been sought against him. It was therefore argued that the role of the Answering Respondent in the present proceedings was only formal and limited in nature.

20. He further submitted that the Answering Respondent had received a legal notice dated 27.03.2024 from the Appellant. Upon receipt of the said notice, the same had been duly communicated by the Answering Respondent to the members of the Committee of Creditors. Thereafter, IA (IBC) No. 4549/MB/2024 came to be filed by the Appellant and a copy thereof had also been duly served upon the Answering Respondent. The counsel submitted that Respondent No. 1 had acted transparently and had kept the Committee of Creditors informed regarding all material communications received from the Appellant.

21. The counsel lastly submitted that since no substantive prayers had been sought against the Answering Respondent and no allegations warranting adjudication had been made against him, the Appeal deserved to be decided independently on its own merits as against the concerned parties.

Submissions of Respondent No.2/CoC

22. Ld. Counsel for Respondent No. 2/CoC submitted that the Appellant was initially appointed as the Interim Resolution Professional (“IRP”) of Shri Tradco Deesan Private Limited pursuant to the order dated 15.02.2023 passed by the Ld. Adjudicating Authority under Section 7 of the Insolvency and Bankruptcy Code, 2016 admitting the Corporate Debtor into Corporate Insolvency Resolution Process (“CIRP”). It was submitted that thereafter the admission order itself came to be challenged before this Appellate Tribunal by the Corporate Debtor. This Appellate Tribunal, vide order dated 28.02.2023 passed in Company Appeal (AT) (Insolvency) No. 244 of 2023, granted interim protection by directing the IRP not to constitute the Committee of Creditors and not to take further steps except collation and verification of claims.

23. Ld. Counsel submits that the Appellant is now deliberately attempting to take undue advantage of the wording of the order dated 28.02.2023 by contending that since there was no express stay of CIRP proceedings, he continued to remain entitled to full fees during the entire period from 01.03.2023 to 31.08.2023. Learned counsel submitted that

such interpretation is wholly artificial and contrary to the practical and legal effect of the interim order passed by this Hon'ble Tribunal. It was submitted that once constitution of the CoC was specifically restrained and the IRP was directed not to proceed further except verification and collation of claims, the CIRP itself substantially remained in abeyance. Counsel submitted that any reasonable reading of the interim order would make it abundantly clear that no substantive CIRP work could proceed during the said period.

24. Learned counsel further submitted that prior to the interim stay, the Appellant had admittedly carried out certain limited functions such as issuance of public announcement for inviting claims from creditors. It was therefore acknowledged by the CoC that fees for the services actually rendered before the stay period were payable and accordingly the same were ratified. However, after the stay on constitution of CoC came into operation, no effective CIRP functions could legally be undertaken by the Appellant. It was therefore submitted that the Appellant could not claim fees for a period during which he was not discharging substantive statutory duties under the Code. Counsel emphasized that the Appellant was fully compensated for the period during which work was actually performed and there was no arbitrary denial of legitimate remuneration.

25. It was further submitted that the interim protection granted by this Hon'ble Tribunal remained in force till 01.09.2023, when the same was vacated. Thereafter, the Appellant proceeded to constitute the Committee of Creditors and subsequently, in the first CoC meeting itself, he came to

be replaced by Respondent No. 1 as the Resolution Professional pursuant to the order dated 26.10.2023 passed by the Hon'ble NCLT, Mumbai Bench. Learned counsel submitted that therefore the actual period during which the Appellant rendered effective CIRP services was extremely limited and the fee structure was accordingly rationalized by the CoC on the basis of actual work performed.

26. Ld. Counsel then referred to the 3rd CoC meeting held on 30.11.2023 wherein the fees payable to the Appellant were specifically considered and ratified. It was submitted that the CoC, after due deliberation, approved payment of fees for the period between 15.02.2023 to 28.02.2023, September 2023, October 2023 and proportionate fees for the brief period between 01.11.2023 to 04.11.2023. The total amount ratified was Rs. 5,51,667/- plus GST amounting to Rs. 99,300/-, aggregating to Rs. 6,50,967/-. It was specifically recorded in the minutes that the period between 01.03.2023 to 31.08.2023 was covered by the stay order passed by this Hon'ble Appellate Tribunal on constitution of the CoC. Learned counsel submitted that the CoC thus took a conscious commercial decision not to approve fees for the stay period, since no effective CIRP functions were carried out during that time.

27. Ld. Counsel further submitted that the Appellant's fees were also re-adjusted from Rs. 2,50,000/- per month to Rs. 2,00,000/- per month in accordance with the CIRP Regulations and the size of claims collated in the present CIRP. It was argued that under the CIRP Regulations, the IRP may request a higher fee, but such higher fee is ultimately subject to approval

of the Committee of Creditors. It was therefore submitted that the CoC was fully within its commercial wisdom and statutory authority in approving a fee of Rs. 2,00,000/- per month instead of Rs. 2,50,000/- per month. Learned counsel clarified that this re-adjustment was made only after constitution of the CoC and was thus a valid exercise of powers by the CoC under the CIRP framework.

28. He stated that thereafter the Appellant filed IA No. 4549/MB/2024 before the Adjudicating Authority seeking payment of fees from the CoC. The said application was heard at length by the Adjudicating Authority. Learned counsel submitted that although the CoC had taken a legitimate position that no fees were payable for the stay period due to absence of discharge of statutory duties, the Adjudicating Authority nevertheless exercised equitable jurisdiction and directed payment of Rs. 50,000/- per month on pro rata basis for the stay period from 01.03.2023 to 31.08.2023. It was further directed that actual expenses incurred by the IRP could also be reimbursed upon verification. Counsel submitted that despite this equitable indulgence granted by the Adjudicating Authority, the Appellant has still chosen to challenge the order solely for enhancement of fees.

29. Learned counsel submitted that the present Appeal has been preferred by the Appellant mainly on two grounds, namely, firstly, that the CoC could not reduce the fees from Rs. 2.50 lakhs to Rs. 2.00 lakhs, and secondly, that the Adjudicating Authority erred in granting only Rs. 50,000/- per month for the stay period. It was submitted that both

contentions are legally untenable and contrary to the statutory scheme governing CIRP costs and professional fees.

30. With respect to the Appellant's reliance on Regulation 34B of the CIRP Regulations, Ld. Counsel submitted that the Appellant cannot invoke the minimum fee structure contemplated under the Regulations because the said provision presupposes active conduct of CIRP proceedings and actual discharge of statutory functions. It was argued that during the subsistence of the stay order, the Appellant was legally incapacitated from performing CIRP-related duties and therefore no legal entitlement to fees arose during that period. Ld. Counsel submitted that the Appellant cannot selectively rely upon the minimum fee provision while simultaneously ignoring the fact that the CIRP itself remained substantially halted pursuant to judicial orders.

31. Ld. Counsel further submitted that the direction issued by the Hon'ble Adjudicating Authority granting Rs. 50,000/- per month during the stay period was itself an act of equity and indulgence, since strictly speaking the CoC had resolved that no amount was payable for the said period. It was argued that the Appellant has no vested or statutory right to insist upon payment of minimum fees when admittedly no substantial CIRP work was undertaken during the relevant period. Counsel emphasized that the Hon'ble NCLT had not reduced any fees already approved by the CoC; rather, it had granted an additional equitable amount despite there being no legal obligation to do so.

32. It was also submitted that the Appellant has failed to demonstrate any illegality, perversity or arbitrariness in the decision of the CoC approving fees at Rs. 2,00,000/- per month. Learned counsel submitted that Respondent No. 2 has already shown its willingness to comply with the directions passed by the Hon'ble NCLT and to pay Rs. 2,00,000/- per month for the period between 01.09.2023 to 26.10.2023, apart from the fees directed for the stay period and reimbursement of verified expenses. Counsel submitted that the conduct of the CoC throughout has been fair, transparent and fully compliant with the statutory framework.

33. Learned counsel further argued that the fees ratified by the CoC for the periods before and after the stay are just, reasonable and in accordance with settled law. It was submitted that several judicial precedents have consistently held that no fees are payable to an IRP for periods during which effective CIRP functions could not be performed due to stay orders or non-constitution of the CoC. Counsel submitted that the present case squarely falls within the same principle because the Appellant admittedly could not undertake substantive CIRP activities during the stay period.

34. In support of the above proposition, learned counsel specifically relied upon the judgment of this Hon'ble NCLAT in *IndusInd Bank Ltd. v. Rajendra K. Bhuta*, wherein it was categorically held that no fees are payable for the period during which insolvency proceedings remain stayed. It was submitted that the claim raised by the Appellant for fees during the stay period is therefore ex facie contrary to the settled position of law laid down by this Hon'ble Tribunal itself.

35. Learned counsel further submitted that it is a settled principle under insolvency jurisprudence that fees of an Interim Resolution Professional are not automatic or absolute in nature but are contingent upon actual discharge of functions under the Code. During the period when constitution of the CoC stood stayed, the CIRP itself remained in abeyance and no effective steps could be undertaken. Consequently, the amounts claimed by the Appellant for the said period cannot qualify as CIRP costs under Section 5(13) of the Insolvency and Bankruptcy Code, 2016. Counsel submitted that the Appellant is attempting to convert a conditional professional entitlement into an unconditional right, which is impermissible in law.

36. Lastly, learned counsel submitted that the Appellant has deliberately suppressed material facts before this Hon'ble Tribunal, including the limited nature of work actually performed during the stay period, and has attempted to create a misleading impression regarding his alleged entitlement. It was submitted that the Appeal deserves dismissal with costs as the Appellant is seeking unjustified enhancement of fees despite already having received equitable relief from the Adjudicating Authority.

37. In light of the aforesaid submissions, learned counsel for Respondent No. 2 prayed that the present Appeal be dismissed with costs, the impugned order dated 07.10.2025 passed by the Hon'ble NCLT be upheld in its entirety, the prayer seeking payment of interest be rejected, and such further orders be passed as this Hon'ble Tribunal may deem fit and proper in the facts and circumstances of the case.

Analysis and Findings

38. We have gone through the records of the case including the written submissions filed by the parties and heard the Ld. Counsels at length.

39. The present Appeal is confined only to the issue of fees payable to the Appellant during the period when the constitution of the CoC stood stayed by order dated 28.02.2023 passed by this Appellate Tribunal. The validity of the CIRP admission order or the appointment of the Appellant as IRP is not under challenge before us.

40. The limited issue for our consideration in this appeal is whether the Learned Adjudicating Authority was justified in directing payment of fees to the Appellant-IRP at the rate of Rs. 50,000/- per month for the period from 28.02.2023 to 01.09.2023, during which the constitution of the CoC remained stayed by this Appellate Tribunal or whether the Appellant is entitled to fees at the rate of Rs. 2,00,000/- or Rs. 2,50,000/- per month for the said period.

41. The only question here is whether the limited work performed during a restricted CIRP period would entitle the Appellant to claim full fees at the same rate as payable during a fully operational CIRP.

42. The Appellant has argued that the CIRP itself was never stayed by this Appellate Tribunal. According to the Appellant, only the constitution of the CoC and further CIRP steps were stayed, while he was expressly permitted to continue with collation and verification of claims. It has been

submitted that during the said period, claims exceeding Rs. 250 Crores were received, examined and collated by him and therefore the contention of the CoC that no work was performed is factually incorrect. The Appellant has further argued that Regulation 34-B read with Schedule II of the CIRP Regulations prescribes minimum fees payable to an IRP and therefore the CoC could not reduce or deny the same. It has also been contended that the SBI itself had initially agreed to fees at the rate of Rs. 2.50 Lakhs per month and could not subsequently reduce the same arbitrarily.

43. Per contra, the Respondents have contended that the role and functioning of the Appellant during the relevant period remained substantially restricted because of the interim order passed by this Appellate Tribunal. According to the Respondent, the Appellant could neither constitute the CoC, nor could he take substantive steps in CIRP during the aforesaid period of stay granted by this Appellate Tribunal. It has therefore been argued that the scope of work performed by the Appellant was limited only to collation and verification of claims and accordingly the Learned Adjudicating Authority rightly awarded limited remuneration proportionate to the work actually discharged.

44. Having noticed the rival submissions, we must now examine the true effect of the interim order dated 28.02.2023 and the nature of duties which were actually performed by the Appellant during the relevant period.

45. This Appellate Tribunal in the CA (AT) (Ins) No. 244 of 2023 involving the same CIRP proceedings of the Corporate Debtor had passed the following order on 28.02.2023:

“ORDER

28.02.2023: *Learned Counsel for the Appellant submits that after passing of the Impugned Order dated 15.02.2023, Appellant is in continuous dialogue with the Bank for submitting an OTS Proposal and certain correspondence has taken place between the Appellant and the Bank and Appellant is waiting for reply of the Bank for the expected amount and the manner of deposit. Learned Counsel for the Appellant submits that Appellant shall endeavor to enter into settlement and try to liquidate the debt as per decision of the Bank.*

2. Issue Notice. Learned Counsel for the Bank accepts notice and allowed three weeks ' time to file Reply. Appellant may also file Rejoinder within two weeks, thereafter.

*List this Appeal "For Admission" on **11th April, 2023**. In the meantime, in pursuance of the Impugned Order, IRP shall not constitute the Committee of Creditors and he shall not take further steps except collation and verification of the claim.”*

46. A careful reading of the order dated 28.02.2023 passed by this Appellate Tribunal shows that the IRP was specifically restrained from constituting the CoC and from taking further steps in the CIRP except collation and verification of claims. Therefore, the IRP was permitted to take only the specific activity relating to collation and verification of claims. All

further actions to be taken in the CIRP were stayed completely and the activities of the IRP stood drastically curtailed.

47. Under the normal course of CIRP, an IRP is expected to undertake various statutory and managerial functions including constitution of CoC, conducting CoC meetings, managing the affairs of the Corporate Debtor as a going concern, appointing professionals, supervising operations of the Corporate Debtor and facilitating the overall resolution process. However, because of the interim stay granted by this Appellate Tribunal, most of these functions could not proceed during the period from 28.02.2023 till 01.09.2023 when the stay was vacated.

48. It is on record that the Appellant did perform limited function relating to receipt and collation of claims during the aforesaid period. The Ld. Adjudicating Authority has also recorded that the Appellant had received claims from creditors, prepared a list of four Financial Creditors involving claims exceeding Rs. 250 Crores and also processed claims of Operational Creditors.

49. In our considered view, the answer to the question of remuneration of IRP during the stay period must necessarily depend upon the nature and extent of functions actually discharged during the relevant period. In this regard, we take a look at the duties to be performed by Interim Resolution Professional which are prescribed in Section 18 and Section 20 of the Code:

“Section 18: Duties of interim resolution professional.

18. *The interim resolution professional shall perform the following duties, namely: —*

(a) collect all information relating to the assets, finances and operations of the corporate debtor for determining the financial position of the corporate debtor, including information relating to—

(i) business operations for the previous two years;

(ii) financial and operational payments for the previous two years;

(iii) list of assets and liabilities as on the initiation date; and

(iv) such other matters as may be specified;

(b) receive and collate all the claims submitted by creditors to him, pursuant to the public announcement made under sections 13 and 15;

(c) constitute a committee of creditors;

(d) monitor the assets of the corporate debtor and manage its operations until a resolution professional is appointed by the committee of creditors;

(e) file information collected with the information utility, if necessary; and

(f) take control and custody of any asset over which the corporate debtor has ownership rights as recorded in the balance sheet of the corporate debtor, or with information utility or the depository of securities or any other registry that records the ownership of assets including—

(i) assets over which the corporate debtor has ownership rights which may be located in a foreign country;

(ii) assets that may or may not be in possession of the corporate debtor;

(iii) tangible assets, whether movable or immovable;

(iv) intangible assets including intellectual property;

(v) securities including shares held in any subsidiary of the corporate debtor, financial instruments, insurance policies;

(vi) assets subject to the determination of ownership by a court or authority;

(g) to perform such other duties as may be specified by the Board.

Explanation. —For the purposes of this 1[section], the term “assets” shall not include the following, namely: —

(a) assets owned by a third party in possession of the corporate debtor held under trust or under contractual arrangements including bailment;

(b) assets of any Indian or foreign subsidiary of the corporate debtor; and

(c) such other assets as may be notified by the Central Government in consultation with any financial sector regulator.

Section 20: Management of operations of corporate debtor as going concern.

20. (1) The interim resolution professional shall make every endeavour to protect and preserve the value of the property of the corporate debtor and manage the operations of the corporate debtor as a going concern.

(2) For the purposes of sub-section (1), the interim resolution professional shall have the authority—

(a) to appoint accountants, legal or other professionals as may be necessary;

(b) to enter into contracts on behalf of the corporate debtor or to amend or modify the contracts or transactions which were entered into before the commencement of corporate insolvency resolution process;

(c) to raise interim finance provided that no security interest shall be created over any encumbered property of the

corporate debtor without the prior consent of the creditors whose debt is secured over such encumbered property:

Provided that no prior consent of the creditor shall be required where the value of such property is not less than the amount equivalent to twice the amount of the debt.

(d) to issue instructions to personnel of the corporate debtor as may be necessary for keeping the corporate debtor as a going concern; and

(e) to take all such actions as are necessary to keep the corporate debtor as a going concern.”

(Emphasis Supplied)

50. We note from the Section 18 that out of various duties listed in respect of IRP in Section 18, which are given at sub-section (a) to (g), of Section 1; the Appellant was performing only one duty listed in subsection (b) relating to receipt and collation of claims by the creditors during the period of stay granted by this Appellate Tribunal.

51. We further note that under Section 20 of the Code the main responsibility of the IRP is the management of operations of the corporate debtors as a going concern during the CIRP. Appellant admittedly could not take control and custody of the assets of the Corporate Debtor during the relevant period and the same occurred only after the interim stay was vacated, this fact was also noticed by the Adjudicating Authority. Further, no CoC meetings could be held and no substantive progress in the resolution process could take place, because of the interim order operating at the relevant time. As we note from the Section 20 of the Code, the main role of the IRP during the CIRP process is to keep the Corporate Debtor

running as a going concern. Whereas in this case we note that the CD was being run by the existing management during the period of the stay. Clearly the role performed by the Appellant was extremely limited in comparison to the role of an IRP in normal CIRP proceedings.

52. The Appellant has relied upon Regulation 34-B and Schedule II of the CIRP Regulations. However, those provisions cannot be interpreted in isolation from the factual circumstances of the case. The purpose of prescribing minimum fees is to ensure reasonable professional compensation for functions performed during CIRP. Such provisions cannot be read to mean that the IRP becomes automatically entitled to full professional fees even during a period when the CIRP itself was functioning under substantial judicial restrictions and most statutory functions could not be undertaken.

53. Once this factual position is appreciated, the reasoning adopted by the Adjudicating Authority becomes clear. The Adjudicating Authority neither accepted the stand of the CoC that no fees were payable, nor accepted the claim of the Appellant for full fees at the rate demanded by him. Instead, it attempted to strike a balance between the two competing positions.

54. The Adjudicating Authority acknowledged that the Appellant had performed certain functions and therefore deserved remuneration. Simultaneously, it also recognized that the CIRP was functioning under serious restrictions and therefore payment of full fees as claimed by the

Appellant would not be justified. It is in this background that the Adjudicating Authority directed payment of fees at the rate of Rs. 50,000/- per month along with reimbursement of actual expenses after verification.

55. In our opinion, such an approach cannot be termed arbitrary or unreasonable. The determination of professional fees in such circumstances is essentially a factual and discretionary exercise which must consider the actual work performed, the stage of CIRP and the surrounding circumstances. Merely because another view may also be possible does not justify appellate interference under Section 61 of the Insolvency and Bankruptcy Code, 2016.

56. We also do not find merit in the submission of the Appellant that because fees at the rate of Rs. 2.50 Lakhs per month were initially contemplated, the CoC became permanently bound to continue payment at the same rate irrespective of subsequent developments. The CoC agreed to pay at this rate during the period prior to stay. For the period after the Stay CoC had gone by the rates provided in the regulations. The question of CIRP costs and fee ratification falls within the commercial domain of the CoC, subject of course to judicial scrutiny where the decision is shown to be arbitrary or contrary to law. In the present case, the reduction during the stay period and payment as per the regulations after vacation of stay had direct nexus with the restricted functioning of the CIRP during the relevant period and therefore the same cannot be said to be mala fide or irrational.

57. We are also not convinced by the Appellant's contention that the ratio of the judgement in IndusInd (supra) is not applicable in this case. The Appellants contention is that in the aforesaid matter the Supreme Court had granted complete stay of insolvency proceedings, whereas in this case the appellant was only restrained from constituting the CoC and from taking further steps except collation and verification of claims. He continued to perform his statutory functions during the period of interim stay. As we have noted earlier the appellant perform only one function relating to processing of claims. There was a complete stay on all other activities. The main activity during CIRP relating to keeping the Corporate Debtor functional as a going concern under Section 20 was not in the hands of the IRP, apart from several other activities as listed in Section 18 of the Code. We are of the view that the ratio as laid down by IndusInd (supra) squarely applies to this case.

58. We are therefore of the considered opinion that the Adjudicating Authority correctly appreciated the factual matrix and adopted an equitable approach by granting reasonable remuneration proportionate to the functions actually performed by the Appellant during the restricted CIRP period. For the reasons recorded above, we find no material irregularity in the impugned order dated 07.10.2025 passed by the Adjudicating Authority in IA No. 4549/2024 in CP (IB) No. 1135/MB/2021.

59. In view of the findings above, we find no merit in the appeal and the same is accordingly dismissed. Pending IA's, if any, shall stand disposed of.

No order as to costs.

[Justice Ashok Bhushan]
Chairperson

[Indevar Pandey]
Member (Technical)

Place: New Delhi

*Harleen/
Pragya (LRA)*