

IN THE NATIONAL COMPANY LAW TRIBUNAL  
HYDERABAD BENCH AT HYDERABAD

CP(IB) SR No. 4322/9/HDB/2017  
U/s. 9 of the IBC, 2016

In the matter of:

Shri Shrikrishna Rail Engineers Private Limited,  
Director- Bhushan Tikekar  
Regd. Office: Mama Malgi Foundation,  
19-13, Vachhraj Lane, Matunga (CR),  
Mumbai-400019.

...Operational Creditor/ Petitioner

Versus

Madhucon Projects Limited,  
Regd. Office: H.No.1-7-70, Jublipura,  
Khammam, Telangana-507003.

...Corporate Debtor/ Respondent

Date of Order: 22.11.2017

CORAM:

Hon'ble Mr. Rajeswara Rao Vittanala, Member (Judicial)

Hon'ble Mr. Ravikumar Duraisamy, Member (Technical)

Parties/Counsels Present:

Professional Representative: Sanjay Kumar Ruia, CA &  
Ranga Rao Doradla, CA

Per: Ravikumar Duraisamy, Member (Technical)

ORDER

1. The Company Petition bearing No. CP (IB) SR No. 4322/9/HDB/2017 is filed by Shri Shrikrishna Rail Engineers Pvt. Ltd. against Madhucon Projects Limited U/s. 9 of the IBC, 2016, by seeking the following reliefs:
  - a. To pass appropriate orders under section 9 of the IBC, 2016 against the Respondent Company and the



directors for initiation of Corporate Insolvency Resolution Process.

- b. To pass an order for appointing Mrs. Bhavna Sanjay Ruia, Insolvency Professional to act as Interim Resolution Professional for management of the Respondent Company.

2. Heard Shri Sanjay Kumar Ruia and Shri Ranga Rao Doradla, learned CAs for the petitioner. The learned counsels for the operational creditor explained the matter and the clarifications sought by the Adjudicating Authority. Total claim of the Operational Creditor is Rs. 4,16,97,565/- (including interest and retention money).

3. The Operational Creditor has proposed Ms. Bhavna Sanjay Ruia as Interim Resolution Professional for Corporate Insolvency Resolution Process of Madhucon Projects Limited. The IRP has filed Term Sheet for Professional Assignment dated 03.11.2017. While perusing the records, the Adjudicating Authority was alarmingly shocked/ surprised to notice that the Professional Fee quoted by the proposed IRP is Rs.5 Crores till the First Committee of Creditors Meeting. Further it is noticed that fee for the subsequent months as IRP/RP on a per month basis is Rs. 1.75 Crores. The Adjudicating Authority also noted that total outstanding debt amount from the Corporate Debtor is only Rs.4.16 Crores (including interest and retention money). It is also observed that the fee proposed by



IRP works out to Rs.14.00 Crores approx., apart from other incidental expenses.

4. From the Annual Report of 2015-16 available publicly, the Adjudicating Authority also noted that MD & CEO of Corporate Debtor was appointed with monthly remuneration of Rs.5 lakhs inclusive of all allowances and perquisites for a period of three years w.e.f. 01.05.2016. Accordingly, the remuneration of MD & CEO for the whole year itself is Rs.60 lakhs. Further, it is also noted that for the other two Whole Time Directors, the remuneration per annum is Rs.50 lakhs. Accordingly, remuneration for MD & CEO and two Whole Time Directors works out to Rs.1.10 crores per annum, whereas, the proposed IRP has quoted exorbitant amount as stated above.


5. In view of the above, the Adjudicating Authority is of the considered view that the remuneration quoted by the IRP is quite exorbitant and the same needs to be referred to IBBI. Though there are no prescribed set of Rules and Regulations/ Guidelines at present with regard to the fee to be payable to the IRP/ RP, the Adjudicating Authority is of the considered view that the fee quoted by the professionals should be reasonable, commensurate with the work to be handled. In view of the above we recommend the matter to IBBI for taking appropriate action/remedial measure against the Proposed IRP including disciplinary action if any, as deemed fit.



6. The proposed IRP Mrs. Bhavna Sanjay Ruia (having IP Reg No. IBBI/IPA-002/IP-P00371/2017-18/11065) is Wife of Mr. Sanjay Kumar Ruia who is the Counsel in the instant case. In another case relating to Raj Steels Vs. Sanjay Strips Pvt. Ltd bearing CP(IB)No.218/09/HDB/2017, Mr. Sanjay Kumar Ruia was recommended as IRP by the Operational Creditor and originally he quoted a total fee of Rs.85,50,000/- for the initial period of six months. When Adjudicating Authority raised concern over the exorbitant fee quoted by IRP it was subsequently substantially reduced to Rs.9,00,000/- (almost 90% lesser than the original fee quoted).

7. Therefore, the Registry is directed to forward a copy of this Order along with the Order in the case of Raj Steels to the Chairman, IBBI.

8. Post the matter on 05.12.2017.

  
RAVIKUMAR DURAISAMY  
MEMBER (TECHNICAL)

  
RAJESWARA RAO VITTANALA  
MEMBER (JUDICIAL)

  
for Dy. Regr./Asst. Regr./Court Officer/  
National Company Law Tribunal, Hyderabad Bench

प्रमाणित प्रति  
CERTIFIED TRUE COPY

केस संख्या  
CASE NUMBER CP(IB)SR.No.4322/9/HDB/2017  
निर्णय का तारीख  
DATE OF JUDGEMENT 22.11.2017  
प्रति तैयार किया गया तारीख  
COPY MADE READY ON 5.12.2017