

**IN THE NATIONAL COMPANY LAW TRIBUNAL,  
MUMBAI BENCH, COURT – III**

**IA/1745/2023 In C.P.(IB)/70(MB)2022**

*(Under Section 30(6) and Section 31 of the  
Insolvency and Bankruptcy Code, 2016 r/w  
Regulation 39(4) of the IBBI (Insolvency  
Resolution Process for Corporate Persons)  
Regulations, 2016.)*

**Keyur Jagdishbhai Shah, Resolution  
Professional for M/s. Rushabh Precision  
Bearings Limited**

**.....Applicant**

*In the matter of*

**M/s. Shimnit India Private Limited**

**.....Financial Creditor**

**Vs**

**M/s. Rushabh Precision Bearings Limited**

**.....Corporate Debtor**

**Order Reserved on: 05.09.2023**

**Order delivered on: 20.10.2023**

**CORAM:**

**SHRI CHARANJEET SINGH GULATI**

**HON'BLE MEMBER (T)**

**SMT LAKSHMI GURUNG**

**HON'BLE MEMBER (J)**

*Appearances:*

For the Resolution Applicant : Adv. Noopur K. Dalal

## **ORDER**

***Per- Lakshmi Gurung, Member Judicial***

It is an application filed by the Resolution Professional of the Corporate Debtor (**“RP/Applicant”**) under Section 30(6) and Section 31 of the Insolvency & Bankruptcy Code, 2016 (**“the Code”**) read with Regulation 39(4) of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process Corporate Persons) Regulations, 2016 for approval of the Resolution Plan by Adjudicating Authority based on the approval already given by the Committee of Creditors (**“CoC”**) in its 7<sup>th</sup> Meeting with majority of 100% under section 30(4) of the Code.

2. An application under section 7 of IB Code, 2016 was filed against the Corporate Debtor i.e., Rushabh Precision Bearings Limited by the Financial Creditor M/s. Shimnit India Private Limited and the said application was admitted by this Bench, vide Order dated 25.04.2022 in CP(IB) No. 70/MB/ 2022. By the said order the Applicant was appointed as Interim Resolution Professional (**“IRP”**).
3. Public Announcement in Form A was published in newspapers namely Business Standard (English) & Navshakti (Marathi) circulated in Mumbai, where registered office of the Corporate Debtor is situated and in Economic Times (English) & Gujarat Samachar (Gujarati) circulated in Surendranagar, the region where the factory office of the Corporate Debtor is situated.

4. One of the Suspended Directors of the corporate Debtor Mr. Rajesh Vohra had challenged the above order admitting the Corporate Debtor to CIRP, of this bench before Hon'ble NCLAT in Company Appeal (AT) (Insolvency) No. 536 of 2022 on the ground that he intends to settle the entire principal and interest amount within three months. NCLAT directed stay on constitution of the CoC, vide order dated 13.05.2022. However, due to non-repayment of the amount of default, the said stay was withdrawn by the Hon'ble Appellate Tribunal by an order dated 07.07.2022 and the process of the CIRP began and CoC was constituted.
5. The CoC consists of the sole Financial Creditor as per the details given below:

<b>Particulars</b>	<b>Amount Claimed</b>	<b>Amount Admitted</b>	<b>Percentage of Voting</b>
Shimnit India Private Limited	23,38,53,395	23,35,93,745	100%

6. In the first meeting held on 13.07.2022, the CoC took note of the actions taken by the IRP and appointed him as RP. Further, in the Second Meeting of CoC held on 20.08.2022, the RP apprised the Members of Committee of Creditors regarding the progress made along with submission of Information Memorandum and Invitation for Expression of Interest (EOI) from interested and eligible prospective resolution applicants to submit Resolution Plan. Pursuant to Regulation 36A (1) of IBBI (Insolvency Resolution Process for Corporate Persons)

Regulations, 2016, Form G was uploaded on IBBI portal and published in newspapers namely:

- a. *Free Press Journal (English Newspaper) & Navshakti (Marathi Newspaper) circulated in Mumbai, the region where the registered office of the Corporate Debtor is situated.*
- b. *Business Standard (English Newspaper) & Gujarat Samachar (Gujarati Newspaper) circulated in Surendranagar, the region where the factory office of the Corporate Debtor is situated.*

7. Pursuant to the Publication for Invitation of Expression of Interest, the RP had received EoI from the following three (3) prospective Resolution Applicants:

- i. Kundan Care Products Ltd.
- ii. Real Mazon India Limited
- iii. Aegis Precision Pvt. Ltd.

8. Further, on non-receipt of any objection on the said list of eligible Prospective Resolution Applicants under Regulation 36A (11) of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. The RP issued the Request for Resolution Plan (**“RFRP”**), Information Memorandum and the Evaluation Matrix to all the three Prospective Resolution Applicants on 21.09.2022. Further, on the request of Prospective Resolution Applicants, the last day for submission of Resolution Plan was extended till 01.11.2022 and then again upto 16.11.2022.

9. Pursuant to Section 30 of the Code read with Regulation 37 and 38 of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, Resolution Plans were received from two prospective Resolution Applicants namely Kundan Care Products Limited and Real Mazon India Limited on 16.11.2022. However, no resolution plan was received from third prospective Resolution Applicant namely Aegis Precision Private Limited.

**Exclusion/Extension granted by the Adjudicating Authority:**

10. On an Interlocutory Application No. 2648/2022 by RP, this Bench by its order dated 23.09.2022, allowed exclusion of 56 days from the period of 180 days for the completion of corporate insolvency resolution process.
11. CoC had given further time till 09.12.2022 to submit the Revised Resolution Plans. As per the discussion in the Fourth CoC Meeting, an application for extension of CIRP for 90 days was filed and same was allowed by this Bench on 05.01.2023 and CIRP period was extended till 16.03.2023.
12. During sixth CoC meeting, the CoC resolved to file an application under section 66 of the IBC, 2016 to report the potential fraudulent, undervalued or preferential transactions seeking appropriate relief under the Code, 2016 and same was filed which is pending adjudication before this Bench. Meanwhile, M/s. JCK & Associates, Chartered Accountants,

was appointed as the Transaction Auditor for conducting the Transaction Audit of the Corporate Debtor for the period of five years immediately preceding the CIRP commencement date.

13. Revised Resolution Plans were received from both Resolution Applicants. Fifth and Sixth CoC meetings were held on 12.12.2022 and 30.01.2023 respectively, to consider the revised Resolution Plan and to take step on the Forensic Audit Report.

14. In the Seventh CoC meeting held on 25.02.2023, the CoC resolved to approve the revised Resolution Plan submitted by **Real Mazon India Limited (“Resolution Applicant”)**.

15. The Resolution Applicant has provided a Demand Draft of Rs. 20,00,000/- (Rupees Twenty Lakhs only) as Earnest Money Deposit drawn on IDFC Bank, in favour of the Corporate Debtor. The Applicant submits that the Resolution Plan submitted by M/s. Real Mazon India Limited meets all the requirements prescribed under the IBC and the regulations thereunder.

**Details of Resolution Applicant:**

16. The **REAL MAZON INDIA LIMITED** is a Limited Company incorporated under the Companies Act 1956, having its registered office at 304, Building No 26, Nirmal Tower, Barakhamba Road, Connaught Tower, New Delhi-110001. The company is set up to cater to the Indian High Security Registration Plates (HSRP) market which has been made

mandatory by the Government of India for all vehicles vide Gazette Notification No.221 (E) dated 28.03.2001 and SO No.841(E) dated 22.08.2001 and SO 1041 (E) dated 16.10.2001.

17. The Resolution Applicant confirms that the Resolution Applicant is eligible under Section 29A of the IBC to submit the Resolution Plan and will continue to be compliant with the said Section 29A for the CIRP period until the Closure Date. Further, the Resolution Applicant confirms that under the Regulation 38 (3)(e) of the CIRP Regulations, the Resolution Applicant has financial capability and creditworthiness to implement the resolution plan.

### 18. Proposal for Financial creditors:

Sr No	Financial Creditors	Category	Amount Claimed (INR)	Admitted Claimed	Proposed Amount	(%) of claim Admitted
1.	Shimnit India Private Limited	Secured	23,38,53,395	23,35,93,745	17,95,88,134	76.8 %
2.	Rajesh Vora (Suspended Director)	Unsecured Creditor	47,40,97,113	-	-	
3.	Ramnord Research Laboratories Private Limited (Related Party)	Unsecured Creditor	15,00,000	-	-	
	<b>TOTAL</b>		<b>70,94,50,508</b>	<b>23,35,93,745</b>	<b>17,95,88,134</b>	<b>76.8 %</b>

19. Proposal for Operational Creditors other than Employees and Workmen:

<b>Sr. No.</b>	<b>Operational Creditors</b>	<b>Claim Amount</b>	<b>Claim Admitted</b>	<b>Proposed Amount</b>	<b>(%)</b>
1.	National Stock Exchange of India Limited	3,54,000	3,54,000	7,080	2%
2.	State Tax Office	16,27,27,584	1,90,74,340	3,81,487	2%
3.	Lube Point	1,11,018	97,633	1,953	2%
4.	Income Tax Department	5,27,76,716	11,250	225	2%
5.	BSE Limited	11,82,773	10,56,100	21,122	2%
	<b>Total</b>	<b>21,71,52,091</b>	<b>2,05,93,323</b>	<b>4,11,866</b>	<b>2%</b>

20. **Final Settlement of Claims along with Time Line:**

<b>Particulars</b>	<b>Claim Admitted</b>	<b>Proposed Amt</b>	<b>Timeline</b>
CIRP Cost		On actual	T+90 days
Financial Creditor	23,35,93,745	17,95,88,134	<ul style="list-style-type: none"> <li>• 50% in T+90days</li> <li>• Balance in T+180 days</li> </ul>
Operational Creditor including Govt./Statutory Dues	1,95,37,223	4,11,866	T+60 days
Workmen & Employee	NIL	-	
Shareholders	NIL	-	
<b>TOTAL</b>		<b>18,00,00,000</b>	<b>T+180 days</b>
Additional Working capital		2,00,00,000	
Any other contingent liabilities		3,00,000	

There are no applications filed by workmen & employees for their claims.



21. The Resolution Applicant proposes a “Total Bid Value of Rs. 18,00,00,000/- (Rupees Eighteen Crores only) towards settlement of Insolvency Resolution Cost and all claims of Financial Creditors, Operational Creditors, Workmen & Employees and any other Claimants (collectively known as “Stakeholders”), under this Resolution Plan. The manner in which the interests of all the stakeholders is being considered in this resolution plan out of the said total consideration as contained in Resolution Plan. Relevant extracts from the resolution plan, for sake of ease in reference:

- i. In terms of the provisions of the Code the **CIRP cost** would be paid in priority out of the total consideration of Rs. 18,00,00,000/-.
- ii. **Financial Creditors:** Total admitted claim of Financial creditors is amounting to Rs. 23,35,93,745/- out of which Rs. 17,95,88,134 is proposed under Resolution Plan.
- iii. **Government Dues (State tax department as operational creditor):** The Resolution professional has admitted the claim of the state tax department as an “operational creditor” to the tune of Rs. 1,90,74,340/-. As per the information memorandum there is no attachment on the properties by the State Tax Department. In the Resolution Applicant’s assessment the Liquidation Value is insufficient to even satisfy the claims of the Secured Financial Creditors in full and therefore, the Liquidation Value accruing to Government Dues (State tax department as operational creditor) would be NIL. In view of these facts, the Resolution Applicant hereby offers 2% of the admitted claims which is more than what they will get in liquidation.

- iv. **Operational Creditors:** It is proposed to pay 2% of the admitted claim by the Resolution Professional i.e. Rs.2,05,93,323/- which works out to Rs.4,11,866/- to be paid to Operational Creditors towards their admitted claims would be paid in priority in terms of section 30(2) of the Code, subject to the CoC decision with regard to the distribution and allocation of funds.
- v. As no claims have been admitted by the Resolution Professional as stated in the Information Memorandum dated 21.09.2022, the Resolution Applicant offers NIL towards payment of dues to **employees and workmen and other creditors.**
- vi. **Working Capital requirement:** The prospective Resolution Applicant would infuse an amount of Rs. 2,00,00,000/- (Rupees Two Crores only) towards additional Working Capital to revive the Corporate Debtor.
- vii. The Resolution Applicant has also created a contingency fund of Rs.3,00,000/- (Rupees Three Lakhs only) towards payment of any other contingent liabilities which may arise till the date of the approval of resolution plan by this Hon'ble Adjudicating Authority.

22. With regard to implementation of plan, on the Closure Date, the Resolution Applicant proposes that the Corporate Debtor shall undertake a capital reduction and the entire existing outstanding Equity Shares of the Corporate Debtor shall stand cancelled without the requirement of writing the words "and reduced", the approval of the shareholders shall be deemed to

have been given as per explanation of Section 30 (2) of the Code for effecting cancellation of capital, revision of agreements, constitutional documents such as MoA, AoA and for implementation of any other actions under the Resolution Plan.

23. A new shareholding pattern of the Corporate Debtor post cancellation is as under:

<b>Name of shareholders</b>	<b>% of Shareholding</b>
Real Mazon India Limited	95%
Public Shareholding	5%
<b>Total</b>	<b>100%</b>

24. The Applicant has filed Form – H in accordance with the IBBI (Corporate Insolvency Resolution Process for Corporate Persons) Regulations, 2016 along with this Application. Form-H states that average Fair Value of the Corporate Debtor is INR 15,20,68,418.16 and the Liquidation Value is INR 10,91,24,402.66. It is also observed that admitted claims against the Corporate Debtor is more than the liquidation value of the company.

25. Further it can be seen from the Form-H that the Application under PUFÉ transactions is pending. In relation to this, the Resolution Plan states that the Proceeds from avoidance transactions or fraudulent or wrongful transactions, the CoC shall have the sole right, on all monies recovered by the Corporate Debtor on account of orders, decree, judgement to be passed by the Adjudicating Authority pursuant to Sections 43,

45, 49, 50, 66, 68, 70, 71, 72, 73 and 74 of the IBC. It is proposed that the CoC shall pursue the application(s) filed under the above-mentioned sections.

26. As per the provision of the Code, the Bench is duty bound to examine the Resolution Plan as to whether it satisfies the conditions as laid down in Section 30(2) of the Code. A comparison of the mandatory compliance under the Code *vis-à-vis* the same made under the Resolution Plan is tabulated hereunder;

<b>MANDATORY COMPLIANCE UNDER IBC CODE AND REGULATIONS</b>	<b>COMPLIANCE UNDER RESOLUTION PLAN</b>
<b>S.30(1)</b> - Resolution Applicant to submit an affidavit stating that he is eligible under Sec.29A of the Code, 2016	Yes, Affidavit/Undertaking is filed by Resolution Applicant about its eligibility under section 29A.
<b>S. 30(2)(a)</b> -Payment of Insolvency and Resolution cost in the manner specified by the Board	Clause 7.2 of the Resolution Plan provides for payment of CIRP cost.
<b>S. 30(2)(b)</b> - Payment of debts of Operational Creditors in such manner as may be specified by the Board, which shall not be less than the amount to be paid to the Operational Creditors in the event of a liquidation of the Corporate Debtor under Sec. 53	The admitted claim of the Operational creditors is Rs.2,05,93,323/-. The Resolution Plan proposes 2% of the admitted claims which works out to Rs.4,11,866/- to be paid to Operational Creditors in priority in terms of section 30(2) of the Code.
<b>Reg. 38(1A)</b> - Resolution Plan shall include a statement as to how it has dealt with the interest of all the stakeholders, including financial creditors and	Clause 23.7 enumerates how the interest of all the stakeholders including operational and financial creditors has been dealt with under the Resolution Plan.

operational creditors of the Corporate Debtor	
<b>S.30(2)(c)</b> - Management of the affairs of the Corporate Debtor after approval of the Resolution Plan	Clause 18.4 of the Resolution Plan deals with the Management of the affairs of the Corporate Debtor. None of the members of reconstituted Board shall be persons disqualified under Section 29A of the Code.
<p><b>S.30(2)(d)</b>-Implementation and Supervision of the Resolution Plan</p> <p style="text-align: center;"><b>and</b></p> <p><b>Reg. 38(2)</b> – Resolution Plan shall provide:</p> <p>a) term of plan and its implementation schedule</p> <p>b) management and control of the business of the Corporate Debtor during its term;</p> <p>c) it has provisions for effective implementation</p> <p>d) it has provisions for approval required and the timeline for the same; and</p> <p>e) the Resolution applicant has the capability to implement the Resolution Plan.</p>	<p>Clause 17 states that Plan Implementation Committee shall comprise of (i) Resolution Professional (Chairman) (ii) one member of the CoC and (iii) one nominee of the Resolution Applicant.</p> <p>And Clause 22 of the Resolution Plan deals with the term of the Plan and Implementation Schedule.</p>
<b>S. 30(2)(e)</b> - Does not contravene any of the provisions of the law for the time being in force.	The Resolution Professional in Form H has confirmed that the Resolution Plan is not in contravention with the provisions of any Applicable Law.
<b>S. 30(4)</b> - Committee of Creditors approve the Resolution Plan by not less than 66% of voting share of Financial Creditors, after considering its feasibility, viability and such other requirement as specified by the Board.	The CoC, in its 7 <sup>th</sup> meeting held on 25.02.2023, approved the Resolution Plan by 100% voting.

27. On perusal of Form-H, it is seen that the Resolution Plan is in compliance with the mandatory compliances as stipulated under Section 30(2) of the Code. The Monitoring Committee shall supervise the implementation of the Resolution Plan and shall review operational performance of the Corporate Debtor. The Plan Implementation Committee shall consist of an Insolvency Professional (earlier RP), one representative from Financial Creditor and one representative of the Resolution Applicant. Aforesaid committee shall stand automatically dissolved on completion of term of the Resolution Plan.

28. **Reliefs and Concessions:**

- i. Approval of the Resolution Plan shall not be a ground for termination of any existing consents, approvals, licenses, concessions, authorizations, permits or the like that has been granted to the Corporate debtor or for which the Corporate Debtor has made an application for renewal, grant permissions, sanctions, consents, approvals, allowances, exemptions etc.
- ii. Any Exemption as sought for in relation to the payment of **registration charges, stamp duty, taxes and fees arising out of the implementation of the Resolution Plan is not granted** but the Resolution Applicant is at liberty to approach Competent Authorities for the exemptions if permitted under the law.

- iii. With regard to other concessions and reliefs, most of them are subsumed in the reliefs granted above. The relief which is not expressly granted above, shall not be construed as granted. The exemptions if any sought in violation of any law in force, it is hereby clarified that such exemptions shall be construed as not granted.
- iv. For past non-compliances of the Corporate debtor under applicable laws the Resolution Applicant shall not be liable for any liabilities and offences committed prior to the commencement of CIRP and as stipulated under Section 32A of IBC, 2016.
- v. It is hereby clarified that in terms of the Judgement of Hon'ble Supreme Court in the matter of ***Ghanshyam Mishra and Sons Private Limited Vs. Edelweiss Asset Reconstruction Company Limited***, on the date of approval of the Resolution Plan by the Adjudicating Authority, all such claims which are not a part of Resolution Plan, shall stand extinguished and no person will be entitled to initiate or continue any proceedings in respect of a claim which is not a part of the Resolution Plan. In above terms, this plan is hereby **approved**.

29. The Resolution Professional is further directed to handover all records, premises / documents to Resolution Applicant to finalise further line of action required for starting of the operation as contemplated under the Resolution Plan. The

Resolution Applicant shall have access to all the records premises / documents through Resolution Professional to finalise further line of action required for starting of the operations. Accordingly, the Resolution Plan in **IA/1745/2023** is hereby **allowed and approved**.

Sd/-

**CHARANJEET SINGH GULATI**  
**MEMBER (TECHNICAL)**

Sd/-

**LAKSHMI GURUNG**  
**MEMBER (JUDICIAL)**

Arpan, LRA