

**IN THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI
BENCH- I**

IA No. 103 of 2024 IN

CP(IB) No.140 of 2024

Under Section 30(6) of the Insolvency
and Bankruptcy Code, 2016

In the Application of

Megha Agrawal

**RP of Truevalue Engineering Private
Limited**

...Resolution

Professional/Applicant

In the matter of

Fairdeal Polytex Private Limited

...Petitioner/Financial Creditor

v.

Truevalue Engineering Private Limited

...Corporate Debtor

Order pronounced on 10.01.2025

Coram:

Hon'ble Member (Judicial) : Sh. Justice Virendrasingh G. Bisht
(Retd.)

Hon'ble Member (Technical) : Sh. Prabhat Kumar

Appearances:

For the Applicant:

Mr. Rohan Agarwal a/w Mr.
Darshit Dave, Advocates

ORDER

Per: Coram

Brief Facts:

1. The present Application is moved by Resolution Professional **Mrs. Megha Agrawal** (hereinafter referred to as the “Applicant/Resolution Professional”) under Section 30(6) of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as the “Code/IBC”) for seeking approval of the Resolution Plan dated 05.10.2024, submitted by Mr. Hardik Kothari (hereinafter referred to as the “Successful Resolution Applicant/SRA”), which is approved by 100% of the voting share of the members of the Committee of Creditors (hereinafter referred to as “CoC”), for **Truevalue Engineering Private Limited** (hereinafter referred to as the “Corporate Debtor”) and for passing order/appropriate direction that this Tribunal may deem fit in the present matter.
2. The Corporate Debtor bearing CIN U74210MH1999PTC122998 is a private company limited by shares registered under the Companies Act, 1956 incorporated on 09.12.1999 having its registered address at 203, Loha Bhavan, Carna Bunder Masjid, Mumbai, Maharashtra, India-400001. The Company was in the business of trading of flat steel products such as cold and hot-rolled coils, galvanized sheets, and petroleum products including bitumen and furnace oil. However, due to financial distress, the company became non-operational since 2020.
3. The CP(IB) No.140 of 2024 was filed under Section 7 of IBC, 2016 by Fairdeal Polytex Private Limited which was admitted into

CIRP vide Order dated 16.04.2024 passed by this Bench. Vide the said order, this bench appointed Ms. Megha Agrawal (Registration No. : IBBI/IPA-001/IP-P-01456/2018-2019/12272) as the interim resolution professional (“IRP” or “Interim Resolution Professional”). Subsequently, the CoC of the Corporate Debtor in their first meeting dated 16.05.2024 approved the appointment of **Mrs. Megha Agrawal** as the Resolution Professional of the Corporate Debtor.

4. The Resolution plan dated 05.10.2024 has been approved by the CoC of the Corporate Debtor unanimously with 100% voting pursuant to the 6th CoC meeting convened on 14th October 2024 and e-voting held subsequent thereto. The e-voting process concluded on 17th October 2024 and the voting results were shared with the CoC on 18th October 2024. Mr. Hardik Kothari was declared as the Successful Resolution Applicant on 17th October 2024, and the Letter of Intent (“LOI”) was issued to the Successful Resolution Applicant on 21st October 2024. The Letter of Intent was unconditionally accepted by the Successful Resolution Applicant on 25th October 2024 and the necessary Performance Security was submitted by the SRA as per clause 1.10.1 of Request for Resolution Plan (“RFRP”).
5. After being appointed as the Resolution Professional, the Applicant made a public announcement inviting claims from creditors on 19th April 2024, in compliance with Section 13 of the IBC and Regulation 6 of the CIRP Regulations in two newspapers Financial Express (English) and Navakal (Marathi). The last date for submission of claims was 30th April 2024.
6. The Applicant after verifying claims constituted the CoC of the Corporate Debtor on 9th May 2024, and the 1st CoC meeting was held on 16th May 2024. During this meeting, the CoC resolved to

appoint the Applicant, Mrs. Megha Agrawal, as the Resolution Professional (RP). The CoC comprises Fairdeal Polytex Private Limited with an admitted claim of Rs. 1.10 Crores, representing 100% of the voting share.

7. The Second CoC meeting was held on 15th June 2024, to discuss the CIRP progress, Costs incurred and the next steps in the Resolution Process.
8. The Third meeting of the CoC was held on 10th July 2024, wherein the CoC deliberated on the Expression of Interest submissions and finalized the evaluation matrix.
9. The Fourth Meeting of the CoC was held on 25th July 2024, wherein the CoC resolved to approve the Request for Resolution Plan (RFRP), Information Memorandum, Evaluation Matrix.
10. The Fifth meeting of the CoC was held on 29th August 2024, where the Resolution Plan submitted by the prospective Resolution Applicant was discussed. During the said meeting it was also resolved to extend the CIRP period for a period of 90 days.
11. Thereafter, the Applicant in terms of the Code, appointed the Valuers Mr. Bhavin Patel and Ankit Gupta, on 2nd June 2024 under Regulation 27 of the CIRP Regulations to determine the Fair Market Value and Liquidation Value of the Corporate Debtor's assets. The Valuers submitted their Valuation Reports on 2nd August 2024 and 6th August 2024, respectively.

A. Summary of Assets valued is as follows:

Asset Description	Book Value (as on 31-03-2019)	Bhavin Patel - Fair Value (INR)	Bhavin Patel - Liquidation Value (INR)	Ankit Gupta - Fair Value (INR)	Ankit Gupta - Liquidation Value (INR)
Inventories	20,45,52,390	0	0	0	0
Trade Receivables	14,93,35,628	0	0	0	0
Cash & Cash Equivalents	4,85,53,113	0	0	0	0
Short Term Loans & Advances	4,14,40,806	0	0	0	0

Total	44,38,81,937	0	0	0	0
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B. Key Observations from Both Valuation Reports:

- **Inventories:** Both valuers reported that there were no inventories available during the physical inspection. Hence, the fair value and liquidation value for inventories were determined as NIL.
- **Trade Receivables:** Due to a lack of aging data, external confirmation, or any recovery as of the valuation date, both valuers assigned NIL value to trade receivables.
- **Cash & Cash Equivalents:** For cash in hand and Fixed Deposit Receipts (FDRs), no confirmation or recovery was available. The FDRs had been seized by the State Bank of India (SBI) due to unpaid loans, so both valuers assigned NIL value to these assets.
- **Short Term Loans & Advances:** In the absence of recovery information, both valuers assigned NIL value to these assets.
- **Conclusion:** Both Bhavin Patel and Ankit Gupta, while adopting similar methodologies, concluded that the Fair Value and Liquidation Value of the financial assets of M/s Truevalue Engineering Private Limited is NIL.

12. The Applicant published Form G on 14th June 2024 inviting Expressions of Interest ("EOI") from prospective Resolution Applicants. The last date for submission of EOI was 1st July 2024, and the provisional list of Prospective Resolution

Applicants ("PRA") was issued on 3rd July 2024 and the final list was issued on 10th July 2024. The Successful Resolution Applicant submitted its Express of Interest.

13. The original last date for submission of the final resolution plan was 14th August 2024. However, during negotiations, the Committee of Creditors (CoC) extended the submission date multiple times:

First extension: 11 days, from 14th August 2024 to 26th August 2024.

Second extension: 17 days, from 27th August 2024 until 12th September 2024.

On 5th October the revised final plan was submitted.

14. Pursuant to the aforesaid, the Successful Resolution Applicant, Mr. Hardik Kothari, submitted his final Resolution Plan on 5th October 2024. On receipt of the Final Resolution Plan, the Applicant immediately circulated the Final Resolution Plan dated 5th October 2024.
15. The Applicant / Resolution Professional convened the 6th CoC meeting of the Corporate Debtor on 14th October 2024, via audio-video conferencing. During the meeting, the RP presented the final resolution plan submitted by the Prospective Resolution Applicant (PRA), Mr. Hardik Kothari, as per section 30 of the Insolvency and Bankruptcy Code (IBC), 2016. The RP outlined the revisions to the resolution plan, which included coverage of the Corporate Insolvency Resolution Process (CIRP) costs.
16. After deliberation, it was acknowledged that liquidation would provide negligible recovery due to the absence of fixed

assets, with CoC members favoring the approval of the resolution plan over liquidation. The RP clarified the PRA's final offer and discussed the feasibility of the plan. Subsequently, the CoC resolved to put the resolution plan to e-voting.

17. The e-voting was held from October 15, 2024, to October 17, 2024, and concluded with 100% approval of the resolution plan by the CoC members, representing Fairdeal Polytex Private Limited with a 100% voting share. The CoC also approved the extension of the CIRP period by 15 days and the budget for legal counsel fees for filing the resolution plan before this Bench.
18. Hence, as directed the RP has filed this application for the approval of the resolution plan with the Adjudicating Authority in accordance with section 30(6) of the IBC, 2016. The RP will continue to manage the Corporate Debtor as a going concern until the receipt of the final order on the resolution plan.
19. The Applicant appraised the members of the CoC that the 180 days period of CIRP expires on 13th October 2024. The Applicant further informed that the Applicant will require 15 days' time to complete the process and file an application for approval of Resolution Plan with the Adjudicating Authority. The Applicant put before the CoC, the resolution to extend the period of CIRP for a period of 15 days from 14th October 2024 to 28th October 2024. The Applicant has filed the IA no. 5882/2024 for extension of CIRP and the IA for approval of Resolution Plan simultaneously.

Salient Features of the Resolution Plan

20. The key features of the said Resolution Plan are summarized hereinbelow:

1. Claims Filed (Clause IV, page 13):

- a. Financial Creditors (Unsecured): Claims amounting to Rs. 1,21,57,261/- were submitted, and Rs. 1,10,00,000/- was admitted.
- b. Operational Creditors (Government Dues): Claims amounting to Rs. 1,13,27,196/- were admitted in full.
- c. No claims were received from employees or other operational creditors.

2. Resolution Applicant (Clause I, page 5):

Hardik Kothari is the resolution applicant with a net worth of Rs. 5.86 Crores. His brother, Harshit Kothari, will join as a shareholder and director, with a net worth of Rs. 4.85 Crores, post-acquisition.

3. Revival of Corporate Debtor:

The resolution plan aims to revive Truevalue Engineering by infusing Rs. 1 lakh in equity (Clause IV, page 16). Additionally, Rs. 10 lakhs will be injected for the settlement of financial and operational creditors (Clause V, page 18).

4. Payments to Creditors:

- CIRP Costs: Rs. 10 lakhs are reserved for Corporate Insolvency Resolution Process (CIRP) costs, payable upon NCLT approval of the plan (Clause IV, page 16).
- Unsecured Financial Creditors: Rs. 10 lakhs will be paid to unsecured financial creditors for settling dues (Clause IV, page 15).
- Operational Creditors (Government Dues): Rs. 56,753/- will be paid to settle government dues, while no

payments are made to workmen or other operational creditors (Clause IV, page 15-16).

5. Capital Infusion:

Rs. 20,56,753/- will be the total amount infused for settling creditors' claims and reviving the business (Clause V, page 18). Rs. 1 lakh of this will be infused as fresh equity capital (Clause IV, page 16).

6. Treatment of Liabilities and Litigations:

Upon payment of the specified amounts, all liabilities towards financial creditors, operational creditors, and statutory authorities will be extinguished. Pending litigations will be abated, and all existing securities, guarantees, and third-party obligations will be relinquished (Clause VI, page 19-26).

21. **The table below demonstrates the Plan is compliant with the**

Code:-

IBC Requirement	Compliance	Relevant Section in Resolution Plan	Details/Proposed Action
Section 30(2)(a): Payment of Insolvency Process Costs	Resolution	Section III, Section IV	Rs. 10,00,000/- to be paid towards CIRP costs immediately after NCLT approval. If costs exceed this amount, the actual CIRP cost will be paid in full.
Section 30(2)(b): Payment to Operational Creditors		Section IV	Government dues admitted at Rs. 1,13,27,196/-; payment proposed is Rs. 56,753/- as full settlement. No claims from employees/workmen.
Section 30(2)(b): Payment to Dissenting Financial Creditors		Section III	If any financial creditor dissents, they will be paid in accordance with Section 53 (liquidation priority) of the Code.
Section 30(2)(c): Management of Corporate Debtor Post-Approval		Section III	The Resolution Applicant will appoint professionals to manage the company's affairs and ensure operations as a going concern through an Implementation and Monitoring Committee (IMC).
Section 30(2)(d): Implementation Timeline		Section V, XIII	The plan will be implemented within 60 days from NCLT approval. Financial creditors to be paid in installments: Rs. 3,00,000 within 30 days, and Rs. 7,00,000 within 60 days.
Section 30(2)(e): Compliance with Applicable Law		Section III	The Resolution Plan has been drafted in compliance with all applicable laws and regulations.
Regulation 37(a): Transfer of Assets		Section VII	The plan does not envisage the transfer or sale of assets. Instead, the Resolution Applicant will acquire the company's shares.
Regulation 37(c): Acquisition of Shares		Section VII	The Resolution Applicant will subscribe to 100% of the corporate debtor's share capital

		post-capital reduction, effectively taking full control.
Regulation 38(1): Priority of Operational Creditors	Section IV	Payment to operational creditors (government dues) is prioritized over financial creditors. Operational creditors (non-government) have no claims.
Regulation 38(3)(e): Feasibility and Viability of Plan	Section IX	A business plan outlines the steps for reviving the company and ensuring its long-term viability. The Resolution Applicant's financial credentials have been verified, supporting feasibility.
Section 30(2)(f): Other Requirements	Section III	The plan addresses all other necessary regulatory requirements as specified by the Insolvency and Bankruptcy Board of India (IBBI).
Employee and Workmen Claims	Section IV	No admitted claims from employees and workmen. Therefore, a NIL settlement is proposed.
Settlement for Government and Statutory Authorities	Section IV	Rs. 56,753/- proposed for government dues, specifically to settle claims of the GST department.
Capital Infusion	Section VII	The Resolution Applicant proposes an upfront equity infusion of Rs. 1,00,000/- to fund the revival and management of the company.

22. The Resolution Applicant has submitted Earnest Money Deposit of Rs. 5,00,000/- as part of the Plan. The Resolution Applicant has also submitted an Affidavit confirming eligibility of the Successful Resolution Applicant under Section 29A alongwith the Resolution Plan. The Applicant has carried out a due diligence and has submitted a Due Diligence report confirming the compliance of the Resolution Plan with all legal requirements.
23. The Applicant issued a Letter of Intent to the Successful Resolution Applicant, following CoC approval on 21st October 2024. The Successful Resolution Applicant has accepted the Letter of Intent unconditionally on 25th October 2024. The Applicant held the Seventh Meeting of the CoC on 25th October 2024, wherein the Applicant in terms of the Code has sought approval from the CoC in the event this Tribunal rejects the Resolution Plan for appointment of the Liquidator, fees payable to the Liquidator.

24. The said Resolution Plan is in compliance of Section 30(2) of the Code and Regulation 38(3A) of the CIRP Regulations. The Applicant has provided the compliance checklist in Form-H along with this Interlocutory Application filed for seeking approval of the said Resolution Plan from this Tribunal.
25. The Resolution Applicant has further furnished the Applicant with a Bank Guarantee for an amount of Rs. 4,11,351/- (Rupees Four Lacs Eleven Thousand Three Hundred Fifty-One only) i.e. 20% of the approved Resolution Plan dated 5th October 2024.

Statutory Compliance

26. In compliance of Section 30(2) of IBC, 2016, the Resolution Professional has examined the Resolution plan of the Successful Resolution Applicant and confirms that this Resolution Plan:
- a) Provides for payment of Insolvency Resolution Process cost in a manner specified by the Board in the priority to the payment of other debts of the Corporate Debtor;
 - b) Provides for payment of debts of Operational Creditor in such manner as may be specified by the board which shall not be less than
 - (i) the amount to be paid to such creditors in the event of liquidation of the Corporate Debtor under Section 53;
 - or
 - (ii) the amount that would have been paid to such creditors, if the amount to be distributed under the Resolution Plan had been distributed in accordance with sub-section (1) of Section 53 in the event of liquidation of the Corporate Debtor.
 - c) Provides for management of the affairs of the Corporate Debtor after approval of Resolution Plan;

- d) The implementation and supervision of Resolution Plan;
 - e) Does not prima facie contravene any of the provisions of the law for time being in force,
 - f) Confirms to such other requirements as may be specified by the Board.
 - g) As per the Affidavit, the Resolution Applicant is not covered under 29A.
27. In compliance of Regulation 38 of CIRP Regulations, the Resolution Professional confirms that the Resolution plan provides that
- a) The amount due to the Operational Creditors under Resolution Plan shall be given priority in payment over Financial Creditors.
 - b) It has dealt with the interest of all Stakeholders including Financial Creditors and Operational Creditors of the Corporate Debtor.
 - c) A statement that neither the Resolution Applicants nor any related parties have failed to implement nor have contributed to the failure of implementation of any other Resolution Plan approved by the Adjudicating Authority in the past.
 - d) The terms of the plan and its implementation schedule.
 - e) The management and control of the business of the Corporate Debtor during its term.
 - f) Adequate means of Supervising its implementation.
 - g) The Resolution Plan Demonstrate that it addresses
 - i. The cause of the Default
 - ii. It is feasible and viable
 - iii. Provision for effective implementation

iv. Provisions for approvals required and the time lines
for the same.

v. Capability to Implement the Resolution Plan

28. The Resolution Professional has submitted Form-H under Regulation 39(4) of the CIRP Regulations to certify that the Resolution Plan as approved by the CoC meets all the requirements of the IBC and its Regulations, the relevant parts of which are reproduced below:

**FORM H
COMPLIANCE CERTIFICATE**

(Under Regulation 39(4) of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016

I, Megha Agrawal an insolvency professional enrolled with Indian Institute of Insolvency Professional (ICAI) and registered with the Board with registration number IBBI/IPA/-001/IP-P01456/2018-2019/12272, am the resolution professional for the corporate insolvency resolution process (CIRP) of Truevalue Engineering Private Limited.

2. The details of the CIRP are as under:

Sl. No.	Particulars	Description
1	Name of the CD	Truevalue Engineering Private Limited.
2	Date of Initiation of CIRP	16.04.2024
3	Date of Appointment of IRP	16.04.2024
4	Date of Publication of Public Announcement	19.04.2024
5	Date of Constitution of CoC	09.05.2024
6	Date of First Meeting of CoC	16.05.2024
7	Date of Appointment of RP	16.05.2024
8	Date of Appointment of Registered Valuers	01.06.2024
9	Date of Issue of Invitation for EoI	14.06.2024
10	Date of Final List of Eligible Prospective Resolution Applicants	10.07.2024
11	Date of Invitation of Resolution Plan	15.07.2024
12	Last Date of Submission of Resolution Plan	14.08.2024 * With the approval of CoC the date was extended.
13	Date of Approval of Resolution Plan by CoC	17.10.2024
14	Date of Filing of Resolution Plan with Adjudicating Authority	-
15	Date of Expiry of 180 days of CIRP	13.10.2024
16	Date of Order extending the period of CIRP	-
17	Date of Expiry of Extended Period of CIRP	-
18	Fair Value	NIL
19	Liquidation value	NIL
20	Number of Meetings of CoC held	Seven

IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH- I

IA (IBC) (PLAN)/103/2024

IN CP (IB)/140 (MB)/2024

3. I have examined the Resolution Plan received from Resolution Applicant (Mr. Hardik Kothari) and approved by Committee of Creditors (CoC) of [Truevalue Engineering Private Limited].

4. I hereby certify that-

(i) the said Resolution Plan complies with all the provisions of the Insolvency and Bankruptcy Code 2016 (Code), the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (CIRP Regulations) and does not contravene any of the provisions of the law for the time being in force.

(ii) the Resolution Applicant (Mr. Hardik Kothari) has submitted an affidavit pursuant to section 30(1) of the Code confirming its eligibility under section 29A of the Code to submit resolution plan. The contents of the said affidavit are in order.

(iii) the said Resolution Plan has been approved by the CoC in accordance with the provisions of the Code and the CIRP Regulations made thereunder. The Resolution Plan has been approved by [state the number of votes by which Resolution Plan was approved by CoC] 100 % of voting share of financial creditors after considering its feasibility and viability and other requirements specified by the CIRP Regulations.

(iv) The voting was held agenda was proposed in the meeting of the CoC on 14.10.2024 where all the members of the CoC were present.

And

I sought vote of members of the CoC by electronic voting system which was kept open from 15.10.2024 at 06:00 PM to 17.10.2024 at 06:00PM as per the regulation 26.

5. The list of financial creditors of the CD being members of the CoC and distribution of voting share among them is as under:

Sl. No.	Name of Unsecured Financial Creditor	Voting Share (%)	Voting for Resolution Plan (Voted for / Dissented / Abstained)
1	Fairdeal Polytex Private limited	100%	Voted for Resolution Plan

6. The Resolution Plan includes a statement under regulation 38(1A) of the CIRP Regulations as to how it has dealt with the interests of all stakeholders in compliance with the Code and regulations made thereunder.

7. The amounts provided for the stakeholders under the Resolution Plan is as under:

(Amount in Rs.)

Sl. No.	Category of Stakeholder*	Sub-Category of Stakeholder	Amount Claimed	Amount Admitted	Amount Provided under the Plan#	Amount Provided to the Amount Claimed (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Secured Financial Creditors	(a) Creditors not having a right to vote under sub-section (2) of section 21	NIL	NIL	NIL	NIL
		(b) Other than (a) above:	NIL	NIL	NIL	NIL
		(i) who did not vote in favour of				

IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH- I

IA (IBC) (PLAN)/103/2024

IN CP (IB)/140 (MB)/2024

		the resolution Plan (ii) who voted in favour of the resolution plan				
		Total[(a) + (b)]	NIL	NIL	NIL	NIL
2	Unsecured Financial Creditors	(a) Creditors not having a right to vote under subsection (2) of section 21				
		(b) Other than (a) above:	1,21,57,261.00	1,10,00,000.00	10,00,000	8.22%
		(i) who did not vote in favour of the resolution Plan	The CD has only one unsecured financial creditor and it voted in favor of the resolution plan	The CD has only one unsecured financial creditor and it voted in favor of the resolution plan	The CD has only one unsecured financial creditor and it voted in favor of the resolution plan	The CD has only one unsecured financial creditor and it voted in favor of the resolution plan
		(ii) who voted in favour of the resolution plan				
		Total[(a) + (b)]	1,21,57,261.00	1,10,00,000.00	10,00,000	8.22%
3	Operational Creditors	(a) Related Party of Corporate Debtor	NIL	NIL	NIL	NIL
		(b) Other than (a) above	NIL	NIL	NIL	
		(i)Government	1,13,27,196.00	1,13,27,196.00	56,753.00	0.50%
		(ii)Workmen	NIL	NIL	NIL	NIL
		(iii)Employees Others	NIL	NIL	NIL	NIL
		Total[(a) + (b)]	1,13,27,196.00	1,13,27,196.00	56,753.00	0.50%
4	Other debts and dues		NIL	NIL	NIL	NIL
Grand Total			2,34,84,457.00	2,23,27,196	10,56,753.00	8.72%

*If there are sub-categories in a category, please add rows for each sub-category.

Amount provided over time under the Resolution Plan and includes estimated value of non-cash components. It is not NPV.]

8. The interests of existing shareholders have been altered by the Resolution plan as under:

IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH- I

IA (IBC) (PLAN)/103/2024

IN CP (IB)/140 (MB)/2024

Sl. No	Category of Share Holder	No. of Shares held before CIRP	No. of Shares held after the CIRP	Voting Share (%) held before CIRP	Voting Share (%) held after CIRP
1	Equity	1,45,25,000	-	97.47%	-
2	Preference				
3					

9. The compliance of the Resolution Plan is as under:

Section of the Code / Regulation No.	Requirement with respect to Resolution Plan	Clause of Resolution Plan	Relevant Page No. of the Resolution Plan	Compliance (Yes / No)
25(2)(h)	Whether the Resolution Applicant meets the criteria approved by the CoC having regard to the complexity and scale of operations of business of the CD?	Yes		Yes
Section 29A	Whether the Resolution Applicant is eligible to submit resolution plan as per final list of Resolution Professional or Order, if any, of the Adjudicating Authority?	Appendix -13	-	Yes
Section 30(1)	Whether the Resolution Applicant has submitted an affidavit stating that it is eligible?	Appendix -13	-	Yes
Section 30(2)	Whether the Resolution Plan- (a) provides for the payment of insolvency resolution process costs? (b) provides for the payment to the operational creditors? (c) provides for the payment to the financial creditors who did not vote in favour of the resolution plan? (d) provides for the management of the affairs of the corporate debtor? (e) provides for the implementation and supervision of the resolution plan? (f) contravenes any of the provisions of the law for the time being in force?]	Section V Section V Section IX Section XIII Section IV Section IV	18 18 33 42-44 17 15	Yes Yes Yes NA Yes Yes No
Section 30(4)	Whether the Resolution Plan (a) is feasible and viable, according to the CoC? (b) has been approved by the CoC with 66% voting share?	Yes Yes	- -	Yes Yes By 100% Voting Share
Section 31(1)	Whether the Resolution Plan has provisions for its effective implementation plan, according to the CoC?	Yes	-	Yes
Regulation 38(1)	Whether the amount due to the operational creditors under the resolution plan has been given priority in payment over financial creditors?]	Section V	18	Yes
Regulation 38(1A)	Whether the resolution plan includes a statement as to how it has dealt with the interests of all stakeholders?	Section IV	13-17	Yes

Regulation 38(1B)	(i) Whether the Resolution Applicant or any of its related parties has failed to implement or contributed to the failure of implementation of any resolution plan approved under the Code. (ii) If so, whether the Resolution Applicant has submitted the statement giving details of such non-implementation?]	Section III NA	11 -	Yes NA
Regulation 38(2)	(a) Whether the Resolution Plan provides: (a) the term of the plan and its implementation schedule? (b) for the management and control of the business of the corporate debtor during its term? (c) adequate means for supervising its implementation?	Section V Section XI Section VII	18 38-39 27-32	 Yes
38(3)	Whether the resolution plan demonstrates that - (a) it addresses the cause of default? (b) it is feasible and viable? (c) it has provisions for its effective implementation? (d) it has provisions for approvals required and the timeline for the same? (e) the resolution applicant has the capability to implement the resolution plan?	Section III Section IX Section XIII Section XIII Section IX	12 13 42-44 42-44 33	 Yes
39(2)	(b) Whether the RP has filed applications in respect of transactions observed, found or determined by him?	NA	-	NA
Regulation 39(4)	(c) Provide details of performance security received, as referred to in sub-regulation (4A) of regulation 36B.]	Yes	-	Yes

29. This Tribunal noticed that the value of current assets including Cash & Cash Equivalents has been taken as NIL by both the valuers. Accordingly, this Tribunal sought certain clarifications. The Counsel for Applicant RP placed on record an email dated 08.01.2025 clarifying as follows:

“We refer to the trailing email and please find our response to the clarification sought by the Hon'ble Tribunal in the matter, as under:-

1. Valuation as NIL for Inventories, Trade Receivables, Cash & Cash Equivalents

The valuation of the Corporate Debtor's (CD) assets, including inventories, trade receivables, and cash & cash equivalents, has been determined as NIL due to the following:

- *Unavailability of Records: No financial or operational records have been maintained since FY 2018- 2019. The software (Udyogpro) used for maintaining debtor and creditor records is no longer accessible due to an expired license.*
- *Non-Operational Status: The CD has not conducted business since FY 2018-2019. Its registered office, which is rented, is partially occupied by a third party due to unpaid rent. No physical inventory or operational assets were found at the premises.*
- *Lack of Supporting Documents: No documentation or verification evidence was provided for inventories, trade receivables, or other financial assets, making it impossible to substantiate the book values.*
- *Death of Key Personnel: The passing of the sole key personnel and director, Mr. Rajendrakumar Nandlal Choudhary, during the COVID-19 pandemic has resulted in the loss of institutional knowledge, further hindering the recovery of records.*

In accordance with Regulation 35 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, two registered valuers were appointed to determine the fair and liquidation values. Due to the lack of verifiable records and the inability to conduct physical verification, both valuers concluded the fair value and liquidation value to be NIL.

2. Transaction Audit

As per Sections 43, 45, 50, and 66 of the Insolvency and Bankruptcy Code, 2016, the RP is tasked with identifying any preferential, undervalued, fraudulent, or extortionate transactions. Initially, no such

transactions were identified due to the unavailability of records. However, with the CoC's approval, a transaction auditor was engaged to conduct a detailed review. The auditor's report concluded that no transactions violated the aforementioned provisions, and accordingly, no applications were filed concerning avoidance transactions.”

30. From the explanation offered to us, we note that these current assets are stated to be missing or are not traceable which clearly indicate that there may be concealment of the property and failure to disclose the details of the properties including delivery thereof on the part of suspended board. Hence, we consider it appropriate to request IBBI to look into the conduct of suspended board of directors and other officers and if desirable take necessary action against them in pursuance of the provisions of the Code. The Applicant RP is directed to serve a copy of this order to IBBI along with necessary material for this purpose.
31. On perusal of the Resolution Plan, we find that the Resolution Plan provides for the following:
- a) Payment of CIRP Cost as specified u/s 30(2)(a) of the Code.
 - b) Repayment of Debts of Operational Creditors as specified u/s 30(2)(b) of the Code.
 - c) For management of the affairs of the Corporate Debtor, after the approval of Resolution Plan, as specified U/s 30(2)(c) of the Code.
 - d) The implementation and supervision of Resolution Plan by the RP and the CoC as specified u/s 30(2)(d) of the Code.
32. The RP has complied with the requirement of the Code in terms of Section 30(2)(a) to 30(2)(f) and Regulations 38(1), 38(1)(a), 38(2)(a), 38(2)(b), 38(2)(c) & 38(3) of the Regulations.

33. The RP has filed Compliance Certificate in Form-H along with the Plan. On perusal the same is found to be in order. The Resolution Plan has been approved by the CoC by majority of 100%.
34. The Applicant Resolution Professional had filed an application bearing IA 5882/2024 before this bench seeking extension of time by 15 days under Section 12(2) of the Code, 2016 r/w Regulation 40 of the IBBI (Insolvency Resolution Process For Corporate Persons) Regulations, 2016 and Rule 11 of the NCLT Rules, 2016. The same was allowed by this bench vide order dated 17.12.2024.
35. In *K Sashidhar v. Indian Overseas Bank & Others* (in Civil Appeal No.10673/2018 decided on 05.02.2019) the Hon'ble Apex Court held that if the CoC had approved the Resolution Plan by requisite percent of voting share, then as per section 30(6) of the Code, it is imperative for the Resolution Professional to submit the same to the Adjudicating Authority (NCLT). On receipt of such a proposal, the Adjudicating Authority is required to satisfy itself that the Resolution Plan as approved by CoC meets the requirements specified in Section 30(2). The Hon'ble Apex Court further observed that the role of the NCLT is 'no more and no less'. The Hon'ble Apex Court further held that the discretion of the Adjudicating Authority is circumscribed by Section 31 and is limited to scrutiny of the Resolution Plan "as approved" by the requisite percent of voting share of financial creditors. Even in that enquiry, the grounds on which the Adjudicating Authority can reject the Resolution Plan is in reference to matters specified in Section 30(2) when the Resolution Plan does not conform to the stated requirements.

36. In view of the discussions and the law thus settled, the instant Resolution Plan meets the requirements of Section 30(2) of the Code and Regulations 37, 38, 38 (1A) and 39 (4) of the Regulations. The Resolution Plan is not in contravention of any of the provisions of Section 29A of the Code and is in accordance with law. The same needs to be approved. Hence, ordered.

37. The Resolution Plan is hereby **approved**. It shall become effective from this date and shall form part of this order with the following directions:

i. It shall be binding on the Corporate Debtor, its employees, members, creditors, including the Central Government, any State Government or any local authority to whom a debt in respect of the payment of dues arising under any law for the time being in force is due, guarantors and other stakeholders involved in the Resolution Plan.

ii. The approval of the Resolution Plan shall not be construed as waiver of any statutory obligations/liabilities of the Corporate Debtor and shall be dealt by the appropriate Authorities in accordance with law. Any waiver sought in the Resolution Plan, shall be subject to approval by the Authorities concerned in light of the Judgment of Supreme Court in *Ghanshyam Mishra and Sons Private Limited v/s. Edelweiss Asset Reconstruction Company Limited*, the relevant paragraphs of which are extracted herein below:

“95. (i) Once a resolution plan is duly approved by the adjudicating authority under sub-section (1) of Section 31, the claims as provided in the resolution plan shall stand frozen and will be binding on the Corporate Debtor and its employees, members, creditors, including the Central Government, any State Government or any local authority, guarantors and other

stakeholders. On the date of approval of resolution plan by the adjudicating authority, all such claims, which are not a part of the resolution plan shall stand extinguished and no person will be entitled to initiate or continue any proceedings in respect to a claim, which is not part of the resolution plan;

(ii) 2019 Amendment to Section 31 of the I&B Code is clarificatory and declaratory in nature and therefore will be effective from the date on which the Code has come into effect;

(iii) consequently, all the dues including the statutory dues owed to the Central Government, any State Government or any local authority, if not part of the resolution plan, shall stand extinguished and no proceedings in respect of such dues for the period prior to the date on which the adjudicating authority grants its approval under Section 31 could be continued.”

- iii. The Memorandum of Association (MoA) and Articles of Association (AoA) shall accordingly be amended and filed with the Registrar of Companies (RoC), Mumbai, Maharashtra for information and record. The Resolution Applicant, for effective implementation of the Plan, shall obtain all necessary approvals, under any law for the time being in force, within such period as may be prescribed.
- iv. The moratorium under Section 14 of the Code shall cease to have effect from this date.
- v. The Applicant shall supervise the implementation of the Resolution Plan and file status of its implementation before this Authority from time to time, preferably every quarter.
- vi. The Applicant shall forward all records relating to the conduct of the CIRP and the Resolution Plan to the IBBI along with copy of this Order for information.

- vii. The Applicant shall forthwith send a certified copy of this Order to the CoC and the Resolution Applicant, respectively for necessary compliance.

Sd/-

Prabhat Kumar

Member (Technical)

MK

Sd/-

Justice V.G. Bisht

Member (Judicial)