NATIONAL COMPANY LAW TRIBUNAL, NEW DELHI BENCH (COURT-II)

IA-5505/2024, IA-134/2025, IA-246/2025, IA-6125/2024, IA-6124/2024, IA-6014/2024, IA-2148/2024, IA-274/2025 and IP-5/2024
IN
Company Petition No. (IB)- 97(ND)/2022

IN THE MATTER OF (IB)-97(ND)/2022:
(Under Section: 95 of IBC, 2016)

Indiabulls Housing Finance Limited **... Applicants/ Financial Creditors**

Versus

Dr. Subhash Chandra **... Respondent/ Personal Guarantor**

AND IN THE MATTER OF I.A. NO. 5505/ND/2024:
(Under Section: 114 r/w Section 112 of IBC, 2016)

Shiv Nandan Sharma
Resolution Professional
129, Ground Floor, Navjeevan Vihar,
Near Aurobindo College, New Delhi – 110017 **... Applicant**

Versus

Dr. Subhash Chandra
Personal Guarantor
B-10, Lawrence Road
Industrial Area, Delhi – 110035 **... Respondent**

AND IN THE MATTER OF I.A. NO. 134/ND/2025:
(Under Section: 109 r/w Section 60(5) of the IBC, 2016)

IndusInd Bank Limited
IndusInd Bank, Hyatt Regency Complex,
11th Floor, District Centre, Block A,
Bhikaji Cama Place, New Delhi **... Applicant**

Versus

Shiv Nandan Sharma
(Resolution Professional)
129, Navjeevan Vihar,
Near Aurobindo College,
New Delhi – 110017 **... Respondent**

<u>AND IN THE MATTER OF I.A. NO. 246/ND/2025:</u>
(Under Section 60(5) of the IBC, 2016)

RBL Bank Limited
One World Center, 20th Floor,
Tower 2B, 841, Senapati Bapat Marg,
Lower Parel (West), Mumbai – 400013 **... Applicant**

Versus

Shiv Nandan Sharma
(Resolution Professional)
129, Navjeevan Vihar,
Near Aurobindo College,
New Delhi – 110017 **... Respondent**

<u>AND IN THE MATTER OF I.A. NO. 6125/ND/2024:</u>
(Under Section: 60(5) and Section 114(1) of the IBC, 2016)

Canara Bank
Stressed Asset Recovery Management Branch
C-33, DDA Shopping Complex,
Opposite Moolchand Hospital,
Defence Colony, New Delhi – 110024 **... Applicant**

Versus

Shiv Nandan Sharma
(Resolution Professional)
129, Navjeevan Vihar,
Near Aurobindo College,
New Delhi – 110017 **... Respondent**

<u>AND IN THE MATTER OF I.A. NO. 6124/ND/2024:</u>
(Under Section: 109 r/w Section 60(5) of the IBC, 2016)

HDFC Bank Limited
HDFC Bank House, Senapati Bapat Marg,
Lower Parel (West), Mumbai – 400013 **... Applicant**

Versus

Shiv Nandan Sharma
(Resolution Professional)
129, Navjeevan Vihar,
Near Aurobindo College,
New Delhi – 110017 **... Respondent**

<u>AND IN THE MATTER OF I.A. NO. 6014/ND/2024:</u>
(Under Section: 60(5) of the IBC, 2016 r/w Rule 11 of NCLT Rules, 2016)

IDBI Trusteeship Services Limited
Universal Insurance Building,
Ground Floor, Sir P.M. Road,
Fort, Mumbai – 400001 **... Applicant**

Versus

Shiv Nandan Sharma
(Resolution Professional)
129, Navjeevan Vihar, Near
Aurobindo College,
New Delhi – 110017 **... Respondent**

<u>AND IN THE MATTER OF I.A. NO. 2148/ND/2024:</u>
(Under Section: 98(1) of the IBC, 2016)

Indiabulls Housing Finances Ltd.
M- 62 & 63 First Floor,
Connaught Place,
New Delhi-11001 **... Applicant**

Versus

Dr. Subhash Chandra
B-10 Lawrence Road Industrial Area
Delhi-110035 **... Respondent**

<u>AND IN THE MATTER OF I.A. NO. 274/ND/2025:</u>
(Under Section: 60(5) of the IBC, 2016 r/w Rule 11 of NCLT Rules, 2016)

STCI Finance Limited
A/B1-802, 'A' Wing, 8th Floor,
Marathon Innova, Marathon Next Gen
Compound, Off Ganpatrao Kadam Marg,
Lower Parel (W), Mumbai – 400013 **... Applicant**

<u>AND IN THE MATTER OF Inv. Petition No. 5/ND/2024:</u>
(Under Section: 60(5) of the IBC, 2016 r/w Rule 11 of NCLT Rules, 2016)

AXIS BANK LIMITED
Axis House, Wadia International Centre,
Pandurang Budhkar, Worli,
Mumbai-400025 **... Applicant**

Versus

1. **Indiabulls Housing Finance Limited**
   M-62 and 63, 1st Floor,
   Connaught Place, New Delhi-110001

2. **Dr. Subhash Chandra**
   B-10, Lawrence Road Industrial Area,
   Delhi-110035 **... Respondents**

<u>Order Delivered on: 03.09.2025</u>

<u>CORAM:</u>

SH. ASHOK KUMAR BHARDWAJ, HON'BLE MEMBER (J)
MS. REENA SINA PURI, HON'BLE MEMBER (T)

<u>PRESENT</u>:

For the Applicant	**:**	Adv. Anju Jain, Adv. Hitesh Sachar, Adv. Rohit Sarkar in IA-6125/2024, Sr. Adv. Abhinav Vashisht Adv. Chitranshu A. Sinha, Adv. Pallavi, Adv. Shivam Shorewala, Adv. Rakshita Bhargava in IA-246/2025, Adv. Surekha Raman, Adv. Ferzana Behramkamdin, Adv. Kalyani Deshmukh, Adv. Sidharth Nair, Adv. Bishwajeet Dubey, Adv. Prateek Mishra, Adv. Eira Mishra, Adv Bheem Sain Jain, Adv. Arun Sidhant
For the Respondent	**:**	Adv. Alok Kumar, Adv. Somya Yadava, Adv. Divyansh Soni for R-22, Adv. Sachin Chandarana, Adv, Amol Rasal, Adv. Sanidhya Kumar for R-14, Adv. Khushi Jain, Adv. Kashish Narang for R-13, Adv. Anannya Ghosh, Adv. Doel Bose, Adv. Kartik Tholia for R-19
For the LIC HFL	**:**	Adv. Anannya Ghosh, Adv. Doel Bose
For the RP	**:**	Adv. Sajeve Deora, Mr. S.N. Sharma

For the Lemonade Capital Advisors	:	Adv. Sandeep Bajaj, Adv. Mayank Biyani, Adv. Raina Birla
For the IndusInd Bank	:	Adv. Diwakar Maheshwari, Adv. Pratiksha Mishra, Adv. Shreyas Edupuganti in IA-134/2025
For the PG	:	Adv. GP Madaan, Adv. Aditya Madaan, Adv. Muskan Chhugani, Adv. Prabhav Pachory
For the Kautilya Traders	:	Mr. Kaustubh Rai, Adv.
For the Corpcall Capital Advisors	:	Mr. Milan Singh Negi, Ms. Aakriti Gupta, Ms. Raina Birla, Advocates in IA-5505 of 2024
For the Catalyst Trusteeship Limited	:	Adv. Dhaval Mehrotra, Adv. Aditi Desai
For the HDFC Bank	:	Adv. Suvarna proxy counsel, Adv. Bheem Sain

ORDER

PER: SHRI ASHOK KUMAR BHARDWAJ, MEMBER (J)

IAs-5505/ND/2024, 6014/2024, 6124/2024, 6125/2024, 134/2025, 246/2025 and 274/2025:- Way back in the year 2022, Indiabulls Housing Finance Ltd. preferred CP(IB)-97/ND/2022 seeking initiation of Insolvency Resolution Process qua the Debtor/Personal Guarantor viz. Dr. Subhash Chandra. After considering the application and hearing the counsels for the parties, this Tribunal passed order dated 30.05.2022 appointing Mr. Raj Kamal Saraogi as RP qua the Debtor. Relevant excerpt of the order reads thus:-

> 19. The Applicant has not proposed the name of any Resolution Professional. Therefore, from the panel of IPs suggested by the IBBI, **this Bench appoints Mr. Raj Kamal Saraogi, Insolvency Professional having the registration no. IBBI/IPA-002/IP-N00459/2017-2018/11294, as the Resolution Professional** subject to filing of an affidavit that there is no disciplinary proceeding pending against Mr. Raj Kamal Saraogi, the RP proposed herein within seven days.

2. Subsequently, Hon'ble Supreme Court passed interim order dated 05.08.2022 in WP(C) No. 567 of 2022. Having taken note of the order passed by Hon'ble Supreme Court, this Tribunal passed order dated 18.08.2022, which reads thus:-

> Ld. Counsel appearing for the Respondent screen shared the order passed by the Hon'ble Apex Court in W.P. (C) No. 567/2022 and others dated 05.08.2022, whereby the Hon'ble Apex Court has passed the following order:
>
> > *"In the meanwhile, petitioner(s) shall not transfer, alienate, encumber or dispose of any of their assets or legal rights or beneficial interest therein; and the Resolution Professional shall not proceed with filling of the report. If the report has been filed, the same shall not be acted upon."*
>
> Ld. Counsel appearing for the Resolution Professional submits that he has already filed the Report in the present matter. However, in the light of the order passed by the Hon'ble Apex Court, no action is required at present.

3. Thereafter, hearing in the present proceedings had to be deferred from time to time. Later, an Intervention Petition i.e. IP(IBC)-5/2024 was preferred by Axis Bank Limited, espousing therein that it (Axis Bank) intended to institute appropriate legal proceedings against the Debtor for recovery of outstanding dues arising out of his obligations as a Personal Guarantor and the pendency of IB-97/ND/2022 was coming in his way. The prayer made in the IP(IBC)-5/2024 reads thus:-

(i) allow the present application and permit the Applicant to be impleaded / intervene in C.P. (I.B.) No. 97 of 2022;

(ii) dismiss C.P. (I.B.) No. 97 of 2022 on account of discharge of the personal guarantor, *i.e.*, Subhash Chandra in view of the settlement between the corporate debtor, *i.e.*, Vivek Infracon Private Limited and Indiabulls Housing Private Limited;

(iii) alternatively, direct Indiabulls Housing Private Limited to conclude its settlement discussions with Subhash Chandra and withdraw C.P. (I.B.) No. 97 of 2022 within 7 days and in the event of the failure of Indiabulls Housing Private Limited to withdraw the said insolvency petition within such period, adjudicate C.P. (I.B.) No. 97 of 2022 on its merits at the earliest convenience of this Hon'ble Tribunal or alternatively, dismiss the said insolvency application in case of failure of Indiabulls Housing Private Limited to press / prosecute the same;

(iv) grant an injunction restraining Subhash Chandra from making any payment / part-payment to Indiabulls Housing Private Limited or any other creditors of Subhash Chandra pursuant to the alleged settlements discussions between Indiabulls Housing Private Limited and Subhash Chandra or otherwise, during the period of interim moratorium;

(v) grant an injunction restraining Subhash Chandra from transferring, alienating, encumbering or disposing of any of his moveable or immoveable, tangible or intangible property, assets or legal rights or beneficial interest therein, whether in India or outside of India, pending the disposal of C.P. (I.B.) No. 97 of 2022;

(vi) pass interim / ad-interim directions in terms of the above; and/or

4. Having considered the IP(IBC)-5/2024, this Tribunal passed order dated 07.02.2024, which reads thus:-

> **Invt. Pett. 05/2024:** - Ld. Sr. Counsel appearing for the Petitioner in Intervention petition submitted that as the Applicant in the present proceedings has entered into settlement with the Corporate Debtor, the present petition filed against the Personal Guarantor is not maintainable. Ld. Counsel appearing for the Applicant submitted that the settlement with the Corporate Debtor has not materialized and there is no settlement in existence as on date. Nevertheless, as prayed by the Ld. Counsel appearing for the Applicant, the matter is deferred to 14.02.2024.
>
> In the meantime, the Personal Guarantor shall not terminate any of the assets to defeat the claim of the petitioner.

5. Subsequently, in terms of the order dated 14.02.2024 passed in IA-2892/2022 and IP(IBC)-5/2024, this Tribunal directed rectification of the clerical error crept in the order dated 07.02.2024. The order dated 14.02.2024 reads thus:-

> **IA-2892/2022 & Invt. Pett. 05/2024:** Mr. Abhinav Vashishth, Ld. Sr. Counsel appearing for the intervener who filed Intervention Petition-05/2024 could draw our attention to order dated 07.02.2024 and submitted that the order contain a clerical error inasmuch in first line of second paragraph instead of alienate, the word terminate has been typed. The order is directed to be corrected. The word terminates viz., the fourth last word of first sentence in second para would also be read as alienate and not terminate for all purposes.
>
> Mr. Abhinav Vashishth, Ld. Sr. Counsel appearing for the Intervener could draw our attention to Section 134 & 141 of the Indian Contract Act to espouse that once the amount of default has been settled between the creditor and the principal borrower, the present proceeding do not survive. Mr. Sumesh Dhawan, Ld. Counsel appearing for the creditors submitted that there is no material settlement between the creditor and the principal borrowers ciz. CD. Let Mr. Sumesh Dhawan, Ld. Counsel file an affidavit indicating that how the settlement referred to in the order dated 23.05.2023 passed by Principal Bench in CP-236(PB)/2022 is not binding on the petitioner. Let the needful be done within one week.
>
> List on 22.02.2024.
>
> In the meantime, it would be open to the PG to file reply to Invt. Pet. 05/2024 within one week. Rejoinder, if any, may be filed before the next date of hearing. Interim order restraining the PG to alienate any of its assets would remain in operation till the next date of hearing.
>
> Copy of the order be given dasti to the Ld. Counsel for the parties under signature of the Court Officer.
>
> In the meantime, it would be open to the PG to file reply to IA-2892/2022 within one week. Rejoinder, if any, may be filed within one week. Interim order restraining the PG to alienate any of its assets would remain in operation till the next date of hearing.
>
> List on 22.02.2024.

6. Subsequently on 22.02.2024, Mr. Abhinav Vashisth Ld. Sr. Counsel for Axis Bank espoused that IB-97/ND/2022 should be heard finally, as the Petitioner in IP(IBC)-5/2024 i.e. Axis Bank was adversely affected by the moratorium under Section 96 of IBC, 2016. The order dated 22.02.2024 reads thus:-

IA-2892/2022: Mr. Abhinav Vashisht, Ld. Senior Counsel appearing for the Applicant in Intervention Petition filed 05/2024 submitted that though he is prepared with his submissions to be put forth in the matter, but he would be fair in disclosing that on the last date of hearing, there was confusion regarding the next date of hearing and might be Mr. Sumesh Dhawan, the Ld. Counsel appearing for the Financial Creditor had incorrectly noted the next date of hearing as 28.02.2024 thus he is not present here when, the matter is called. Such is also the submission on behalf of the Proxy Counsel appearing for the Financial Creditor who seeks an adjournment. In the wake, the hearing is deferred to 28.02.2024.

In the meantime, the Financial Creditor should file an affidavit in terms of the order dated 14.02.2024. Besides the plea of Mr. Abhinav Vashisht, the Ld. Counsel appearing for the Bank submitted that irrespective of settlement, his emphasis is that the petition should be heard finally, so that in terms of the provisions of Section 96 of IBC, 2016 its right to avail the remedy regarding the debt and default committed by the Personal Guarantor is not prejudiced.

7. Finally, in terms of the detailed order dated 22.04.2024, authored by one of us Member (J), the Petition preferred under Section 95(1) of IBC, 2016, i.e. IB-97/ND/2022 preferred for initiation of IRP qua the Debtor was admitted. Paras 38 to 60 of the order reads thus:-

"38. In view of the aforementioned, the comfort extended by the Respondent to Creditor means his commitment to repay the amount of debt and that he should stand by such comfort/commitment. Thus, we find no force in the contention that Deed of Guarantee being only the extension of comfort by the Guarantor to the Creditor, the present Petition should not lie.

39. Even the conjoint reading of the undertakings dated 19.12.2018, 29.11.2018 and that of letters dated 14.11.2018 and 15.11.2018 together with Deed of Guarantee make the Respondent liable to repay the amount of debt to the Creditor and the reading of the undertakings (ibid) would not absolve the Applicant from the terms of the Deed of Guarantee.

40. As far as the plea of settlement is concerned, the Ld. Counsel for the Creditor submitted that the settlement could not be implemented and the amount in terms of the settlement was not paid. Though, the Ld. Counsel for the Corporate Debtor could rely upon the order dated 23.05.2023 passed by the Principal Bench of this Tribunal in IB-

236(PB)/2022 to buttress the plea of the settlement, but a perusal of the same only reveals that a settlement Deed had been entered into between the Financial Creditor and the Creditor decided not to pursue the petition. The order does not reveal that the amount of debt had actually been repaid by the Borrowers or the Guarantors. The order passed by this Tribunal reads thus:-

ORDER

New IA-2841/2023

Mr. Sumesh Dhawan, Ld. Counsel for the Petitioner has filed this application placing before us the settlement deed as entered into between the Financial Creditor and Corporate Debtor. On the basis of the same, this application has been moved to state that the issue between the parties has been resolved and the Financial Creditor is not pursuing this matter against the Corporate Debtor and the main case can be closed.

In view of the above, the Company Petition (IB)-236(PB)/2022 stands dismissed. All the pending IAs are also disposed of.

41. Section 99 (2) of the IBC, 2016, provides that where an application is filed under Section 95 of the Code, the Resolution Professional may require the Debtor to prove the repayment of the Debt claimed as unpaid by the Creditor. In the present case, the Respondent never tried to espouse the actual repayment of debt by furnishing – (a) evidence of electronic transfer of the unpaid amount from the bank account of the Debtor; (b) evidence of encashment of cheque issued by the Debtor OR (c) signed acknowledgment by the Creditor. Section 99 (2) of the IBC, 2016, reads thus:-

> *"**99. Submission of report by resolution professional. –***
> ***....***
> *(2) Where the application has been filed under section 95, the resolution professional may require the debtor to prove repayment of the debt claimed as unpaid by the creditor by furnishing –*
> *(a) evidence of electronic transfer of the unpaid amount from the bank account of the debtor;*
> *(b) evidence of encashment of a cheque issued by the debtor; or*
> *(c) a signed acknowledgment by the creditor accepting receipt of dues."*

42. In terms of the provisions of Section 95(4) of IBC, 2016, an application under Section 95(1) of IBC, 2016, should be accompanied with the details and documents relating to;- (i) debt owed by the Debtor to the Creditor or Creditors submitting the application for Insolvency Resolution Process as on date of application; (ii) the failure by the Debtor to pay the debt within a period of 14 days of service of the notice of demand and relevant evidence of such default or non-repayment of debt.

43. In terms of the provisions of Section 99 (4) of the Code, for the purpose of examining the application the Resolution Professional may seek such information or explanation in connection with the application as may be required from the Debtor or Creditor or any other person who in the opinion of the Resolution Professional may provide such information. In terms of the provisions of Rule 7(1) of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019, before filing an application, the Creditor need to serve a notice in terms of the provisions of Rule 7(1) of the said rules upon the Debtor/Personal Guarantor, demanding the amount of debt. In the present case, the Creditor had sent such notice to Debtor on 18.01.2022, demanding the amount of default. When no payment of debt within the period of 14 days of the notice was made, the default occurred.

44. The Statement of Loan Account in the books of applicant/Financial Creditor viz. S000239650 to show the non-receipt of defaulted amount has been enclosed at page no. 46-45 of the Affidavit of Counsel. The Deed of Guarantee espouses the debt owed by the Respondent.

44. The RP filed his report, espousing the compliance of Section 95(4), 99(2) and 99(4) of IBC, 2016. The relevant excerpt of the report of the RP has already been reproduced hereinabove.

45. From the reproduced portion of the report of RP it is clear that the RP has recommended the admission of the petition filed under Section 95 of IBC, 2016.

46. As far as the plea of the pendency of arbitral proceedings is concerned, in view of the provisions of Section 96 of IBC, 2016, in the wake of the moratorium the proceedings may not continue. Section 96 of the Code reads thus:-

> ***"96. Interim- moratorium. –***
> *(1) When an application is filed under section 94 or section 95 –*
> *(a) an interim-moratorium shall commence on the date of the application in relation to all the debts and shall cease to have effect on the date of admission of such application; and*
> *(b) during the interim-moratorium period –*
> *(i) any legal action or proceeding pending in respect of any debt shall be deemed to have been stayed; and*
> *(ii) the creditors of the debtor shall not initiate any legal action or proceedings in respect of any debt.*
> *(2) Where the application has been made in relation to a firm, the interim-moratorium under sub-section (1) shall operate against all the partners of the firm as on the date of the application.*
> *(3) The provisions of sub-section (1) shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator."*

47. Even otherwise also, in terms of the provisions of Section 238 of IBC, 2016, the proceedings under the Code have overriding effect qua any other proceedings. The Section reads thus:-

> ***"238. Provisions of this Code to override other laws.—****The provisions of this Code shall have effect, notwithstanding anything inconsistent therewith contained in any other law for the time being in force or any instrument having effect by virtue of any such law."*

48. In the wake, we are unable to accept the plea raised on behalf of the Applicant that the pendency of the Arbitral proceedings would stand in the way of this Tribunal in passing the order under Section 100 of IBC, 2016.

49. Since, the Respondent has not adduced any evidence in terms of the provision of Section 99 (2) of IBC, 2016, to prove the repayment of debt, merely on the basis of Settlement Agreement with the Principal

Borrower we may not avoid passing the order under Section 100 of IBC, 2016, thus the Settlement Agreement may not come for the rescue of the Guarantor.

50. As far as the plea of repayment of certain amount of debt to the Creditor and sale of the pledged shares are concerned, in terms of the provisions of Section 141 and 146 of Indian Contract Act, the Respondent is liable only to such amount of debt which remains unpaid by the co-sureties, out of proceed of securities and the Principal Borrower. The provisions of Sections 141 and 146 of the Indian Contract Act (ibid) reads thus:-

> *"**141. Surety's right to benefit of creditor's securities.—**A surety is entitled to the benefit of every security which the creditor has against the principal debtor at the time when the contract of suretyship is entered into, whether the surety knows of the existence of such security or not; and if the creditor loses, or, without the consent of the surety, parts with such security, the surety is discharged to the extent of the value of the security."*
>
> ***XXX***
>
> ***146. Co-sureties liable to contribute equally.—**Where two or more persons are co-sureties for the same debt or duty, either jointly or severally, and whether under the same or different contracts, and whether with or without the knowledge of each other, the co-sureties, in the absence of any contract to the contrary, are liable, as between themselves, to pay each an equal share of the whole debt, or of that part of it which remains unpaid by the principal debtor."*

51. The ramification of the present order passed under Section 100 of IBC, 2016, would be that the Debtor shall prepare a repayment plan in consultation with the RP, as per the provisions of 105 of the Code. The Section 105 reads thus:-

> *"**105. Repayment plan.—**(1) The debtor shall prepare, in consultation with the resolution professional, a repayment plan containing a proposal to the creditors for restructuring of his debts or affairs.*
>
> *(2) The repayment plan may authorise or require the resolution professional to –*

(a) carry on the debtor's business or trade on his behalf or in his name;

(b) realise the assets of the debtor; or

(c) administer or dispose of any funds of the debtor.

(3) The repayment plan shall include the following, namely: -

(a) justification for preparation of such repayment plan and reasons on the basis of which the creditors may agree upon the plan;

(b) provision for payment of fee to the resolution professional;

(c) such other matters as may be specified."

52. While preparing the repayment plan, the Guarantor/Respondent will be entitled to take benefit of such amount of debt which has already been repaid to the Creditor, by Principal Borrowers, other sureties and/or by release and disposal of the securities. At this stage, we may not comment upon his plea in this regard.

53. Might be on certain date of hearings, the Ld. Counsel for the PG took the plea of settlement but when he was required to show the proof of repayment in terms of the provisions of Section 99 (2) of IBC, 2016, he preferred to argue the matter. Thus, merely because the plea of Settlement qua the amount of debt was raised by the Ld. Counsel for the PG, which was denied by the Ld. Counsel for the Creditor it cannot be held that the order under Section 100 of IBC, 2016, cannot be passed.

54. From the report of RP, it is clear that the steps were taken to contact the Creditor and the Respondent, but the Debtor did not adduce any such evidence, as provided in Section 99 (2) of IBC, 2016, or any other evidence to prove the repayment of the debt as claimed unpaid by the Creditor. In the wake, we are left with no option but to admit the petition filed under Section 95 of IBC, 2016. ***Ordered Accordingly.***

55. Ergo we order the initiation of the IR process in respect of Mr. Subhash Chandra, Respondent/Personal Guarantor with immediate effect. 56. Consequent to the admission of the present application, a moratorium under Section 101 of IBC, 2016 shall commence in relation *to all the debts of the Respondent/Personal Guarantor. During the moratorium period –*

(a) Any pending legal action or proceedings in respect of any debt qua the Respondent shall be deemed to have been stayed;

(b) the creditors shall not initiate any legal action or legal proceedings in respect of any debt qua the Respondent; and

(c) the Respondent shall not transfer, alienate, encumber, or dispose of any of the assets or his legal right or beneficiary interest therein.

The moratorium shall cease to have effect at the end of the period of 180 days.

57. A public notice shall be issued by the RP, within seven days of passing of this order, inviting claims from all creditors within 21 days of such notice. The notice shall include details of the present order, particulars of the Resolution Professional with whom the claims have to be registered, and the last date for the submission of the claims. The said notice shall be –

(a) published in two national newspapers, one in English and another one in Vernacular, in circulation in the State where the debtor resides;

(b) affixed at the visible place in the premises of this Adjudicating Authority; and

(c) placed on the website of the Adjudicating Authority.

58. The RP shall discharge all such duties as are incumbent upon him in terms of the provisions of Sections 104, 105, 106, 107, 108, 112, and 113 of IBC, 2016, with due deference to the procedure enshrined in Regulations 5, 7, 8, 9, 11, 12, 13, 14, 15 and 17 of IBBI (Insolvency Resolution Process for Personal Guarantor to Corporate Debtors) Regulations, 2019 and also in terms of the other extent provisions of the aforementioned code/ regulations and/or any other provisions of law applicable to him, in the discharge of his duties as RP.

59. A copy of this order along with a copy of the application as also the report of the Resolution Professional shall be provided to the

Creditor (Applicant), Respondent/ Personal Guarantor, and IBBI, by the Registry/ Court Master within 7 days from today by e-mail.

60. ***IA-2892/2022 is disposed of accordingly. To come up for consideration of Status Report to be filed by RP, within 8 weeks.***"

8. Considering IA-2148/2024, this Tribunal replaced Mr. Raj Kamal Saraogi, RP with Mr. Shiv Nandan Sharma (IP). Paras 5 to 12 of the order dated 27.05.2024 passed by this Tribunal ordering replacement of RP reads thus:-

5. We heard the Counsels for the parties and perused the record. The allegations made in the additional affidavit that the IP's remark that this matter will go to bankruptcy is denied by the IP/RP present before us as also by Mr. Chaurasia, Ld. Counsel who represented him. Nevertheless, both the RP and Mr. Chaurasia categorically admitted that on 24.04.2024, they met the Personal Guarantor in Lodhi Hotel and Mr. Chaurasia effectively participated in the process. From Sections 102 to 112 of IBC, 2016, it nowhere appears that the RP could carry with him any lawyer to meet PG, while seeking to discharge his function in terms of the provisions of Section 105 of IBC, 2016 i.e. the stage when PG has to prepare his repayment plan.

6. We could also peruse the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Personal Guarantor to Corporate Debtor) Regulations 2019. Even these regulations do not indicate anywhere that the RP appointed by this Tribunal in terms of the provisions of Section 97 of IBC, 2016 is entitled to take the assistance of a lawyer while discharging his function as RP at the stage, when the PG was yet to prepare his re-payment plan. We are unable to appreciate why and how the RP felt the need to conduct the meeting in an expensive hotel, when the responsibility given to him was to conduct process for Insolvency Resolution of Personal Guarantor.

7. Section 100(2) of IBC, specifically provides that where the Adjudicating Authority admits an application under sub-section (1) of Section 100 it may on the request of the RP issue instructions for the purpose of conducting negotiations between the debtor and the creditors and for arriving at a repayment plan. Apparently, no such request was made by the RP. When we heard the matter for admission of the application filed under Section 95 of IBC, 2016.

8. While discharging function in terms of the provisions of Section 105 of IBC, 2016 read with Regulation 17, role of the RP is only to extend the service as consultant to the Personal Guarantor. When in terms of the provisions of Section 105 read wtih Regulation 17 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Personal Guarantor to Corporate Debtor) Regulations, 2019, the role assigned to RP himself is that of consultant and re-payment plans has to be prepared only by the debtor, it is difficult for us to appreciate that the RP whose presence itself is recognized and acknowledged as that of consultant can have the services of another lawyer, while discharging the function as consultant only. The provisions of Section 105 of IBC, 2016 and Regulations 17 of the aforementioned regulations are very clear that the repayment plan has to be prepared by the Debtor and it is for him to consult the RP. A reading of Section 105(2) of the Code, further makes it clear that it is only in terms of the repayment plan that the Resolution Professional may be required or authorized to carry on the debtor's business or trade on his behalf or in his name or realise the assets of the debtor or administer or dispose of any funds of the debtor. Thus, when there was no such authorization in favour of RP, we are unable to appreciate and comprehend that how the Ld. Counsel for the RP could rely upon Regulation 18 of the aforementioned regulation. Such arguments could be appreciated only if the Personal Guarantor would have made authorization in favour of the RP, in terms of the provisions of Section 105(2) of IBC, 2016. [At this stage Mr. Chaurasia interjected and submitted that when Regulation 18 of the aforementioned regulations provide that the Professional appointed by the RP for the resolution process shall not purchase and acquire any interest in the property of Guarantor without permission of the Adjudicating Authority, apparently the RP was entitled to carry with him a lawyer while meeting the Personal Guarantor. He also made reference to Regulation 3(i) of the aforementioned regulations to espouse that when resolution process costs include the fees payable to the professionals engaged, if any, the RP was justified in taking him to the Lodhi Hotel, while meeting the Personal Guarantor.]

9. Of course when the Ld. RP could deny that he ever made the comment that the matter will go to Bankruptcy, we ignore to adjudicate upon the plea espoused in additional affidavit filed by the PG.

10. Indubitably, the object and intent of chapter 3 of IBC, 2016 is to ensure that the Insolvency of the Personal Guarantor is resolved. The RP is assigned the role in terms of the provisions of Regulations 102 to 112 of the Code, read with Regulations 4,5,6,7,8,9,10,11,12,14 and 15 of the IBBI (IRP for PG to CD) Regulations, 2019. Maybe while discharging function under Section 107 of the Code, read with Regulation 10 of IBBI (Insolvency resolution process for Personal Guarantor to Corporate Debtor), Regulations 2019, the RP may need the services of some cost Accountant/Chartered Accountants etc. But we are unable to appreciate that how before preparation of plan under Section 105 of IBC, 2016, he could feel need to meet Personal Guarantor along with lawyer in Lodhi Hotel.

11. It would not be out of context to note that during the course of hearing the Personal Guarantor could suggest a couple of names for being as RP in place of Mr. Raj Kamal Saraogi as RP. The plea was opposed by Mr. Sumesh Dhawan, Ld. Counsel appearing for the Financial Creditor. Even otherwise also we do not see any such provision in the Code that when the application is preferred by the Creditor in terms of the provisions of Section 95 of IBC, 2016, this Tribunal may appoint an IP suggested by the Personal Guarantor as RP qua the insolvency resolution process in progress in respect of his insolvency.

12. Considering his experience, **we appoint Mr. Shiv Nandan Sharma, IP as RP in place of Mr. Raj Kamal Saraogi, IP.** It is made clear that nothing observed hereinabove should be held against Mr. Chaurasia or Mr. Raj Kamal Saraogi in any manner. We have ordered the replacement of Mr. Raj Kamal Saraogi only because the procedure given in chapter 3 of the Code is beneficial procedure and the role of RP is only that of facilitator between PG and Creditors. The present order would not be relied against them for any purpose and in manner, the only ramification of the order is replacement of RP.

9. The IA-3602/2024 preferred by the RP was allowed in terms of the order dated 26.07.2024 and it was kept open to RP to conduct negotiation between the debtors and the creditors. The applications preferred by Canara Bank and Union Bank of India viz. IA Nos. 4763/2024 and 5035/2024, preferred for condoning the delay of 45 days occurred in submission of their claims were allowed and the delay was condoned in terms of order dated 04.10.2024 and 17.10.2024.

10. The RP preferred IA-5505/2024 for approval of the repayment plan. The prayer made in the IA reads thus:-

"a Approve the Repayment Plan under Section 114 of the Code;
b Issue directions for implementing the approved Repayment Plan;
c Pass such other or further order (s) as may be deemed fit and proper in the facts and circumstances of the instant case."

11. In terms of the order dated 26.11.2024, this Tribunal issued notice in IA-5505/2024 to all the creditors qua the debtor. In response to the notice, most of the creditors qua the debtor entered appearance in the matter before this Tribunal and when some of them opposed the application preferred for approval of repayment plan, some of them also supported the same. The stand taken by the creditors could be recorded in the order dated 06.01.2025 which reads thus:-

IA-5505/2024, IA-6014/2024, IA-6124/2024, IA-6125/2024: IA-5505/2024 has been preferred by Mr. Shiv Nandan Sharma, Resolution Professional qua Mr. Subhash Chandra, the Personal Guarantor. When Mr. Shiv Nandan Sharma is Applicant in the IA, Dr. Subhash Chandra is the only Respondent therein. On 26.11.2024 when the IA-5505/2024 (ibid) was listed afresh, the Ld. Counsel appearing for some of the Creditors, particularly IndusInd Bank, opposed the application. Thus, we considered it proper to give opportunity to all the Creditors to have their stand in the application, before the same is adjudicated. The order dated 26.11.2024 reads thus: -

> *"**IA-5505/2024**: Issue notice to Creditors returnable on **06.01.2025**. Let the notice be served upon all the Creditors by all prescribed modes i.e. registered post, speed post, courier service and E-mail. The notice is accepted by the Ld. Counsel for RBL and Indusind Bank, thus the process of service qua them is dispensed with. Let the reply, if any, be filed by the Creditors within four weeks from today.*
>
> *It is made clear that the Applicant would make copy of application available to all the Respondents/Creditors along with the notice.*
>
> *List on **06.01.2025**."*

Today, Mr. P. Nagesh, Ld. Sr. Counsel pressed IA-6014/2024 preferred by IDBI Trusteeship Services Limited. The IA-6124/2024 filed by HDFC Bank Limited is pressed by Mr. Bhim Sain. Mr. Abhinav Vashishth, Senior Advocate, appeared in IA-6125/2024 filed by Canara Bank. All the aforementioned applications have been preferred by the Creditors to oppose IA-5505/2024. According to the Ld. Sr. Counsels, the Applicant in the IAs had to resort to the process of filing independent IA in order to file their response to IA-5505/2024, as they have not been impleaded as parties to the application and the registry could raise its technical objection qua their filing reply to IA-5505/2024. Besides, the aforementioned Creditors, the Ld. Counsels for RBL, IndusInd Bank, IDBI Trusteeship (for Franklin Templeton), LIC Housing Finance and other Creditors entered appearance to submit that they have objection to the repayment plan and need to be heard before IA- 5505/2024 is considered. They submitted that their applications/reply to IA- 5505/2024 are lying under objection with the registry.

Appearance is also entered on behalf of the Corpcall Capital Advisors LLP, Catalyst Trusteeship, World Crest Advisors LLP, Direct Media Distribution Ventures Private Limited, Lemonade Capital Advisors LLP and Veena Investments Private Limited. The Counsels present for said Creditors submitted that they are supporting the repayment plan. In any case, it is experienced that all the Creditors not being party to IA- 5505/2024, they have been in difficulty in getting their reply filed to said IA and thus, independent applications have been filed before this Bench. In the wake, we direct that the RP, Mr. Shiv Nandan Sharma, to file an amended memo of parties impleading all the Creditors including the Creditors who are represented before us today and have filed an independent application as party to IA- 5505/2024. Copy of amended memo of parties would be sent to all the Creditors, so that they can get to know that at what serial number they have been impleaded as party/Respondent in the application within one week of filing of amended memo of parties. All the Creditors who insisted on filing reply to IA-5505/2024 may do so within 4 weeks. It is made clear that the financial creditors who have already filed their independent applications opposing IA-5505/2024 or supporting the same or have filed their reply/ response to IA- 5505/2024 supporting or opposing to same may not file a fresh reply. In any case, all the parties to the proceedings as per the amended memo of parties would exchange the pleadings with all the parties i.e. either Applicant or Respondent before filing/ pressing the same.

The RP would prepare a catalogue of all the applications/reply and would upload the same on DMS before the next date of hearing.

At the cost of repetition, it is further amplified that whatever documents/pleadings are filed/uploaded on DMS would be exchanged with all the parties including the Respondent in the IA. It also goes without saying that the Applicant would be entitled to file rejoinder to the reply received by it to the application.

It is again amplified that when pleadings are exchanged and copies are served to parties, the parties would be entitled to file their reply/rejoinder as the case may be.

List on **21.02.2025.**

12. As can be seen from the aforementioned order, the creditors have preferred independent applications in opposition of the application preferred for approval of the repayment plan. Subsequent to the aforementioned order, IAs-134/2025, 246/2025 and 274/2025 were also preferred by the creditors and the notice qua the same were issued to RP and debtor. When the RP could accept the notice, himself, the notice on behalf of the debtor could be accepted by Mr. G.P. Madaan Advocate.

13. The counsels for the parties were heard at length on 05.03.2025 and after hearing them this Tribunal passed the following order:-

IA-5505/2024: Mr. Sanjiv Sen, Ld. Sr. Counsel appearing for the RP submitted that in terms of the provisions of Section 60(5) of IBC, 2016, this Tribunal can determine the applications, claim and the questions of priority under Section 53 of IBC, 2016, only qua the Corporate Debtor and not in respect of any individual debtor. In his submission, Chapter VI under part-II of IBC, 2016 concerns only Corporate Debtor and Personal Guarantor. According to him, the procedure regarding resolution of Insolvency of an individual debtor is prescribed in Part-III of the code, thus if any application could be preferred by the creditors to oppose the repayment plan, the same could be preferred under Part-III and no application preferred under Section 60(5) of IBC, 2016 can be held as maintainable.
Confronted with the plea, Mr. P. Nagesh, Ld. Sr. Counsel representing IDBI Trusteeship submitted that as can be seen from order dated 06.01.2025, it was RP only who suggested that the applications preferred by various creditors should be treated as reply/objection to the application preferred by the RP and once such plea of the RP could be accepted and the application preferred by the creditors treated as reply, at this stage the Ld. Sr. Counsel appearing for the RP cannot raise the issue of maintainability of the applications preferred by the creditors. Adv. Diwakar Maheshwari could also draw our attention to order dated 07.11.2024 to submit that the reference made by Mr. Sanjiv Sen, Ld. Sr. Counsel appearing for the RP to the order in terms of which the report of RP on the decision taken by the creditor could be kept on record may not be of any consequence for the simple reason that in terms of the aforementioned order i.e. order dated 07.11.2024, this Tribunal

had clarified that the decision on application for approval of repayment plan is yet to be taken in terms of the provisions of Section 14(1) of IBC, 2016. However, the parties are yet to make their submissions on merits. Let the creditors who have opposed the approval of repayment plan make their submissions on merits on 06.03.2025.
It is made clear that we have not closed the rights of the parties to make further submissions on maintainability.
At his stage, Ld. Counsel appearing for the Canara Bank submitted that filing of rejoinder by the RP to the application preferred by Canara Bank, further substantiate the plea of the creditors that the applications preferred by them opposing the Resolution Plan are in fact treated as objection.
List on 06.03.2025.

14. On 02.05.2025, the debtor appeared along with his counsel in person and submitted that the RP was not justified in accepting the claim of several of creditors, against him and in fact he has no liability to repay any amount of debt to such creditors who were opposing the repayment plan. Having heard the debtor in person, this Tribunal passed order dated 02.05.2025 which reads thus:-

IA-5505/2024: On 06.03.2025 we passed the following order:

"Mr. Sen, Ld. Counsel appearing for the RP and Mr. Madaan, Ld. Counsel for the personal guarantor made further submission and could take up the plan approval of application. The prolix arguments are expected in the matter as a large number of creditors are involved. Let the matter be listed on 07.04.2025 at 11:30 am. In the meantime, the RP/Personal Guarantor may upload a chart indicating the total amount of debt admitted qua the personal guarantor and the particulars of the principal borrower in respect of whom is stood as personal guarantor. The chart may also indicate the amount of debt recovered from the principal borrower. The copy of the chart may also shared with the creditors who are opposing the application. List on 07.04.2025 at 11:30 am."

2. Today the Personal Guarantor appeared in person along with Mr. Madan, Advocate. At the outset he submitted that he is in a position to factually justify that most of the liabilities shown against him do not exist. According to him, the factual position could also be vindicated if the Ld. Resolution Professional could exercise due diligence while admitting the claim of the Creditors. To espouse the plea, he tried to explain the Creditor wise position which as follows:-

S.No.	Name of Creditor/Objector & Principal Borrower	Position of Creditor
1.	Canara Bank (R-7) extended Financial Facility to Veria International Limited (Bermuda) and Veria Lifestyle Inc (USA)	According to him both are foreign companies and the securities over which the Creditor has charge are more than sufficient to satisfy the amount of financial facility.

2.	Union Bank of India (UK) Limited (R-22) extended Financial Facility to Veria Lifestyle Inc (USA)	Securities pledged with the Creditors are such that same can satisfy the amount much beyond the financial facility extended to the Principal Borrower.
3.	HDFC Bank Limited (R-12) extended Financial Facility to Essel Corporate Resources Pvt. Ltd.	When the total financial facility extended was to the extent of Rs. 500.00 Crore, an amount of Rs. 600.00 Crore could be repaid by the Principal Borrower.
4.	IDBI Trusteeship-Edelweiss Fund (R-13) extended financial facility to New Media Broadcasting Pvt. Ltd	The PG did not extend any guarantee originally and he was made to stand as guarantor after three years.
5.	IDBI Trusteeship-Edelweiss Fund (R-13) extended financial facility to New Media Broadcasting Pvt. Ltd	If the account is reconciled there would be no liability to be discharged by the Principal Borrower.
6.	IDBI Trusteeship-Franklin Templeton Asset Management India Ltd.(R-14) extended financial facility to Essel Infraprojects Limited	The liquid security pledged with the Creditor if could be disposed of at right point of time, the proceed of the same could discharge the entire financial liability.
7.	Indusind Bank Limited (R-16) extended financial facility to Spirit Textiles Pvt. Ltd.	Guarantee was given four years after extension of financial facility and the debtor/guarantor cannot be made liable to discharge the financial liability.
8.	LIC Housing Finance Limited (R-16) extended financial facility to Digital Subscriber Management and Consultancy Service Pvt. Ltd., Vasant Sagar Properties Pvt. Ltd.	The Principal Borrower is in the process of settling the amount of default with the Creditor. Besides the guarantee was invoked when the RP had made publication in the present process inviting the claim.
9.	RBL Bank Limited (R-20) extended financial facility to Veria Lifestyle Inc (USA)	The company is a foreign company. The Financial Facility was extended in foreign currency and the Creditor could not have stake his claim in the present proceedings before Resolution Professional, as the Principal Borrower is not within jurisdiction of this Tribunal. Besides the Principal Borrower has offered to settle the amount of financial facility with the Creditor. The Creditor has not even invoked the guarantee given qua the financial facility.

3. Having explained the factual position as above, the Personal Guarantor/ Debtor who is present in person submitted that the Objectors/Creditors have raised the legal issue of related party when repayment plan has already been approved in terms of the provisions of Section 111 of IBC, 2016, but the plea is not available to them for the simple reason that the concept is not there involved in the case of Personal Guarantor. Finally he submitted that once the repayment plan has been approved by required number of vote shares i.e. 80.814% vote share, in the wake of the provisions of Section 114 (1) of IBC, 2016, there is no option left open to this Tribunal but to pass an order on the basis of the plan which is based on the decision taken in the Committee of Creditors. The Ld. Counsels present for Objectors/Creditors expressed their reservation on the stand taken by the Personal Guarantor and submitted that they have their submissions to make in the matter.

4. Mr. Maheshwari, Ld. Counsel appearing for IndusInd Bank Ltd. could make reference to the provisions of Section 114(1) of the Code along with proviso thereto as also to the provisions of Section 114(2) and 114(3) of the Code. We would be examining the contentions/submissions/stand of all the parties before us. Nevertheless, before that we expect Mr. Sharma Ld. Resolution Professional to examine the plea raised by the Personal Guarantor before us and submit a report in sealed cover. It is made clear that at this stage, we refrain from commenting that what would be the ramification of the report qua the procedure mentioned in IBC and the relevant rules and regulations framed thereunder.

5. However, since it is the object of IBC to see that insolvency of individual debtor is resolved, we may also not completely ignore the aspect of the repayment offered in the plan. It is made clear that nothing observed herein above would prejudice the stand/argument of either of the parties. Let Mr. Sharma, Ld. Resolution Professional examine the aforementioned issues espoused by the Personal Guarantor and submit his report in sealed cover. He is also directed to comply with the order dated 06.03.2025.

6. It would be open to Resolution Professional to make his independent remark in the report regarding the process he conducted while submitting the same. List on **21.05.2025 at 12:30 pm.**

IA-6014//2024, IA-6124/2024, IA-6125/2024, IA-134/2025, IA-246/2025, IA-274/2025, IA-1097/2025: The applications will be heard and examined on merit on the next date of hearing. In the meantime, parties may complete and exchange their pleadings. List on **21.05.2025.**

15. We heard the counsels for the parties at length on different dates. We also heard the RP and the debtor in person. On 06.06.2025, we reserved the order in IA-274/2025 and disposed of IA Nos. 1354/2025, 1097/2025 and IA-2517/2025. The relevant excerpt of the order reads thus:-

"At the outset we noted that there is an error in order dated 26.05.2025, as when the Ld. Counsel for the Union Bank of India who preferred IA-1097/2025 could be heard, by mistake the Canara Bank

which filed IA-6125/2024 has been indicated as heard, as the IA-6125/2024 has been shown along with those IA in which the Ld. Counsels for the applicants were heard. Besides, the Union Bank of India has been shown in the order incorrectly as Union of India. The clerical error in the order is directed to be corrected and the IA-1097/2025 is directed to be shown along with IA in which the applicants were heard and the IA-6125/2024 is directed to be shown along with IA in which the Ld. Counsels are yet to be heard. Besides, the name of Union Bank of India should be correctly mentioned in the 4th line of the order. It is also clarified that the Ld. Counsel for the applicant in IA-6124/2024 i.e. HDFC Bank was also heard on 26.05.2025.

<u>IA-274/2025:</u> *Ld. Counsel for the applicant i.e. STCI Finance Limited submitted that the personal guarantor/debtor before us has mortgaged certain properties to the applicant and the only plea of the applicant in the present proceedings is that either the claim of the applicant should be admitted or the properties over which the applicant has charge should be released to it to enable it to sell the same and recover the amount of debt.*

Arguments heard. ***Order Reserved.***

Mr. S.N. Sharma, Ld. RP who is present in person along with his counsel Mr. Sajeve Deora submitted that the personal guarantor could have already indicated in the plan that it is open to the creditor to realize the secured assets and deal with the same accordingly. In his submission the debtor had not stood as guarantor in person qua any of the financial facility extended by STCI Finance Limited to any of the principal debtor.

<u>IA-1097/2025:</u> *For the reasons stated therein,* ***the IA is allowed*** *and the reply of Union Bank of India is taken on record.*

<u>IA-2517/2025:</u> *The prayer contained in the IA is opposed by Mr. S.N. Sharma, Ld RP stating that the documents sought to be brought on record are not relevant to the present proceedings. Nevertheless, for the* *reasons stated therein,* ***the IA is allowed*** *and the documents sought to be brought on record are taken on the record.*

It is made clear that the relevance of the documents would be examined at the time of consideration of the pending applications.

<u>IA-1354/2025:</u> *The prayer contained in the application reads thus:-*

> *"a. Direct Resolution professional to provide breakup of fees and expenses approved and considered in Repayment Plan submitted for approval before Hon'ble NCLT.*
> *b. Direct for payment of claim towards professional fees and other expenses incurred by ERP (Erstwhile RP).*
> *c. Pass any other order as deemed fit and proper to this Hon'ble Tribunal."*

During the course of hearing the Ld. RP who is present in person submitted that the only relief he is seeking from this Tribunal is to give direction to RP to apprise him about his entitlement to professional fees and the cost of IRP for the period during which he discharged function as Insolvency Resolution Professional. Mr. Shiv Nanda Sharma the current RP sought to explain the entitlement of the applicant for the professional fees etc. Let him communicate the details to Mr. Raj Kamal Saraogi in writing within one week from today. After receiving the breakup of his entitlement etc, Mr. Raj Kamal Saraogi would be entitled to file fresh application making a specific prayer regarding his entitlement to the professional fees. Subject to aforementioned the present ***IA is disposed of.***

<u>IA-5505/2024, IA-6125/2024:</u> *Ld. Counsel appearing for the respondent No. 19 i.e. LIC Housing Finance Limited submitted that the corporate debtor would not be bound by the repayment plan and the applicant is in process of recovering the amount of debt from the corporate debtor/principal debtor.*

Ld. Counsel for the respondent no. 22 i.e. Union Bank of India relied upon the reply filed by said respondent.

Ms. Anju Jain Ld. Counsel for the applicant who also preferred IA-6124/2024 concluded her submission with reference to the averments made in IA-6125/2024 as also the report of RP.

Ld. Counsel for the respondent Nos. 11, 23 & 24 advanced the submission. He tried to espouse that the creditors who voted in favour of the plan are not associate parties. Mr. Bajaj, Ld. Counsel entered appearance on behalf of the respondent No. 18 and adopted the submission put forth by Mr. Dubey, Ld. Counsel appearing for the respondent Nos. 11, 23 & 24.

Additionally, he could take us through the provisions of IBC, 2016 and also the provisions framed thereunder to espouse that those who voted in favour of the plan were not related parties. Mr. Dubey relied upon the Judgment of Hon'ble Supreme Court in ***Phoenix ARC Private Limited v. Spade Financial Services Private Limited & Another*** *(2019) 4 SCC 1726. Para 75 of which reads thus-*

> *..........**75**. "These objects underscore the composition of the CoC, guided by Section 21 of the IBC. The objects and purposes of the Code are best served when the CIRP is driven by external creditors, so as to ensure that the CoC is not sabotaged by related parties of the corporate debtor24. This is the intent behind the first proviso to Section 21(2) which disqualifies a financial creditor or the authorised representative of the financial creditor under sub-section (6) or sub-section (6A) or sub-section (5) of section 24, if it is a related party of the corporate debtor, from having any right of representation, participation or voting in a meeting of the committee of creditors."*

Mr. Dhaval Mehrotra, Ld. Counsel represented respondent No. 9 submitted that the said respondent had largest vote share in the meeting of creditors i.e. 11.9% and when a total amount of loan extended by the said respondent to the principal debtor is Rs. 25000 crore it could receive only 0.02% of the amount of debt received under the Resolution Plan. But it is satisfied with the same as normally the recovery from the personal guarantors is negligible. Mr. Milan Negi, Ld. Counsel for the respondent No. 10 submitted that the said respondent *is not a related party and its vote share is 10.03%. In his submission the respondent No. 10 is also supporting the repayment plan. He submitted that the order of SEBI which is relied upon by the creditors who are opposing the repayment plan has since been set aside by Securities Appellate Tribunal. According to him the said order has been enclosed with his reply. Ld. Counsel for the respondent No. 17 espoused that repayment plan should be approved by this Tribunal. In his submission the said respondent does not expect even the amount which it may receive in terms of the repayment plan if the plan is not approved by this Tribunal. He placed reliance upon his reply. At this stage Ld. Counsel who is representing respondent No. 9 submitted that he is also representing Respondent No. 8 and the said respondent is also supporting the repayment plan.*

Mr. Sajeve Deora, who represented RP made a submission for almost 25 minutes and submitted that he would take another 30 minutes to conclude his submissions. Mr. Madan, Ld. Counsel for the PG/debtor submitted that he would take another 30 minutes to conclude his submission. List for further hearing on ***12.06.2025.***

In the meantime, all the creditors who have concluded their submissions either in support or opposing the plan will file their written arguments not exceeding three pages. In the written arguments they will enclose judicial precedents excerpts of the Rule/law as also the documents sought to be relied upon by them to buttress their plea.

The parties who already filed written arguments may choose to file updated written arguments.

Ld. Counsel for the applicant in IA-246/2025 i.e. RBL Bank Limited submitted that he is adopting the arguments put forth by Mr. Diwakar Maheshwari & Mr. P Nagesh, Ld. Sr. Counsel who preferred IA-6014/2024. He also placed reliance upon the written submission filed by him."

16. We heard the parties and their counsels also on 12.06.2025 and 13.06.2025. Finally, we reserved the order in IAs- 5505/2024, 6014/2024, 6124/2024, 6125/2024, 134/2025 and 246/2025 on 13.06.2025. In IA-5505/2024 preferred by the RP it has been espoused thus:-

i. The claims received by RP could be perused and verified by him with reference to the records made available by the creditors and response/information received by him from the Personal Guarantor.

ii. The RP on receipt of the claims from the creditors prepared their list within 30 days from the date of publication of the notice in terms of the provisions of Section 104 of the Code and modified the same after admission/rejection of claims. He served a copy of the list of creditors upon Personal Guarantor via e-mail dated 06.07.2024.

iii. The RP further scrutinised all the claims on the basis of available information and an updated list was prepared and shared with Personal Guarantors via e-mail dated 03.09.2024.

iv. The Personal Guarantor submitted a draft repayment plan to the Resolution Professional and upon review, the Resolution Professional requested certain clarifications to address specific issues in the draft.

v. The RP issued a notice and agenda for the first meeting of the creditors on 04.09.2024 and the meeting was to be convened on 18.09.2024. The notice and agenda were sent to the creditors, whose claims had been accepted as also to the Personal Guarantor. The RP also shared the notice and agenda with the creditors whose claims were still under verification.

vi. The RP also shared a copy of the statement of affairs of Personal Guarantor, list of creditors with voting share, a Provisional Cost Statement of the RP and the statement of Fees and Expenses submitted by the erstwhile RP, Mr. Raj Kamal Saraogi with the creditors at the meeting.

vii. The meeting scheduled on 18.09.2024 could take place in hybrid manner. In due deference to the provisions of Regulation 15(3)(a) of the PG to CD Regulations, he circulated the meeting minutes by e-mail to all participants within 48 hours of the conclusion of the meeting. In the said meeting, after due deliberations, a resolution was unanimously passed by the creditors, wherein the time for notice for convening the meeting was reduced from 14 days to 5 days.

viii. The Personal Guarantor submitted the final repayment plan dated 16.10.2024 by e-mail. The repayment plan outlines the proposed structure and schedule for fulfilling the outstanding financial obligations under the agreed terms.

ix. The repayment plan filed before this Tribunal for approval was prepared in consultation with the Resolution Professional.

17. In Para 13A of the application preferred for approval of the Repayment Plan, the Applicant has given the background of the liabilities of the Debtor/Personal Guarantor. In said para, he has categorised the Personal Guarantees in different categories. The Para 13A reads thus:-

"13 CONTOURS OF THE REPAYMENT PLAN (EXTRACTS OF THE REPAYMENT PLAN)

The Repayment Plan submitted by the Personal Guarantor in the case of Dr. Subhash Chandra's personal insolvency resolution process has been prepared in consultation with the Resolution Professional. The Repayment Plan complies with the provisions of the Code and Regulations made thereunder. The brief contours of the same are enumerated below:

A *It is respectfully submitted that the Repayment Plan details the "**Background of Liabilities**" of the Personal Guarantor, the same is enumerated detailed herein:*

a) Categories of Personal Guarantee: *The personal guarantees issued by Personal Guarantor can be categorized under two buckets:*

i. ***Personal Guarantee given at the time of loan availed by the principal borrowers (Companies):*** *There were only two such scenarios: loans granted in foreign currencies to principal borrowers (Companies) incorporated outside India and amounts borrowed from LIC Housing Finance Limited (for Domestic companies). The total claims filed by these lenders are Rs 2,574 crores.*

ii. ***Personal Guarantees given only to provide additional security at the insistence of creditors' representatives:*** *As mentioned below, personal guarantees were provided subsequently at the persistent requests of creditors' representatives and were not part of the original*

b) Circumstances under which Personal Guarantee was given: *The guarantees were mostly provided at the repeated requests and pressure of the representatives of creditors after situations of margin shortfall or reduction in security coverage. It must be noted that the creditors have taken adequate and necessary security at the time of lending basis a conscious business call. However, the representatives of these creditors have made multiple requests to the Personal Guarantor that if he does not oblige by giving his personal guarantee, they will lose their jobs.*

Only as a compassion for protecting their jobs and career was the Personal Guarantor obliged.

c) ***Upfront disclosure by Personal Guarantor:*** *At the time of giving his personal guarantee, the Personal Guarantor very clearly mentioned that he did not have the means to meet the demands in case the personal guarantee was invoked. Despite these circumstances, the representatives of creditors still insisted on having a personal guarantee, considering the stature of the Personal Guarantor.*

d) ***Conditional Guarantee:*** *Though the Personal Guarantor agreed to give his personal guarantee after the above situation, some of these guarantees were conditional in nature and were supposed to be effective only on the respective lender fulfilling such conditions. These conditions were lenders collaborating and participating in the stake sale process of shares of listed entities of SCLEG, which was executed with the intent of clearing all loans disbursed by creditors or, if not entire, then at least a sizable portion of the amount they had lent.*

e) ***Transparent approach with creditors:*** *The Personal Guarantor has always encouraged an open dialogue with all creditors and has arranged multiple meetings with the senior representatives of the lenders to keep them informed about developments from time to time. There has never been a situation where things were hidden from creditors."*

18. In Para 13B of the application, the RP has given the details of the amounts claimed by the creditors and the claims admitted by him. The para 13B of the application reads thus:-

"B The Repayment Plan provides the details of the ***amounts claimed by the creditors alongwith the details of claims admitted by the Resolution Professional*** *in the present case. The following table has been given in the Repayment Plan :*

S.No	Name of the Creditor	Amount Claimed (Rs)	Amount admitted (Rs)	Amount rejected (Rs)	Remarks
1	Anil Kumar	1,453,000,000	1,453,000,000	-	
2	Axis Bank Limited	6,201,347,967	6,201,347,967	-	
3	Axis Finance Limited	487,330,844	-	487,330,844	Claim Rejected
4	Axis Trustee Services Limited	96,820,725	96,820,725	-	
5	Axis Trustee Services Limited	391,723,955	391,723,955	-	
6	Axis Trustee Services Limited	235,898,803	235,898,803	-	
7	Canara Bank	3,478,825,893	3,478,825,893	-	
8	Catalyst Trusteeship (CINDA FPI)	25,720,000,000	25,720,000,000	-	
9	Catalyst Trusteeship (HDFC Asset Mgt Co)	126,018,150	126,018,150	-	
10	Corpcall Capital Advisors LLP	22,350,000,000	22,350,000,000	-	
11	Direct Media Distribution Ventures Pvt. Ltd.	2,495,717,355	2,495,717,355	-	
12	HDFC Bank Limited	6,885,644,686	6,885,644,686	-	
13	IDBI Trusteeship (Edelweiss Fund)	5,648,934,831	5,648,934,831	-	
14	IDBI Trusteeship (Franklin Templeton)	7,293,122,224	7,293,122,224	-	
15	Indiabulls Housing Finance Limited	4,288,504,257	4,288,504,257	-	
16	Indusind Bank Limited	2,400,758,898	2,400,758,898	-	
17	Kautilya Traders Pvt. Ltd.	2,223,800,000	2,223,800,000	-	
18	Lemonade Capital Advisors LLP	36,570,000,000	36,570,000,000	-	
19&19A	LIC Housing Finance Limited	13,223,979,162	13,223,979,162	-	
20	RBL Bank Limited	1,193,491,736	1,193,491,736	-	
21	STCI Finance Limited	2,609,454,157	-	2,609,454,157	Claim Rejected
22	Sunil Jain	397,000,000	397,000,000	-	
23	Union Bank	1,644,373,387	1,644,373,387	-	
24	Veena Investments Private Limited	10,826,365,945	10,826,365,945	-	
25	World Crest Advisors	61,823,664,247	61,823,664,247	-	
	Total	220,065,777,222	216,968,992,221	3,096,785,001	

”

19. In the application preferred by him, the Applicant has made reference to the justification for proposing the Repayment Plan and reasons on the basis of which the creditors might agree to the same. The amount proposed to be paid by the Personal Guarantor is also reproduced in the application. The application also contains the timelines and the modalities for payment as also sources of funding for the payment. Paras 13 C to J of the application reads thus:-

> *"C It is further submitted that the Repayment Plan provides* ***the justification for proposing the Repayment Plan and reasons on the basis of which the creditors may agree upon the plan*** *under the head of "Repayment Plan for creditors"*
>
> *(ii)* ***Justification for proposing the Repayment Plan:***
>
> *As stated above, the Personal Guarantor has prepared the Repayment Plan by adding the value of its income-generating potential to the value of its estate. The proposed plan does not have any scope for an increase in the outlay.*
>
> *The Personal Guarantor's estate, in the event of bankruptcy, may not be enough even to cover the expenses of the process. Therefore, the creditors may not be able to receive any dividend from the bankruptcy trustee. The Personal Guarantor has presented a fair and reasonable Repayment Plan, which depicts the Personal Guarantor's sincerity in settling his liabilities. The Repayment Plan will settle all the disputes and legal proceedings, and the Personal Guarantor and creditor will be certain about the outcomes of their actions. The wasteful legal expenses would be saved, and the scope for mutually beneficial business relations would be created. The proposed plan honestly makes an offer which he believes is completely justified in the given financial and personal circumstances of the Personal Guarantor. The plan's justification also stems from the fact that the aim of these proceedings is to settle the liabilities of the creditors. The decision to settle the liabilities is a commercial decision without any personal vengeance on the part of any stakeholder. The fact of default is open and clear; the Personal Guarantor's estate has been laid bare. The Personal*

Guarantor has not indulged in assets stripping or created secret wealth. He is living a normal standard of living, trying to settle the litigations and taking care of his family responsibilities. Commercial decisions require decision makers to weigh various process outcomes and choose the most beneficial one. In the present case, the Personal Guarantor owns no asset that can be realized to settle the common pool of liabilities. It is also submitted that if this Repayment Plan gets approval from the creditors, the Personal Guarantor shall personally endeavor that all the outstanding dues from the principal borrowers are resolved at the earliest. The two scenarios that the situation presents as per the law are the Repayment Plan or realizable proceeds of the bankruptcy estate. Given the value of the bankruptcy estate, the Personal Guarantor believes that the Repayment Plan offers much more to all the stakeholders.

(iii)Reasons for assuming acceptability of the Repayment Plan:

The Personal Guarantor has made an honest offer to settle his liabilities towards various creditors. The Personal Guarantor has proposed to utilize all its tangible and intangible resources to come out of the insolvency situation by settling the creditors' debts. The Personal Guarantor has enormous potential for putting his knowledge and experience into productive use, and by accepting this Repayment Plan, the creditors would be protecting not only a valuable productive resource but also their economic interests compared to the scenario of bankruptcy, which no one desires.

Considering the security interest and the nature of liabilities, the Personal Guarantor has offered a comprehensive Repayment Plan that can be implemented. The code enshrines prov1s1ons for mutual settlement of the liabilities between the debtor and his creditors. If the creditors reject the plan, which they can do at their absolute discretion, this would naturally go towards bankruptcy under the Insolvency and Bankruptcy Code, 2016. The Personal Guarantor tried his best to bring this situation to an end. The Personal Guarantor's estate comprises very few assets with negligible value, which would not be sufficient even to cover the expenses of the new bankruptcy process. The Personal Guarantor has proposed to sell the few assets/deposits he owns and utilize the entire amount of Rs 6.5 crores towards the Repayment Plan and thus has put everything he has into the proposal. In these circumstances, the Personal Guarantor honestly believes that the creditors do not have any commercial reasons not to accept the proposed Repayment Plan. However, they have absolute authority not to approve it.*

iii. *The Repayment Plan also provides a detailed plan to repay the creditors for which it has been stated therein that the **Personal Guarantor is willing to resolve all the issues with all the creditors promptly. The detailed plan to repay the creditors** submitted by the Personal Guarantor is as follows:*

S.No	Name of the Creditor	Amount Claimed (Rs)	Amount admitted (Rs)	Amount rejected (Rs)	Proposed Payment by Personal Guarantor (Rs)	Proposed Payment by Principal Borrowers (facilitated by Personal Guarantor) (Rs)	Total Proposed Payment (Rs)
1	Anil Kumar	1,453,000,000	1,453,000,000	-	418,551		418,551
2	Axis Bank Limited	6,201,347,967	6,201,347,967	-	1,786,358	500,000,000	501,786,358
3	Axis Finance Limited	487,330,844	-	487,330,844	-		-
4	Axis Trustee Services Limited	96,820,725	96,820,725	-	27,890		27,890
5	Axis Trustee Services Limited	391,723,955	391,723,955	-	112,840		112,840
6	Axis Trustee Services Limited	235,898,803	235,898,803	-	67,953		67,953
7	Canara Bank	3,478,825,893	3,478,825,893	-	1,002,109		1,002,109
8	Catalyst Trusteeship (CINDA FPI)	25,720,000,000	25,720,000,000	-	7,408,893		7,408,893
9	Catalyst Trusteeship (HDFC Asset Mgt Co)	126,018,150	126,018,150	-	36,301		36,301
10	Corpcall Capital Advisors LLP	22,350,000,000	22,350,000,000	-	6,438,132		6,438,132

11	Direct Media Distribution Ventures Pvt. Ltd.	2,495,717,355	2,495,717,355	-	718,915		718,915
12	HDFC Bank Limited	6,885,644,686	6,885,644,686	-	1,983,476		1,983,476
13	IDBI Trusteeship (Edelweiss Fund)	5,648,934,831	5,648,934,831	-	1,627,230		1,627,230
14	IDBI Trusteeship (Franklin Templeton)	7,293,122,224	7,293,122,224	-	2,100,854		2,100,854
15	Indiabulls Housing Finance Limited	4,288,504,257	4,288,504,257	-	1,235,345		1,235,345
16	Indusind Bank Limited	2,400,758,898	2,400,758,898	-	691,562		691,562
17	Kautilya Traders Pvt. Ltd.	2,223,800,000	2,223,800,000	-	640,587		640,587
18	Lemonade Capital Advisors LLP	36,570,000,000	36,570,000,000	-	10,534,339		10,534,339
19& 19A	LIC Housing Finance Limited	13,223,979,162	13,223,979,162	-	3,809,294	400,00,00,000 & 270,00,00,000	6,703,809,294
20	RBL Bank Limited	1,193,491,736	1,193,491,736	-	343,797		343,797
21	STCI Finance Limited	2,609,454,157	-	2,609,454,157	-		-
22	Sunil Jain	397,000,000	397,000,000	-	114,360		114,360
23	Union Bank	1,644,373,387	1,644,373,387	-	473,678		473,678
24	Veena Investments Private Limited	10,826,365,945	10,826,365,945	-	3,118,639		3,118,639
25	World Crest Advisors	61,823,664,247	61,823,664,247	-	17,808,900	7,740,000,000	7,757,808,900
	Total	220,065,777,222	216,968,992,221	3,096,785,001	62,500,000	14,940,000,000	15,002,500,000

D *The Repayment Plan provides terms of the Repayment Plan that shall be binding on all the creditors with respect to all their debt under the clause* ***Terms of payment to the creditors, implementation schedule, sources, and modalities for payment*** *which are detailed herein below:*

Timelines for payment:

The above amount proposed will be paid in installments as hereunder:

S.No	Instalment	Timeline	Amount (Rs)
1	Upfront Payment	X+30 days	1,50,00,000
2	First Instalment	X+3 months	2,50,00,000
3	Second Instalment	X+6 months	2,50,00,000

**X being the date of approval of Repayment Plan by Adjudicating Authority*

Modalities for payment

In the Repayment Plan, it was clarified by the Personal Guarantor that the payment as set out above is towards a full and final settlement of the debts. The undischarged component of such *debts and any amounts payable by the Personal Guarantor to any creditor prior to the insolvency commencement date who has not filed its claims shall stand unconditionally and irrevocably extinguished upon the issue of the discharge order.*

It was further submitted that in the Repayment Plan the Personal Guarantor further stated that no payment was proposed by the Personal Guarantor to any other creditors and the claims of the said creditors pertaining to the period prior to the insolvency commencement date of the Personal Guarantor i.e., 22.04.2024 shall stand unconditionally and irrevocably extinguished and included the directions for compliances to be made by others.

Sources of funding

The Personal Guarantor, after having explored all avenues, proposes to make payment as envisaged under the repayment plan from the following sources:

S.No	Source of Funds	Amount (Rs)
1	Bank Accounts	2,50,00,000
2	Sale of listed shares	4,00,00,000
	Total	**6,50,00,000**

E *The Repayment Plan further provides that the Personal Guarantor will make the* ***payment of fees to the Resolution Professional,*** *including the payment to the erstwhile Resolution Professional and other insolvency process cost in priority to any other payment under the Repayment Plan. Moreover, the Personal Guarantor has made a total provision of Rs 25 lacs to meet all expenses related to the resolution process including fees of the Resolution Professional. It was further submitted by the Personal Guarantor under the Repayment Plan that in case there is any excess amount available under Regulation 17 (1)(c) of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Regulations, 2019, such amount shall be utilized towards meeting the insolvency resolution process costs.*

F *The Repayment Plan provides the **details of excluded assets and excluded debts** of the guarantor. It is stated by the Personal Guarantor that considering that the total pre-tax income of the Personal Guarantor is only about Rs 8.5 lacs per month (Minus Rs 3.5 lacs/month expenses/maintenance expenses of the residence), this leaves Rs. 5 lacs/month with the PG, from which he has to meet all his legal, travel, salary of his personal staff, and personal expenses of himself and his spouse.*

The proposed exclusion of assets from the Repayment Plan is one bracelet (personal ornament) which is in his Pooja (Religious) Room and with respect to the excluded debts, the Repayment provides that there are no liabilities that fit the criteria of excluded debts.

G *The Repayment Plan provides the **manner of dealing with the funds** held for the purpose of the Repayment Plan, the Personal Guarantor proposes to utilize the funds towards payment of the obligation under the Repayment Plan. He does not propose investing the funds available for payment to creditors. The funds earmarked for the Repayment Plan may be deposited in a separate bank account as agreed by the creditors or Resolution Professional.*

H *The Repayment Plan provides that **the Personal Guarantor is not engaged in any business activity** and, therefore, no specific manner is proposed for business conduct during the implementation of the Repayment Plan.*

I *The Repayment Plan also provides that the Resolution Professional will **supervise the implementation** of the repayment plan including timely payment of the funds to the creditors as provided in the plan and can seek directions from the Adjudicating Authority, if necessary, about any matter arising from this Repayment Plan.*

J *The Repayment Plan further provides the **terms and conditions for the discharge of the Personal Guarantor:***

The Personal Guarantor has made disclosure of all his assets and affirms that he has truthfully declared his income and sources of income. He states that given a chance to work again, he has the potential to contribute to society's welfare and discharge his responsibilities towards the family. The Personal Guarantor shall be entitled to seek discharge on the complete implementation of the Repayment Plan.

i. ***Process of discharge:***

The code and regulations provide a complete mechanism for seeking an order of discharge of the Personal Guarantor. The process casts a responsibility of the Resolution Professional to apply to the Adjudicating Authority for an order of discharge as below.

- *Upon full implementation of the repayment plan as per the agreed schedule or any time before that, the Resolution Professional shall, within fourteen days of the completion of the Repayment Plan, forward to the persons who are bound by the Repayment Plan under section 115 and the Adjudicating Authority, the following documents, namely –*

(a) a notice that the Repayment Plan has been fully implemented; and

(b) A copy of a report by the Resolution Professional summarizing all receipts and payments made in pursuance of the Repayment Plan and the extent of the implementation of such plan as compared with the Repayment Plan approved by the creditors' meeting.

- *The Resolution Professional shall apply to the Adjudicating Authority for a discharge order in relation to the debts mentioned in the Repayment Plan.*
- *Upon an early completion of the Repayment Plan, the Resolution Professional shall immediately file an application before the Adjudicating Authority seeking an early discharge for the Personal Guarantor.*

- *The Resolution Professional shall forward the order of discharge to the Insolvency & Bankruptcy Board of India for the purpose of recording entries in the register referred to in section 196.*

The order of discharge of the Adjudicating Authority shall be irrebuttable and conclusive evidence of the discharge of the Personal Guarantor."

20. In Paras 15 to 18 of the application, the RP has made reference to the procedure followed in Insolvency Resolution Process, particularly the approval of Repayment Plan with 80.814% vote share. The Paras 15 to 18 of the applications reads thus:-

*"**15 COMPLIANCE UNDER SECTION 107 OF THE CODE***

In compliance with Sub-section (2) & (3) of Section 107 of the Code, it is further submitted that, after filing of the Report under Section 106 of the Code, notice for convening the second meeting of creditors to consider and approve the Repayment Plan as submitted by the Personal Guarantor on 24.10.2024 was duly circulated to all creditors on 17.10.2024. The said notice for convening the meeting of creditors on 24.10.2024 included a detailed agenda items for discussion and voting. In accordance with the statutory provisions, the notice was accompanied by essential documents as required under Section 107 (3) of the Code, which are as follows:

i. Copy of the Repayment Plan,
ii. Copy of the Report filed by the Resolution Professional under Section 106;
iii. Copy of the statement of affairs of the Personal Guarantor,
iv. Copy of the proxy voting forms to facilitate creditor representation.

These documents were provided to ensure full compliance with Section 107 of the Code and to allow creditors sufficient information, time, and opportunity to review the Repayment Plan prior to the scheduled meeting.

16 SECOND MEETING OF THE CREDITORS WHERE THE REPAYMENT PLAN WAS PUT FOR VOTE

a. *The second meeting of the creditors was convened on 24.10.2024, and the said meeting was convened in hybrid mode in compliance with Section 108 and Sections 109, 110, and 111 of the Code. In the said meeting held on 24.10.2024, after having discussions on regular agenda items, the Repayment Plan and other voting agenda items were deliberated and after deliberation, the said items were put for voting.*

b. *As regards the matters that were put for voting in the said meeting, the Chairman/Resolution Professional advised that voting would be done electronically, with a minimum required voting period of 24 hours as prescribed by the Code. After detailed discussions and at the request of creditors, the Resolution Professional concluded that the voting would commence after the circulation of the minutes of the meeting and it was decided that the voting window would close on 29.10.2024, however, in the second minutes of creditors circulated on 25.10.2024, the timeline was extended to 30.10.2024 at 12:01 PM (IST) to accommodate the request of RBL Bank, who requested for extension of voting window till 30.10.2024.*

c. *The minutes of the meeting convened on 24.10.2024 were circulated by the Resolution Professional to all the creditors along with the voting instructions on 25.10.2024. A copy of the minutes of the second meeting was also sent to the Personal Guarantor email on the same date Pursuant thereto* *the voting agency sent an email to all the creditors informing them about the commencement of the voting on all the resolutions proposed in the said meeting. All the creditors were provided with their respective voting credentials by thee-voting agency through the creditor's official email addresses. Accordingly, the voting was commenced on 25.10.2024 at 7:45 PM and was scheduled to close on 30.10.2024 at 12.01 PM (1ST). The voting lines were extended by 24 hours from 30.10.2024 to 31.10.2024 at 12:01 PM and then by another 24 hours from 31.10.2024 to 01.11.2024 at 12:01 PM. Thereafter, the results were declared by the e-voting agency on 01.11.2024. The creditors were also informed in terms of the provisions of the Code/Regulations, that this was the final extension as the requisite majority has already voted in favour of the agenda items which were put for voting.*

17 APPROVAL OF THE REPAYMENT PLAN BY THE CREDITORS

After the voting agency provided the results on 01.11.2024, the Resolution Professional observed that the Repayment Plan submitted by the Personal Guarantor was approved by the requisite three-forth majority in value of the creditors who voted on the resolutions

The Resolution that was passed with the requisite three-fourth majority with respect to approval of the Repayment Plan is reproduced herein below:

ITEM B3:

TO CONSIDER AND APPROVE THE REPAYMENT PLAN PROPOSED/SUBMITTED BY THE PERSONAL GUARANTOR, DR. SUBHASH CHANDRA:

"RESOLVED THAT the Repayment Plan as submitted by the Personal Guarantor, Dr Subhash Chandra be and is hereby approved.

RESOLVED FURTHER THAT the Resolution Professional Mr Shiv Nandan Sharma be and is hereby authorised to file an appropriate application for the approval of the Repayment Plan before the Hon'ble NCLT.

RESOLVED FURTHER THAT the Resolution Professional be also authorised to take further steps and actions as may be required under the provisions of the Insolvency and Bankruptcy Code, 2016."

[80. 814% voted in favour of the resolution]

Copy of the e-voting results provided by thee-voting agency to the Resolution Professional is annexed herewith as ***<u>Annexure -1.</u>***

18 REPORT UNDER SECTION 112 OF THE CODE

a. It is further submitted that as per Section 112 of the Code, the Report has been duly filed by the Resolution Professional including all the requisite information essential to file the said report. The Report under Section 106 of the Code, as filed by the RP, has been annexed with the Report filed under Section 112 of the Code. The Report under Section 112 of the Code has been duly filed by the RP on 05.11 .2024 with Diary No. 0710102094342024 before this Hon'ble Tribunal. Copy of the Report under Section 112 of the Code is annexed herewith as ***<u>Annexure -2.</u>***

b. In light of the extensive procedural compliance and diligent efforts undertaken by the present Resolution Professional, as detailed above as well as in the Report under Section 112, already filed, the Resolution Professional respectfully submits this application seeking approval of the Repayment Plan. The Resolution Professional has adhered to every compliance and requirement under the Insolvency and Bankruptcy Code and the Regulations and has facilitated engagement with creditors and personal guarantors to ensure a transparent, fair, and comprehensive resolution *process. The Repayment Plan has been formulated with due consideration of all creditor claims, following the required verification, consultation, and negotiation processes, in alignment with the directions of this Hon'ble Tribunal and in line with the Code and Regulations.*

c. Significantly, the Repayment Plan has been approved by the requisite three-fourth majority of the creditors. This approval underscores the creditors' confidence in the viability of the plan and the fairness of the process conducted by the RP. Therefore, the RP respectfully submits that the approved Repayment Plan aligns with the spirit and intent of the IBC,2016, and the Regulations made thereunder, ensuring a balanced approach to debt resolution that benefits all parties involved."

21. The voting report qua the plan has been enclosed as Annexure 1 to the application. The reports of the Resolution Professional under Section 106 and 112 of IBC, 2016 read with Regulation 19(1) of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Regulations, 2019 etc., are enclosed as Annexure-2 (colly) to the application. The relevant excerpt of the report of the RP reads thus:-

"23.5. ***ITEM B3: TO CONSIDER AND APPROVE THE REPAYMENT PLAN PROPOSED/SUBMITTED BY THE PERSONAL GUARANTOR, DR. SUBHASH CHANDRA:***

"RESOLVED THAT the Repayment Plan as submitted by the Personal Guarantor, Dr Subhash Chandra be and is hereby approved.

RESOLVED FURTHER THAT the Resolution Professional Mr Shiv Nandan Sharma be and is hereby authorised to file an appropriate application for the approval of the Repayment Plan before the Hon'ble NCLT.

RESOLVED FURTHER THAT the Resolution Professional be also authorised to take further steps and actions as may be required under the provisions of the Insolvency and Bankruptcy. Code, 2016."

[80.814% voted in favour of the resolution]

24. *At the end of the voting period, the Resolution Professional recorded the decisions arrived at on the aforesaid resolutions/items put to vote and informed the creditors about the voting results on 02.11.2024. The Personal Guarantor was also informed about the same by the Resolution Professional. A copy of the email sent to the creditors on 02.11.2024 informing the voting results is attached as Annexure 6.*

25. *The voting records of each creditor as received from e-voting agency are as follows:*

S.No.	Name of the Creditor	Voting %	Item B1 (A)	Item B1 (B)	Item B1 (C)	Item B2	Item B3
1.	Anil Kumar	0.67%	Against	Favour	Favour	Favour	Favour
2.	Axis Bank Limited	2.86%	Against	Against	Against	Against	Against
3.	Axis Trustee Services Limited	0.04%	Did not vote	Did not vote	Did not vote	Did not vote	Did not vote
4.	Axis Trustee Services Limited	0.18%	Did not vote	Did not vote	Did not vote	Did not vote	Did not vote
5.	Axis Trustee Services Limited	0.11%	Did not vote	Did not vote	Did not vote	Did not vote	Did not vote
6.	Canara Bank	1.60%	Abstained	Abstained	Abstained	Abstained	Against
7.	Catalyst Trusteeship (CINDA FPI)	11.85%	Favour	Favour	Favour	Favour	Favour
8.	Catalyst Trusteeship (HDFC Asset Mgt Co)	0.06%	Did not vote	Did not vote	Did not vote	Did not vote	Did not vote
9.	Corpcall Capital Advisors LLP	10.30%	Favour	Favour	Favour	Favour	Favour
10.	Direct Media Distribution Ventures Pvt. Ltd.	1.15%	Favour	Favour	Favour	Favour	Favour
11.	HDFC Bank Limited	3.17%	Against	Against	Against	Against	Against
12.	IDBI Trusteeship (Edelweiss Fund)	2.60%	Did not vote	Did not vote	Did not vote	Did not vote	Did not vote
13.	IDBI Trusteeship (Franklin Templeton)	3.36%	Against	Against	Against	Against	Against
14.	Indiabulls Housing Finance Limited	1.98%	Against	Against	Favour	Favour	Favour

15.	Indusind Bank Limited	1.11%	Did not vote	Did not vote	Did not vote	Did not vote	Did not vote
16.	Kautilya Traders Pvt. Ltd.	1.02%	Favour	Favour	Favour	Favour	Favour
17.	Lemonade Capital Advisors LLP	16.85%	Favour	Favour	Favour	Favour	Favour
18.	LIC Housing Finance Limited	6.09%	Favour	Favour	Favour	Favour	Against
19.	RBL Bank Limited	0.55%	Against	Against	Against	Against	Against
20.	Sunil Jain	0.18%	Favour	Favour	Favour	Favour	Favour
21.	Union Bank of India (UK) Ltd.	0.76%	Favour	Favour	Favour	Favour	Against
22.	Veena Investments Private Limited	4.99%	Favour	Favour	Favour	Favour	Favour
23.	World Crest Advisors	28.49%	Favour	Favour	Favour	Favour	Favour
24.	Total	100.00 %					

RESULT - Calculated on the basis of actual voting:

S. No.	Resolutions/Items	Favour (in%)	Against (in%)
1	Resolution / Item B1 (A)	86.649	13.351
2	Resolution / Item B1 (B)	87.359	12.641
3	Resolution / Item B1 (C)	89.455	10.545
4	Resolution / Item B2	89.455	10.545
5	Resolution / Item B3	80.814	19.186

26. *In accordance with Section 111 of the Code, the repayment plan, along with all other resolutions put forward for voting, received the requisite majority representing more than three-fourth in value of the creditors voting on the resolutions.*

27. *Meanwhile, the Resolution Professional received observations from the creditors after the commencement of the voting process i.e., on the evening of 25.10.2024. The Resolution Professional sent a consolidated reply to all the creditors on 02.11.2024 addressing the issues raised therein by the creditors, to which no reply has been received from any of the creditors objecting to the same, till the date of the present report. Copy of the Email sent by the Creditors to the Resolution Professional is marked herewith as Annexure -7. Copy of the consolidated response email sent by the Resolution Professional to all the creditors are annexed herewith and annexed as* ***Annexure -8.***

28. *It is respectfully submitted that the Resolution Professional has duly complied with the provisions of the Code and the Regulations* *made thereunder. The Repayment Plan as submitted by the Personal Guarantor has been approved by the creditors with the requisite majority, in terms of Section 111 of the Code. Therefore, in view of the aforesaid, the Resolution Professional is filing the present Report before this Hon'ble Tribunal under Section 112 read with Regulation 19(1) IBBI (Insolvency Resolution Process for PG to CD) Regulations, 2019."*

22. The report prepared by the RP under Section 106 of IBC, 2016, contain the statement of affairs qua the debtor as also remark of the RP on compliance status of the Repayment Plan under the Code and Regulations made there under. The Paras 9 to 14 of the report reads thus:-

*"**9. PREPARATION OF STATEMENT OF AFFAIRS:***

9.1. Under Section 107 of the Code, the notice calling the meeting of the creditors shall be accompanied by a copy of the debtor's statement of affairs. Further, in terms of Regulation 10 of the IBBI (Insolvency Resolution Process for PG to CD) Regulations, 2019, the Resolution Professional shall prepare a statement of affairs of the guarantor for clause (b) of sub-section (3) of section 107.

9.2. Accordingly, the Statement of Affairs was prepared by the Resolution Professional based on the information provided by the Personal Guarantor.

10. RECEIPT OF DRAFT REPAYMENT PLAN PREPARED BY THE PERSONAL GUARANTOR:

The Personal Guarantor submitted a draft repayment plan to the Resolution Professional, and upon review, the Resolution Professional requested certain clarifications to address specific issues in the draft. Due to these outstanding clarifications, the repayment plan could not be finalized within the original timeline. Therefore, this Hon'ble Tribunal was pleased to grant an extension *of 90 days from 19.08.2024. This extension allowed additional time for the submission of the repayment plan along with the Resolution Professional's report in accordance with Section 106 of the Code.*

11. FILING OF IA NO. 4763/2024 BY CANARA BANK BEFORE THIS HON'BLE TRIBUNAL

The Canara Bank having branches in New York and London filed an application seeking directions for condonation of delay of 45 days in filing the claim before the Resolution Professional. The said application was listed on 04.10.2024 wherein the Resolution Professional submitted that the Resolution Professional would have no difficulty in examining the claim. Upon considering the submissions made by the Resolution professional, the delay of 45 days in filing the claim by the Canara Bank before the Resolution Professional, was condoned by this Hon'ble Tribunal vide Order dated 04.10.2024.

12. FILING OF IA NO. 5035/2024 BY UNION BANK OF INDIA (UK) BEFORE TIDS HON'BLE TRIBUNAL

The Union Bank of India Ltd (UK) filed an application seeking directions for condonation of delay of 45 days in submitting the claim before the Resolution Professional. Upon hearing the submissions made by Union Bank of India (UK) and the Resolution Professional the delay of 45 days in submitting the claim of Union Bank of India (UK) was condoned.

13. CALLING THE FIRST MEETING OF CREDITORS:

13.1. The Resolution Professional issued a Notice and Agenda for the first meeting of creditors on 04.09.2024, held on 18.09.2024. The Notice and Agenda were sent to the creditors, whose claims had been accepted, and to the Personal Guarantor. The Resolution Professional also shared the Notice and Agenda with the creditors whose claims were still under verification.

13.2. The Resolution Professional also shared a copy of the statement of affairs of the Personal Guarantor, a list of creditors with voting share, a Provisional cost statement of the Resolution Professional, and a Statement of fees and expenses submitted by the erstwhile Resolution Professional, Mr Raj Kamal Saraogi with the creditors before the meeting.

13.3. The meeting was held in hybrid mode on 18.09.2024, with all the creditors present either physically or virtually through their representatives/proxies. The Personal Guarantor was also physically present.

13.4. The Resolution Professional, in compliance with Regulation 15(3)(a) of the PG to CD Regulations, circulated the meeting minutes by email to all participants within 48 hours of the conclusion of the meeting. In the said meeting, the resolution was unanimously passed by the creditors, wherein the time for serving notice was reduced from 14 days to 5 days.

14. AS REGARDS THE COMPLIANCE WITH SECTION 106 OF THE CODE:

Compliance with Sub-Section (1) of Section 106 of the Code:

14.1. The said sub-section stipulates, "The resolution professional shall submit the repayment plan under section 105 along with his report on such plan to the Adjudicating Authority within a period of twenty-one days from the last date of submission of claims under section 102".

14.2. In regards to the same, it is reiterated that the last date for submission of the repayment plan prepared by the Personal Guarantor, along with the report of the Resolution Professional on such plan, expired on 18.08.2024 (extended period for submission of report extended vide order dated 01.08.2024). Therefore, the Resolution Professional filed an application bearing IA No. 4141/2024 before this Hon'ble Tribunal seeking further extension of the timeline to submit the repayment plan *along with the Resolution Professional's report on such plan for 90 days w.e.f. 19.08.2024. The said application was allowed by this Hon'ble Tribunal vide its order dated 27.08.2024.*

14.3. *Thereafter, the report under Section 106 of the Code was submitted well in advance of the extended deadline of 17.11.2024. Accordingly, compliance with Sub-section (1) of Section 106 of the Code has been duly achieved, with the Report having been filed before this Hon'ble Tribunal on 17.10.2024, with Diary No. 0710102090252024. The report is currently pending listing before this Hon'ble Tribunal. Copy of the Report filed under Section 106 alongwith annexures is annexed herewith as Annexure-1.*

14.4. *It is respectfully submitted herein that the contents of the Report filed under Section 106 of the Code before this Hon'ble Tribunal, may be considered as part and parcel of the present Report.*

14.5. *The Report filed under Section 106 of the Code includes the Repayment Plan and provides a detailed statement of compliance regarding its provisions. The report comprehensively addresses the requirements set forth under the Code, ensuring adherence to the procedural and substantive elements stipulated for the Repayment Plan."*

23. The statement of affairs of the PG enclosed by the RP along with the application reads thus:-

STATEMENT OF AFFAIRS OF THE PERSONAL GUARANTOR, DR. SUBHASH CHANDRA

A. ASSETS AND LIABILITIES FOR PRECEDING THREE FINANCIAL YEARS AND CURRENT FINANCIAL YEARS AS DECLARED BY THE GUARANTOR:

ASSETS FOR LAST 3 FINANCIAL YEARS (INR):					
Asset	As on 31.03.2022	As on 31.03.2023	As on 31.03.2024	As on 31.07.2024*	Market Value as on 31.07.2024
Bank Balance in ICICI Bank – Account No. 005701076842	1,51,03,158	1,34,19,714	1,63,31,876	1,64,75,954	1,64,75,954

Bank Balance in SBI – Account No. 35995243362	59,87,882	59,39,811	50,93,930	51,28,502	51,28,502
Bank Balance in SBM, Mauritius – Account No. 50100000264114	54,52,941	47,95,040	27,60,696	18,51,977	18,51,977
Bank Balance in SBM, Mauritius – Account No. 50100000258823	4,04,447	9,75,399	8,71,192	16,35,382	16,35,382
Fixed Assets – Jewellery (Note 1)	5,38,483	5,38,483	5,38,483	5,38,483	9,81,329
Investments – Listed Shares – EPL Ltd. (Previously known as Essel Propack Ltd.) (Note 3)	851	851	851	851	4,02,92,630
Other Investments	5,00,000	5,00,000	-	-	-
Investments – Unlisted Shares - Adhikaar Foundation (Note 4)	99,600	99,600	99,600	99,600	99,600
Investments – Unlisted Shares - Essel Infraprojects Pvt. Ltd. (Note 5)	3,40,98,123	3,40,98,123	3,40,98,123	3,40,98,123	@
Investments – Unlisted Shares - Modern Laminators Ltd. (Note 6)	2,200	2,200	2,200	2,200	2,200
Investments – Unlisted Shares – Essel International Holdings Ltd. (Note 7)	80,760	80,760	80,760	80,760	#
Current Assets – Loans & Advances (Asset) – Essel Infraprojects Ltd. (Note 5)	2,07,50,000	2,07,50,000	2,07,50,000	2,07,50,000	@
Current Assets – Loans & Advances (Asset) – Rotary Co-op group Hsg Soc Ltd. (Note 8)	92,110	92,110	92,110	92,110	-

Current Assets – Loans & Advances (Asset) - Subhash Chandra & Sons	9,85,033	9,85,033	9,85,033	9,85,033	9,85,033
Current Assets – Loans & Advances (Asset) – Sushila Goenka	5,40,000	5,40,000	-		-
Cash in Hand	15,000	15,000	15,000	15,000	15,000
Salary receivable from Rajya Sabha	2,12,694	31,845	-	-	-
Interest Receivable	3134		-	-	-
Receivable from Jolly Maker			1,16,550	1,16,550	1,16,550
TDS – Essel Media Corporations PLC	2,48,855	2,37,110	-	-	-
TDS	5,31,581 (FY 2021-22)	3,12,437 (FY 2022-23)	1,55,214 (FY 2023-24)	1,55,214 (FY 2023-24)	1,55,214
Subtotal	**8,56,46,852**	**8,34,13,516**	**8,19,91,618**	**8,20,25,739**	**6,77,39,371**
Fixed Assets – Residential Property (Note 2)	12,50,000	12,50,000	12,50,000	12,50,000	25,00,00,000
Total	**8,68,96,852**	**8,46,63,516**	**8,32,41,618**	**8,32,75,739**	**31,77,39,371**

*Latest available data is of 31.07.2024

Notes:

1. These is a jewellery item kept and used for religious purposes.
2. The property is already mortgaged with STCI Finance Limited for loans taken by principal borrowers i.e., Jayneer Infrapower & Multiventures Pvt. Ltd. and Essel Corporate Resources Pvt. Ltd. Current Market Value of the property is around Rs 25 Crores. Claim filed by STCI is Rs 261 Crores while as per principal borrowers, amount o/s is Rs 35 Crores. STCI has initiated proceedings under Section 7 of IBC, 2016 proceedings against both Borrowers at NCLT Mumbai.
3. Personal Guarantor owns 178,610 shares in Essel Propack Limited (now known as EPL Ltd.) which is a listed company. Each share is valued @ Rs 225.59 as on July 31, 2024, thus, his holding is valued at ~ Rs 4 Crores.
4. Adhikaar Foundation is a not for profit company wherein Personal Guarantor holds 9,960 shares (19.92%).
5. @ Applications u/s 7 of IBC, 2016 has been admitted by the Hon'ble NCLT, Mumbai on 28.08.2024 against Essel Infraprojects Limited filed by J&K Bank wherein Personal Guarantor holds 43,04,310 shares (1.06%) and has receivable of Rs. 2,07,50,000, hence, as the valuation cannot be ascertained and right now it has not been considered in the above statement.
6. Personal Guarantor holds 220 shares (0.03%) in Modern Laminators Pvt. Ltd.
7. # Essel International Holdings Ltd is a Cyprus based company wherein Personal Guarantor holds 1000 shares (100%). Application for voluntary liquidation has already been filed. Hence, as the valuation cannot be ascertained and right now it has not been considered in the above statement.
8. Personal Guarantor made an investment and was supposed to be allotted a property. But, this has been under litigation for more than two decades.

LIABILITIES FOR LAST 3 FINANCIAL YEARS (INR):				
Liability	**As on 31.03.2022**	**As on 31.03.2023**	**As on 31.03.2024**	**As on 31.07.2024**
Capital Account	7,96,76,120	8,10,66,345	8,00,50,979	8,26,47,709
Profit/loss for the year	57,44,352	21,20,791	27,41,259	1,78,650
Loans Liability (unsecured)	14,76,380	14,76,380	4,49,380	4,49,380
TOTAL	**8,68,96,852**	**8,46,63,516**	**8,32,41,618**	**8,32,75,739**

STATEMENT OF PROFIT & LOSS FOR LAST 3 FINANCIAL YEARS (INR):				
Particulars	**As on 31.03.2022**	**As on 31.03.2023**	**As on 31.03.2024**	**As on 31.07.2024**
Indirect Expenses				
Income tax paid previous FY	34,51,030	17,52,640	4,76,763	
Telephone Expenses	52,707	58,363	47,082	
Professional Fees		1,00,000		
Donation	-	3,51,000	8,00,000	
Income of the year c/fd to Balance Sheet	57,44,352	21,20,791	27,41,259	1,78,650
Total	**92,48,089**	**43,82,794**	**40,65,104**	1,78,650
Direct Income				
Salary and Allowances from Rajya Sabha	22,80,000	5,70,000		
Salary from Essel Media Corporation	25,04,580	23,86,371		
Indirect Income				
Bank Interest	6,74,165	6,58,400	6,55,281	1,78,650
Commission	20,59,182			
Dividend	7,50,162	7,68,023	7,68,023	
Rent received	9,80,000			
Other Income – Jolly Maker			26,41,800	
Total	**92,48,089**	**43,82,794**	**40,65,104**	**1,78,650**

B. DETAILS OF EXCLUDED ASSETS AND EXCLUDED DEBT:

1. EXCLUDED ASSETS					
Sr No	**Name of Guarantor**	**Unencumbered tools, books, vehicles, furniture and other equipment for personal use**	**Unencumbered personal ornaments**	**Unencumbered LIC/Pension Plan policy**	**Unencumbered single dwelling unit**
1.	Dr. Subhash Chandra	NA	One bracelet (personal ornament) kept for religious purposes worth Rs. 538,483 (Market value being Rs 981,329)	NA	NA

2. EXCLUDED DEBT					
Sr No	Name of Guarantor	Liability to pay fine imposed by a court or tribunal	Liability to pay damages for negligence, nuisance or breach of a statutory, contractual or other legal obligation	Liability to pay maintenance to any person under any law for the time being in force;	Liability in relation to a student loan
1.	Dr. Subhash Chandra	NA	NA	NA	NA

C. INCOME STATEMENT FOR PRECEDING THREE YEARS AND CURRENT FINANCIAL YEARS (INR):

PARTICULARS	FY 2021-22	FY 2022-23	FY 2023-24	Apr 24 – Jul 24
Salary from Essel Media Corporation PLC	25,04,580	23,86,371	-	-
Salary Received from Rajya Sabha				
Salary	12,00,000	3,00,000	-	-
Office Allowance	2,40,000	60,000	-	-
Commission for Non-Executive Director				
Zee Entertainment Enterprises Ltd	20,59,182	-	-	-
Board Meeting Fees as Non-Executive Director				
Zee Entertainment Enterprises Ltd	-	-	-	-
Rent Income - Jolly Maker	980,000	-	-	-
Less:- Standard Deduction	(294,000)	-	-	-
Bank Interest				
State Bank of India A/C No.35995243362	1,28,403	1,69,020	1,44,445	34,572
ICICI Bank, Mumbai A/C No. 005701076842	5,43,678	4,89,380	5,10,836	1,44,078
Barclay Bank, Mumbai A/C No.' 000003918998	2,084	-	-	-
Income from other sources				
Dividend Received from Essel Propack Ltd.	7,50,162	7,68,023	7,68,024	-
Taxable Income [A]	8,114,089	41,72,794	14,23,305	1,78,650
Less :- Standard Deduction on Salary	(50,000)	(50,000)	-	-
Less:- Deductions Under Chapter VI-A				
Interest on Time deposits & Saving A/c - 80 TTB	(50,000)	(50,000)	-	-
Medical Insurance - 80D	-	-	-	-
Donations		(150,000)		
Income as per ITR	**80,14,089**	**39,22,794**	**14,23,305**	

Income with full exemption (INR):

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	Apr 24 – Jul 24
Income from CHS Jolly Maker Chambers (Sec. 166 IT)*	-	-	26,41,800	-
Constituency Allowance Received from Rajya Sabha	8,40,000	2,10,000	-	-
Dividend Income	-	-	-	-
Total Exempt Income [B]	**8,40,000**	**2,10,000**	**26,41,800**	-

*This income is an allocation received from Jolly Maker 1 Premises Co-op Society Limited out of the income they received by leasing commercial premises on behalf of beneficiaries. The underlying property is mortgaged with STCI. Income is shown on receipt basis, actual income for last 5 years is as follows:

FY 2023-24	6,08,650
FY 2022-23	4,40,300
FY 2021-22	5,56,850
FY 2020-21	5,18,000
FY 2019-20	5,18,000
Total	26,41,800

Overall Income (INR)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	Apr 24 – Jul 24
Overall Income [A+B]	89,54,089	43,82,794	40,65,105	1,78,650

D. Income Tax Returns filed by the guarantor, if any for the preceding three Financial Years:

Particulars	FY 2021-22	FY 2022-23	FY 2023-24
Computation of Income as per ITR			
Salaries	24,54,580	23,36,371	0
Income from house property	6,86,000	0	0
Income from other sources	49,23,509	17,86,423	14,23,305
Total of head wise income	80,64,089	41,22,794	14,23,305
Deductions	50,000	2,00,000	0
Total income	80,14,090	39,22,790	14,23,310
Computation of tax liability as per ITR			
Tax payable on total income	22,14,227	9,86,837	1,34,662
Health & Education cess	97,426	39,473	5,386
Gross tax payable	25,33,076	10,26,310	1,40,048
Tax relief	2,48,855	2,37,110	0
Net tax liability	22,84,221	7,89,200	1,40,048
Total Taxes Paid	**22,84,221**	**7,89,200**	**1,55,214**

E. Creditor wise amount due, broken up into secured and unsecured debts for the preceding three financial years;

Liability	As on 31.03.2022	As on 31.03.2023	As on 31.03.2024	As on 31.07.2024
Loans – Punit Goenka	60,000	60,000	60,000	60,000
Sundry Creditors				
Amit Goenka	3,89,380	3,89,380	3,89,380	3,89,380
Banwarilal Khetan	30,000	30,000	-	-
Chandra Devi	1,09,000	1,09,000	-	-
Chhajuram Choudhary	2,34,000	2,34,000	-	-
Kailash Bindal	6,00,000	6,00,000	-	-
Kishan Goenka	25,000	25,000	-	-
M Khetan	29,000	29,000	-	-

F. Details of debt owed by guarantor to his associates for three preceding years:

- All Sundry Creditors (other than Mr. M Khetan), mentioned in Section E above are either relative of the Personal Guarantor or his spouse. The liabilities towards most of these creditors (other than Mr. Punit Goenka and Mr. Amit Goenka) have been written back, not paid or payable now having been waived.

- No Personal Guarantee is given by the Personal Guarantor to his associates.

G. Guarantees given in relation to any of his debts and whether any of guarantors is associate of the Personal Guarantor:

S. No.	Name of the Creditor	Whether Associate of Personal Guarantor
1	Axis Bank Limited	No
2	Axis Trustee Services Limited	No
3	Canara Bank	No
4	Catalyst Trusteeship (CINDA FPI)	No
5	Catalyst Trusteeship (HDFC Asset Mgt Co)	No
6	Corpcall Capital Advisors LLP	No
7	Direct Media Distribution Ventures Pvt. Ltd.	No
8	HDFC Bank Limited	No
9	IDBI Trusteeship (Edelweiss Fund)	No
10	IDBI Trusteeship (Franklin Templeton)	No
11	Indiabulls Housing Finance Limited	No
12	Indusind Bank Limited	No
13	Kautilya Traders Pvt. Ltd.	No
14	Lemonade Capital Advisors LLP	No
15	LIC Housing Finance Limited	No
16	RBL Bank Limited	No
17	Union Bank of India	No
18	Veena Investments Private Limited	No
19	World Crest Advisors LLP	No
20	Individuals represented by Mr. Anil Kumar*	No
21	Individuals represented by Mr.Sunil Jain*	No

* Personal commitment was given by the Personal Guarantor

H. Details of Financial Statements for the business owed by the guarantor or of the firm in which he is a partner, as the case may be, for the three preceding financial years, if applicable:

- **Essel International Holdings Limited**

PARTICULARS	FY 2021-22 (USD)	FY 2022-23 (USD)	FY 2023-24 (USD)
ASSETS			
Non-Current Assets			
Investments	78,500	2	2
Current Assets			
Amount due from related parties	2,12,75,077	-	-
Amount due from non-related party	66,82,654	-	-
Cash and cash equivalents	5,259	-	-
Bank Accounts		8,742	979
Keys River Capital Contribution	-	20,53,895	-
Keys River Trading Corp	-	7,00,000	-
Loan to Bayline	-	67,11,050	-
Stiller Investments Limited	-	56,13,280	-
Total Assets	**2,80,41,490**	**1,50,86,969**	**981**
EQUITY AND LIABILITIES			
Equity / Capital Account			
Share Capital	1,300	1,300	1,300
Retained earnings	2,80,35,377	-	-
Shareholder's equity	2,80,36,677	-	-
Shareholder Account	-	4,813	-
Accumulated Profits/Losses	-	1,50,76,236	(319)
Current liabilities			
Amount due to related party	4,813	-	-
Accrued Expenses	-	4,620	-
Total Equity and Liabilities	**2,80,41,490**	**1,50,86,969**	**981**
INCOME			
Finance Income	2,654	-	-
Indirect Incomes			
Exchange Gain	-	0	-
Interest receivable	-	33,396	2,175
Payables Written off	-	-	9,433
Total Income	2,654	33,396	11,608

EXPENSES			
Bank Charges	101	-	57
Impairment	1,49,80,000	-	-
Legal and professional fee	14,626	4,620	24,606
Impairment of investments	-	78,498	-
Impairment of receivables	-	1,29,09,420	1,50,63,500
Total Expenses	1,49,94,727	1,29,92,538	1,50,88,163
Loss for the year	**1,49,92,073**	**1,29,59,141**	**1,50,76,555**

As per the Personal Guarantor, apart from the above, he also owns partial/insignificant ownership in the following entities:

A. 178,610 shares (0.05%) in Essel Propack Limited (now known as EPL Ltd) which is a listed company. Each share valued @ Rs 225.59 as on July 31, 2024, thus, his holding is valued at ~ Rs. 4 Crores;
B. 9,960 shares (19.92%) in Adhikaar Foundation which is a not for profit (Section 25) company;
C. @ Applications u/s 7 of IBC, 2016 has been admitted by the Hon'ble NCLT, Mumbai on 28.08.2024 against Essel Infraprojects Limited filed by J&K Bank wherein Personal Guarantor holds 43,04,310 shares (1.06%) and has receivable of Rs. 2,07,50,000, hence, as the valuation cannot be ascertained and right now it has not been considered in the above statement.
D. 220 shares (0.03%) in Modern Laminators Pvt. Ltd. This is an unlisted company owned by a friend of Personal Guarantor.

The above Statement of Affairs has been prepared on the basis of information received and as analysed by the Resolution Professional. The figures may undergo revision based on further inputs, details or evidence as may be received by the Resolution Professional.

SHIV NANDAN SHARMA
Insolvency Professional
IBBI Regn. No. IBBI/IPA-001/
IP-P00384/2017-18/10641

Shiv Nandan Sharma
RP in the matter of PG Dr Subhash Chandra
IBBI Rgst No- IBBI/IPA-001/IP-P00384/201718/10641
AFA-Valid till 06 November 2024
129 Navjeevan Vihar, Ground Floor,
Near Aurobindo College, New Delhi -110017
E: rp.pg.dr.sc@gmail.com and sharmasn@gmail.com
M: +91 9540000212

Date: 16.09.2024
Place: New Delhi

24. The **IA-6125/2024** could be preferred by Canara Bank to oppose the application filed for approval of the Repayment Plan, espousing therein:-

(a) The Repayment Plan has been allegedly approved with 80.814% vote share, but the same is prejudicial and detrimental to the interest of bona fide creditors, as the value of the plan is 0.028% approximately compared to the value of assets of Personal Guarantor/Debtor;

(b) As per the Certificate issued in the year 2018, the Net worth of Personal Guarantor is Rs. 40,562 Crores;

(c) The voting in favour of the Repayment Plan seems to be by the related parties;

(d) All the banks could vote against the Repayment Plan though their vote share comprises of 19.186% vote share;

25. In Para 4.6 of the application, the Applicant could give the details of the voting records. The para reads thus:-

4.6 That the above said agenda item with respect to the approval of Repayment Plan was put to vote by the Non-Applicant and the voting window was closed at 12:01 pm, 01.11.2024. That as per the voting result the said agenda item was approved by 80.814% of the vote. The details of the voting records on the said agenda item are as under;

S.No.	Name of Creditor	Voting	Item B3(approval of Repayment Plan)
1.	Anil Kumar	0.67%	Favour
2.	Axis Bank Limited	2.86%	**Against**
3.	Axis Trustee Services Limited	0.04%	Did not vote
4.	Axis Trustee Services Limited	0.18%	Did not vote
5.	Axis Trustee Services Limited	0.11%	Did not vote
6.	Canara Bank	1.60%	**Against**
7.	Catalyst Trusteeship (CINDA FPI)	11.85%	Favour
8.	Catalyst Trusteeship (HDFC Asset Mgt.Co.)	0.06%	Did not vote
9.	Corpcall Capital Advisors LLP	10.30%	Favour
10.	Direct Media Distribution Ventures Pvt. Ltd.	1.15%	Favour
11.	HDFC Bank Limited	3.17%	**Against**
12.	IDBI Trusteeship (Edelweiss Fund)	2.60%	Did not vote
13.	IDBI Trusteeship (Franklin Templeton)	3.36%	**Against**
14.	Indiabulls Housing Finance Limited	1.98%	Favour
15.	Indusind Bank Limited	1.11%	Did not vote
16.	Kautilya Traders Pvt. Ltd.	1.02%	Favour
17.	Lemonade Capital Advisors LLP	16.85%	Favour
18.	LIC Housing Finance Limited	6.09%	**Against**
19.	RBL Bank Limited	0.55%	**Against**
20.	Sunil Jain	0.18%	Favour
21.	Union Bank of India(UK) Ltd.	0.76%	**Against**
22.	Veena Investments Private Limited	4.99%	Favour
23.	World Crest Advisors	28.49%	Favour
24.	Total	100.00%	

26. The **IA-6014/2024** could be preferred by IDBI Trusteeship Services Ltd., espousing therein that the voting by the creditor, "Veena Investments Pvt. Ltd. and its subsidiaries viz. Direct Media Distribution Ventures Pvt. Ltd. and World Crest Advisors LLP" could not have been taken into account by the RP as these companies falls in the categories of associate parties. Paras 18 to 29 of the application reads thus:-

> 18. In reference to the objections raised by the Applicant in the First CoC meeting, the Applicant vide its email dated 25.09.2024, informed the Resolution Professional as follows-:
>
> **A. Veena Investments Private Limited ("Veena Investments")**
>
> 1. Mrs. Sushila Devi Goel, who is wife of Personal Guarantor holds 77% (Majority) shareholdings in Veena Investments Private Limited.
>
> 2. Related/Common Directors
>
> a. Mr Gaurav Goel (currently a director in Veena Investments) is the nephew of the Personal Guarantor and was an erstwhile director at Direct Media Distribution Ventures Private Limited as well.
>
> b. Mr. Basant Sharma (currently a director in Veena Investments) is also a director with other Essel Group entities such as:
>
> i. Essel Corporate Resources Private Limited
> ii. Pricomm Media Distribution Ventures Private Limited
> iii. Essel Home Private Limited
> iv. Essel Jewels Private Limited
>
> c. Mr. Ashok Kumar Goel Erstwhile director of Veena Investments is the brother of the Personal Guarantor.
>
> **B. Direct Media Distribution Ventures Private Limited ("Direct Media")**
>
> 1. Direct Media is a 100% step down holding of Veena Investments.
>
> 2. Direct Media was a security provider for the NCDs issued by New Media Broadcasting Pvt Ltd to Edelweiss and co-investors which was guaranteed by the Guarantor. Direct Media had pledged shares of Zee Media Corporation Ltd for the facility (another Essel Group Entity).

3. Common Directors

a. Mr. Basant Sharma (currently a director in Direct Media) is also a director with other Essel Group entities such as:

i. Essel Corporate Resources Private Limited

ii. Pricomm Media Distribution Ventures Private Limited

iii. Essel Home Private Limited

iv. Essel Jewels Private Limited

b. Mr. Sourabh Kumar (currently a director in Direct Media) is also a director with other Essel Group entities such as:

i. Essel Corporate Resources Private Limited

ii. Essel Realty Private Limited

iii. Essel Realtech LLP

C. World Crest Advisors LLP ("World Crest")

1. World Crest is a 100% step down holding of Veena Investments.

2. Rating reports and public searches indicate that World Crest is part of Essel Group

3. Common Directors

a. Mr. Basant Sharma (currently a director in Veena Investments) is also a director with other Essel Group entities such as:

i. Essel Corporate Resources Private Limited

ii. Pricomm Media Distribution Ventures Private Limited

iii. Essel Home Private Limited

iv. Essel Jewels Private Limited

b. Mr. Abhishek Bansal (currently a director in World Crest) is also a director with Pricomm Media Distribution Ventures Private Limited (owned 100% by Veena Investments).

A Copy of email dated 25.09.2024 is annexed as **ANNEXURE A-8.**

19. That the second meeting of the creditors was held on 24.10.2024 in New Delhi, wherein the Authorized

Representative of the Applicant once again raised their concern that some of the creditors whose claims had been admitted were related parties of the Personal Guarantor. The Respondent's response, recorded in the minutes of the meeting, is reproduced below-:

> *".... The representative of IDBI Trusteeship (Edelweiss fund) raised the issue that they had sent an email to the RP regarding some of the admitted creditors being related parties of the Personal Guarantor, for which a response was awaited.*
>
> *The Chairman thanked them for raising the issue and mentioned that he was about to discuss and inform the participants about this issue raised by the IDBI Trusteeship/Edelweiss in the 1st meeting on 18.9.2024. The Chairman drew the participants' attention to the list of creditors mentioned in the Repayment Plan and the attachments to the Notice/Agenda of the meeting and requested the participants to take note of the list of creditors and claim amounts admitted. Then the Chairman informed that detailed examinations were done while perusing and admitting these claims. Substantial deliberations/discussions were held with the PG/his legal team to assess the relationship of parties whose claims were received and considered. As the Chairman alongwith his legal advisors had already done this examination, he said that he had given due consideration and, as already informed during the first meeting, that the parties pointed out by IDBI-Trusteeship/Edelweiss in the first meeting were not related to PG.*
>
> *The Chairman shared on the screen the email dated 25.09.2024 received from IDBI Trusteeship and informed the participants that: - IDBI Trusteeships made some observations via Email dated 25.09.2024, observing that, as per their preliminary diligence, some creditors might be related to the Personal Guarantor, Dr. Subhash Chandra. These observations have been carefully reviewed and verified. It is observed that the observations made by IDBI Trusteeship cannot be substantiated, as they are based on very old and outdated information/documents that do not reflect the current status of the Personal Guarantor/Creditors.*
>
> *IDBI Trusteeship (Edelweiss)'s preliminary observations that Mrs. Sushila Devi Goel is the wife of PG, Dr Subhash Chandra, are incorrect; she is, in fact, the wife of Mr. Jawahar Goel. The assumption taken by IDBI Trusteeship is wrong and, therefore, cannot be considered.*
>
> *Additionally, the entities that IDBI Trusteeship (Edelweiss) mentioned in their email were distinct group companies belonging to the Mr. Jawahar Goel Group of Companies. As per the family arrangement/settlement executed a long ago between Dr. Subhash Chandra and Mr. Jawahar Goel, their businesses have been reportedly separated/partitioned, and under the arrangement during the business/family division, neither party has any control, role, or influence over the other's business activities.*

> *Consequently, Dr Subhash Chandra and the direct family members of the Personal Guarantor have no direct or indirect association with any of the creditors mentioned in IDBI-Trusteeship (Edelweiss)'s email, and it is therefore observed and inferred by the RP that no creditor will fall under the definition of Related Party.*
>
> *Chairman informed that if Edelweiss has any additional information, he will be happy and is duty-bound to examine and look into the same. World Crest Advisors LLP's representative wanted to intervene and explain, but the Chairman said that he would respond and explain himself. Edelweiss's email dated 25.09.2024 was again displayed on the screen to all the participants, and the observations of Edelweiss were read and specific points were also discussed by re-explaining the relationship between the PG and Veena Investments Private Limited. The Chairman mentioned that other relationships were emerging by being step-down subsidiaries and if Veena Investments Private Limited is not related then the other two entities, Direct Media Distribution Ventures Pvt. Ltd. and World Crest Advisors LLP are also not the related parties.*
>
> *The Chairman further explained that the names of a few other individuals mentioned in the said email were also reportedly exclusive and dedicated employees of Mr. Jawahar Goel's Group of Companies. It has been informed that there is a corporate policy/understanding since the division /separation of brothers of PG that they will not entertain employees of the other group for employment, association, or dealings, and strictly no-poaching policy is there. Chairman mentioned that he is ready to look into any new observations of Edelweiss, and wanted to move to the next agenda item."*

20. The Respondent in the Second CoC meeting, suggested that the proposed repayment plan given by the Personal Guarantor will be put to vote wherein the Authorized Representative of the Applicant stated that the same should be kept in abeyance till the issue of related party is resolved, however the Respondent without any further research recorded as follows-:

> *"....*
>
> *The Chairman suggested that all the claimants/participants consider and vote on the Repayment plan electronically. All the participants agreed to this.*
>
> *Further, it was informed that the voting process/procedure will be communicated to all participants in/along with the minutes of the present meeting. IDBI Trusteeship (Edelweiss) representatives interjected to say that voting should be kept abeyance until their observation about related parties is resolved.*

The Chairman again clarified that the information /observations mentioned in the email sent by IDBI Trusteeship (Edelweiss) were explained in detail by him in the meeting a few times, and IDBI Trusteeship (Edelweiss) representatives had been requested to provide additional information/observations. The Chairman informed the PG, and another claimant physically present in the meeting that it was the prerogative of Edelweiss to raise the issue about the related party or any other issue/problem however, the RP has dealt with it and will be dealing with it appropriately clarifying the position and will look at any further information provided by IDBI Trusteeship (Edelweiss). Raising the issue about the related party was their prerogative, and the RP had replied in the meeting based on the RP's and his legal advisors' observations. The RP further informed that after the email received from IDBI Trusteeship (Edelweiss), some responses were received from the PG's side. The Personal Guarantor informed that the understanding that the amount disbursed by IDBI Trusteeship (Edelweiss) was in the form of equity, however, only for the time being it was shown as a loan, and the personal guarantee was given on a goodwill basis only.

At this stage, the counsel of PG, Mr. GP Madaan, brought out item no A4 of the agenda and read out the following:

"The claims received by the Resolution Professional have been perused and verified by him based on records and information submitted by the creditors and a response/information from the Personal Guarantor."

Mr. Madaan said that the PG's observations were totally ignored by the RP and the claims were admitted without considering the PG's objections/observations. The RP had while admitting full claims suggested to PG Dr Subhash Chandra that if any disputes are created, it would not only be a time-consuming process before Hon'ble NCLT but also be an additional cost towards the Insolvency process costs, cost to PG, as well the claimants. Any delay or expenditure will not befit the process as the aim is to conserve funds and make the maximum possible distribution of available funds to the claimants.

The chairman informed that there would be no advantage in delaying or withholding the voting process as the model timeline of 120 days had already lapsed.

Accordingly, the following resolution is proposed to be passed with or without modification."

Copy of Minutes of Meeting of Second CoC meeting held on 24.10.2024 is annexed as **ANNEXURE A-9.**

Copy of Documents relied upon by the Applicant during the Second CoC meeting are annexed as **ANNEXURE A-10 (COLLY).**

21. That the Respondent shared the proposed repayment plan of the Personal Guarantors with the creditors on 17.10.2024, and presented the said plan before the Second CoC on 24.10.2024 and decided that the creditors should review the plan, deliberate and then vote on the proposed repayment plan by 30.10.2024, i.e., within a short period of 6 days from the presentation of the same before the creditors. The Applicant craves leave to refer to the proposed repayment plan if necessary.

22. That notably, the proposed repayment plan reflects that the Personal Guarantor has proposed to repay all creditors with a meagre amount of INR 6,25,00,000/-against the admitted claim amounts of INR **2,16,96,89,92,221/-**

23. That the Respondent has not carried out any forensic audit or investigation on the assets of the Personal Guarantor. Considering the concerns regarding the integrity of the insolvency process, and the litigious history of the Personal Guarantor, the Respondent ought to have conducted an independent inquiry or forensic audit of the assets of the Personal Guarantor.

24. That Ashok Kumar Goel, the brother of the Personal Guarantor, was a director of Veena Investments. The Personal Guarantor's sister-in-law, Sushila Goel, is the majority shareholder of Veena Investments, holding approximately 77% shareholding, and the remaining shareholders, i.e., Nishi Goel, Gagan Goel, and Priti Goel, also appear to be relatives of the Personal Guarantor. A copy of Veena Investments' shareholding pattern as on 31 March 2023 is annexed herewith as **ANNEXURE A-11.**

25. That Veena Investments filed a claim of INR 1082,63,65,945 in the insolvency process of the Personal Guarantor, which has been admitted in full by the Respondent.

26. That the Direct Media's claim of INR 249,57,17,355 in the insolvency process of the Personal Guarantor has been admitted in full by the Respondent.

27. That the World Crest has filed a claim of INR 6182,36,64,247/- in the insolvency process of the Personal Guarantor, which has been admitted in full by the Respondent.

28. That the Applicant vide its email dated 30.10.2024, shared the SEBI order dated 12.06.2023 wherein at paragraphs 16,17,19,20,22,23,25,26 and 34, it has been reflected the association between the Essel Group and another creditor of the Personal Guarantor, ***Lemonade Capital Advisors LLP***. The SEBI order shows that Lemonade Capital has acted as a conduit for several circuitous transactions made by the Essel Group, for which Dr. Subhash Chandra the Personal Guarantor was penalized. The claim of ***Lemonade Capital Advisors LLP*** i.e. INR 36,57,00,00,000/- has been admitted in full by the Respondent.

29. That vide another order dated 25.04.2023 passed by SEBI shared with the Respondent vide email dated 30.10.2024, it appeared/ reflected from paragraphs 10, 20, 21, 22 , 23 and 24, that another creditor i.e. ***Corpcall Advisors LLP*** is also associated to be with the Personal Guarantor i.e. Dr. Subhash Chandra as Corpcall has transferred funds in circuitous transaction. The claim of Corpcall ***Advisors LLP*** has been admitted in full by the Respondent.

Copy of Email dated 30.10.2024 alongwith Orders dated 12.06.2023 and 25.04.2023 is annexed as **ANNEXURE A-12 (COLLY).**

27. The **IA-6124/2024** could be preferred by the HDFC Bank Limited, espousing therein that (a) Veena Investments Pvt. Ltd., (b) Direct Media Distribution Ventures Pvt. Ltd., (c) World Crest Advisors LLP, (d) Lemonade Capital Advisors LLP and (e) Corpcall Capital Advisors LLP falls in the category of associates of the debtor and their vote share cannot be taken into account while counting the vote share in favour of the Repayment Plan. The Applicant in the IA placed reliance on the Interim Order dated 12.06.2023 passed by Securities and Exchange Board of India.

28. The **IA-246/2025** could be preferred by RBL Bank Ltd. The Applicant in the IA could raise more or less the same issues as could be raised by Applicants in IA Nos. 6014/2024, 6124/2024 and 6125/2025.

29. The **IA-134/2025** could be preferred by IndusInd Bank Ltd., raising almost same pleas as could be raised in IA Nos. 246/2025, 6014/2024, 6124/2024 and 6125/2025. Paras 48 and 49 of the IA-134/2025 reads thus:-

*"48. From a review and examination of the financial statements of the above said Associate Entities and various orders passed by securities and exchange board of India ("**SEBI**"), which have examined the relation between Essel Group of Companies and some of the creditors including Lemonade Capital and Corpcall*

Capital, the observations in respect of the Associate Entities are detailed below as follows:

I. ***Veena Investments***

i. ***Shareholding:*** *Veena Investments is majority held by Sushila Devi Goel, who is the wife of Mr Jawahar Goel (brother of Personal Guarantor). Remaining shareholders for Veena Investments are as follows:*

- *Ms. Nishi Goel: Wife of Mr. Gagan Goel- 8.8%*
- *Mr. Gagan Goel: Son of Mr. Jawaharlal Goel- 5.3%*
- *Ms. Priti Goel: Wife of Gaurav Goel, son of Mr. Jawahar Goel.*

A copy of the shareholding pattern of Veena Investments is annexed and marked as ***Annexure 12.***

*ii. The Essel Corporate Resources Private Limited ("****Essel Corporate****") was incorporated on 6.08.2002 with the main object to carry on the business of providing strategic advisory and support services for various companies under the Essel Group. Notably, Veena Investments hold 99.63% of shareholding of Essel Corporate, which as per an order 12.06.2023 passed by SEBI records that Essel Corporate is "directly I indirectly owned by family members of Mr. Subhash Chandra Goenka". A copy of the order dated 12.06.2023 passed by SEBI, along with the shareholding pattern of Essel Corporate is annexed as* ***Annexure 13 (colly).***

iii. ***Common Directors in Veena Investments and Essel Group:*** *Additionally; Veena Investments and Essel Group also have common directors, as mentioned below:*

- *Mr. Basant Shanna (currently a director in Veena Investments) is also a director with other Essel Group entities such as:*
    a. Essel Corporate

b. *Pricomm Media Distribution Ventures Private Limited*
c. *Essel Home Private Limited*
d. *Essel Jewels Private Limited e. Direct Media Distribution Ventures Private Limited*

- *Gaurav Goel: Son of Mr Jawaharlal Goel and Ms Sushila Devi Goel, is also currently a director in Veena Investments*

iv. *As stated above, the Deed of Guarantee dated 0 1.12.2018 executed by the Personal Guarantor in favor of Applicant was in respect of loans availed by Spirit Infrapower and Multi ventures Private Limited. One of the other forms of security furnished to secure this loan was a pledge by Veena Investments over its shares in Dish TV India Limited.*

II. ***Direct Media:***

i. *One of the shareholders of Direct Media is Essel Corporate. Veena Investments is a majority shareholder in Essel Corporate, thereby making Direct Media also a step-down subsidiary of the Veena Investments. A copy of the shc:treholding of the Direct Media is annexed and marked as* ***Annexure 14.***

ii. ***Common Directors in Direct Media and Essel Group:*** *Mr. Sourabh Kumar (currently a director in Direct Media) is also a director with other Essel Group entities such a:s: • Essel Corporate • Essel Realty P1ivate Limited • Essel Realtech LLP 111. As stated above, the Deed of Guarantee dated 0 1.12.2018 executed by the Personal Guarantor in favor of Applicant was in respect of loans availed by Spirit Infrapower and Multiventures Private Limited. One of the other forms of security furnished to secure this loan was a pledge by Direct Media over its shares in Dish TV India Limited.*

*III. **World Crest:** The SEBI by its order dated 25.04.2023 in respect of Shirpur Gold Refinery Limited, clearly records that World Crest is a part of Essel Group of Companies, that is directly/ indirectly held by the family members of the Personal Guarantor. A copy of the order dated 25.04.2023 is annexed and marked as **Annexure 15.** Notably, Mr Basant Sharma, a director in Veena Investments is also a partner in World Crest. Further, the press release dated 31.07.2018 by Acuite Ratings & Research, indicate that World Crest is a part of Essel Group. A copy of the press release dated 31.07.2018 is annexed and marked as **Annexure 16.***

*IV. **Lemonade:** SEBI, in its order dated 12.06.2023, has observed that Lemonade Capital has acted as a conduit for several circuitous transactions made by Essel Group, for which the Personal Guarantor was penalized under the SEBI Act, 1992.*

*V. **Corpcall:** By another order passed by SEBI on 25.04.2023, Corpcall has been identified as a conduit for several circuitous transactions made by Essel Group.*

49. The terms "associate" has been defined under Section 79 of Code as follows:

> *79 (2) "associate., of the debtor means~*
> *(a) a person who belongs to the immediate family of the debtor;*
> *(b) a person who is a relative of the debtor or a relative of the spouse of the debtor;*
> *(c) a person who is in partnership with the debtor;*
> *(d) a person who is a spouse or a relative of any person with whom the debtor is in partnership;*
> *(e) a person who is employer of the debtor or employee of the debtor;*
> *(f) a person who is a trustee of a trust in which the beneficiaries of the trust include a debtor, or the terms of the trust confer a power on the trustee which may be exercised for the benefit of the debtor; and*
> *(g) a company, where the debtor or the debtor along with his associates, own more than fifty per cent of the share capital of*

the company or control the appointment of the board of directors of the company.
Explanation. - For the purposes of this sub-section, "relative", with reference to any person, means anyone who is related to another, if-
(i) they are members of a Hindu Undivided Family;
(ii) one person is related to the other in such manner as may be prescribed;”

30. The **IA-274/2025** could be preferred by STCI Finance Ltd. raising the issue that the RP could illegally reject its claim. In reply to the IA, it could be espoused by the PG that it had not stood as Guarantor qua the financial facility extended by STCI to Essel and Jayneer in March 2018. According to the PG, it executed only a mortgage deed in favour of STCI, and the property continues to remain mortgaged with STCI and is still there in its possession. During the course of hearing, the Ld. Counsel for STCI, could not rebut the stand taken on behalf of the PG and only submitted that the STCI should be entitled to recover its debt from the mortgaged property. Since, the debtor hereinbefore us did not furnish any personal guarantee qua the financial facility extended by STCI to the Principal Debtor, we do not find any infirmity in the decision taken by RP not to admit its claim. The STCI would be entitled to recover its debt by appropriating the security mortgaged to it**. Subject to the above observation, the application stands disposed of.**

31. The Respondent No. 19 i.e. LIC Housing Finance and Respondent No. 22 i.e. Union Bank of India (UK) Ltd. also opposed the Repayment Plan. The Ld. Counsels for Corpcall Capital Advisors LLP (Respondent No. 10), Catalyst Trusteeship Ltd. (Adilink Infra & Multi Trading) (Respondent No. 8), World Crest Advisors LLP (Respondent No. 24), Veena Investments Pvt. Ltd.

(Respondent No. 23), Direct Media Distribution Ventures Pvt. Ltd. (Respondent No. 11), Lemonade Capital Advisors LLP (Respondent No. 18) and Catalyst Trusteeship Ltd. (Sprit Infrapower) (Respondent No. 9) supported the Repayment Plan. The Ld. Counsels appeared for them submitted that as the Director has no sufficient Net Worth, exercising their Commercial Wisdom their clients have voted in favour of the Repayment Plan and if the plan is not approved, they will not get even the amount of money offered to them in terms of the plan. The stand taken by the Ld. Counsels for the aforementioned respondents/creditors has been recorded in the order dated 06.01.2025**.**

32. On 06.06.2025 again the Ld. Counsel for the Respondent No. 19 submitted that the said Respondent would not be bound by the Repayment Plan and is in process of recovering the amount of debt from the Principal Debtor. The Ld. Counsels for Respondent Nos. 8, 9, 10, 11, 17, 18, 23 and 24 appeared on 06.06.2025 and supported the Repayment Plan.

33. The Axis Bank was represented by Mr. Abhinav Vashisth, Sr. Advocate and the said bank espoused for early disposal of the proceedings to know its fate.

34. During the course of hearing Mr. P. Nagesh, Ld. Sr. Counsel and Mr. Diwakar Maheshwari Sr. Advocates saliently argued that like in the case of Resolution Plan, the Repayment Plan is also assailable. They further espoused that majority of the creditors who voted in favour of the plan are related parties. Mr. Diwakar Maheshwari made reference to Section 109(4)(b), 79(2) and 5(24A) of IBC, and Rule 4 of Insolvency and Bankruptcy (Application to

Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules 2019. According to Mr. Diwakar Maheshwari, the creditor Veena Investments being associate of the debtor and World Crest and Direct Media being its subsidiaries, in terms of the provisions of Section 109(4)(b) they were not entitled to vote in respect of the Repayment Plan. He also espoused that in terms of the order passed by SEBI, the control of Lemonade and Corpcall are directly/indirectly held by Essel Group. Regarding the Net Worth of the debtor, the creditors, RP and the Personal Guarantor/Debtor are at variance and they claimed different amount of Net Worth of the debtor.

35. Rejoining the submissions, Ld. Counsels for the RP and debtor could espouse that in order dated 25.04.2023, passed by Securities and Exchange Board of India, the Debtor/PG was not shown as noticee. He further submitted that the said order was noted in para 44 of order dated 12.06.2023. In his submission, the order dated 12.06.2023 and confirmatory order dated 14.08.2023 were assailed before the Security Appellate Tribunal (Mumbai) in Appeal No. 714/2023 and were quashed. Having referred to order dated 10.07.2023 passed in **Misc. Application No. 731 of 2023 and Misc. Application No. 732 of 2023 and Appeal No. 492 of 2023 with Misc. Application No. 748 of 2023 and Misc. Application No. 749 of 2023 and Appeal No. 493 of 2023** by Security Appellate Tribunal (Mumbai), the Ld. Counsels for the RP and debtor submitted that objection of the Appellant qua the order dated 25.04.2023 and 12.06.2023 were yet to be examined, thus even in view of said order passed by SAT, the aforementioned orders passed by Security and Exchange Board of India cannot be relied upon. The Ld. Counsels for RP and Guarantor could make the aforementioned submission to espouse that the Lemonade and Corpcall cannot be treated as related party/associate to the PG. As far as Veena Investments is concerned, Mr. Madaan Ld. Counsel for the debtor submitted that it is not so that the debtor / PG along with his associates own more than 50% of the share's capital of the company. In his submission, as per the provisions of Section 79(2)(g) of the Code, a company may be treated as associates only when the debtor or the debtor with his associates own more than 50% of the share capital of the company or control the appointment of Board of Directors of the Company. According to Mr. Madaan when the debtor doesn't hold any share in Veena Investment, it cannot be treated as associate of debtor in any manner. He also pleaded that Direct Media and World Crest are subsidiaries of Veena Investment, thus when Veena Investment is not associates qua the debtor, its subsidiary would also be not his associates. He also contended that it is not the case of any of the creditors that the debtor owns any share in Direct Media or World Crest independently.

36. As far as the question of Veena Investment and its subsidiaries viz. Word Crest and Direct Media is concerned, apparently, in terms of the provisions of Section 109(4)(b), a creditor shall not be entitled to vote in a meeting of the creditors if he is an associate of the debtor. The Section 79(2) of the Code provides that the associate of debtor means: (a) a person who belongs to the immediate family of the debtor; a person who is a relative of the debtor or a relative of the spouse of the debtor; (c) a person who is in partnership with the debtor; (d) a person who is a spouse or a relative of any person with whom the debtor is in partnership; (e) a person who is employer of the debtor or employee of the debtor; (f) a person who is a trustee of a trust in which the beneficiaries of the trust include a debtor, or the terms of the trust confer a power on the trustee which may be exercised for the benefit of the debtor; and (g) a company, where the debtor or the debtor along with his associates, own more than fifty per cent of the share capital of the company or control the appointment of the board of directors of the company. The explanation qua Section 79(2) of the Code provides that relative with reference to any person means anyone who is related to another if:- (i) they are members of a Hindu Undivided Family; (ii) one person is related to the other in such manner as may be prescribed. The Section 79(2) of the Code reads thus:-

> *"**79. Definitions.**—In this Part, unless the context otherwise requires,—*
>
> *.....*
>
> *(2) "associate" of the debtor means—*
>
> *(a) a person who belongs to the immediate family of the debtor;*
>
> *(b) a person who is a relative of the debtor or a relative of the spouse of the debtor;*
>
> *(c) a person who is in partnership with the debtor;*
>
> *(d) a person who is a spouse or a relative of any person with whom the debtor is in partnership;*
>
> *(e) a person who is employer of the debtor or employee of the debtor;*
>
> *(f) a person who is a trustee of a trust in which the beneficiaries of the trust include a debtor, or the terms of the trust confer a power on the trustee which may be exercised for the benefit of the debtor; and*
>
> *(g) a company, where the debtor or the debtor along with his associates, own more than fifty per cent. of the share capital of*

the company or control the appointment of the board of directors of the company.

Explanation.—For the purposes of this clause, "relative", with reference to any person, means anyone who is related to another, if—

(i) they are members of a Hindu Undivided Family;

(ii) one person is related to the other in such manner as may be prescribed;"

37. Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019 provides that for the purposes of clause (ii) of Explanation to sub-section (2) of section 79, the manner of relationship shall mean the manner as provided in the Explanation to clause (24A) of section 5. The Rule reads thus:-

"***4. Relatives.—*** *For the purposes of clause (ii) of Explanation to sub-section (2) of section 79, the manner of relationship shall mean the manner as provided in the Explanation to clause (24A) of section 5."*

38. As far as explanation to 24A of Section 5 of IBC, 2016, is concerned, the same talks of certain individual relatives only. The explanation reads thus:-

"(24A) "related party", in relation to an individual, means—

.....

Explanation.—For the purposes of this clause,—

(a) "relative", with reference to any person, means anyone who is related to another, in the following manner, namely:—

(i) members of a Hindu Undivided Family,

(ii) husband,

(iii) wife,

(iv) father,

(v) mother,

(vi) son,

(vii) daughter,

(viii) son's daughter and son,

(ix) daughter's daughter and son,

(x) grandson's daughter and son,

(xi) granddaughter's daughter and son,

(xii) brother,

(xiii) sister,

(xiv) brother's son and daughter,

(xv) sister's son and daughter,

(xvi) father's father and mother,

(xvii) mother's father and mother,

(xviii) father's brother and sister,

(xix) mother's brother and sister, and

(b) wherever the relation is that of a son, daughter, sister or brother, their spouses shall also be included;'."

39. In the present case, there is no individual who is claimed as creditor (related party) qua the debtor. The objectors have contended that majority of shares in Veena Investment are held by brother's wife of the Debtor/PG, thus in terms of the provisions of Section 79(2)(g) the Veena Investment and its subsidiaries are associate of the debtor. The Section 79(2)(g) of the Code provides that a company where the debtor or the debtor along with his associates own more than 50% of the share capital of the company or control the appointment of the Board of Directors of a company. The requirement of a clause is that either the debtor or the debtor along with his associates should own more than 50% of the share capital of the company. Indubitably, the debtor does not own any share capital in Veena Investment. Thus, it is difficult to take a view that the Veena Investment and its subsidiaries viz. Direct Media or World Crest can be treated as associate qua the Debtor/PG. As far as Lemonade and Corpcall are concerned, though reference to be made to the order dated 12.06.2023 passed by Security and Exchange Board of India, but except the plea that certain companies including the Lemonade and Corpcall are used as conduit by PG and his family member to siphon off the funds from Shirpur Gold Refinery and their record are directly/indirectly held by Essel Group, there was no explicit plea raised by the objectors to the plan to establish that the companies are associates qua the Personal Guarantor. In any case, the order dated 12.06.2023 and 14.08.2023 passed by Security and Exchange Board of India could be quashed by the Security Appellate Tribunal in terms of the order dated 30.10.2023. The Paras 1 and 123 of the order reads thus:-

> *"1. The appellant has challenged the confirmatory order dated August 14, 2023 passed by the Chairman of Securities and Exchange Board of India ('SEBI' for short) confirming the ex parte ad interim order dated June 12, 2023 passed by the Whole Time Member ('WTM' for short) with certain modifications.*
>
> ***X X X***
>
> *123. In view of the aforesaid, the impugned order cannot be sustained and is quashed insofar as it relates to the appellant. The restraint order passed by the respondent pursuant to the ad interim order and the confirmatory order restraining the appellant to function as a Managing Director and as directed in paragraph 108(ii) of the impugned order is set aside. The appeal is allowed. The appellant shall, however, cooperate in the investigation. In the event any material comes out against the appellant during the course of investigation then*

appropriate procedure can be adopted by SEBI in accordance with law. In the circumstances of the case, parties shall bear their own costs."

40. As far as order dated 25.04.2023, passed by Securities and Exchange Board of India is concerned, the PG/Debtor before us is not even a noticee in the proceedings. The relevant excerpt of the order reads thus:-

IN RESPECT OF:

S. No.	NOTICEE(S)	PAN
1.	SHIRPUR GOLD REFINERY LTD.	AAACA4896K
2.	MR. AMIT GOENKA	AAHPG1139M
3.	MR. MUKUND GALGALI	ACQPG6557Q
4.	MR. VIPIN CHOUDHARY	AEYPC4464J
5.	MR. DINESHKUMAR KANODIA	AEHPK9440F
6.	MR. SHARVAN KUMAR SHAH	AADPS9562J
7.	MR. ASHOK SANGHAVI	AMWPS0941E
8.	JAYNEER INFRAPOWER AND MULTIVENTURES PVT. LTD.	AAACJ1688G

41. In the wake of the aforementioned, we are unable to persuade us to take a view that Lemonade and Corpcall are associates qua the Corporate Debtor. Here, it would not be out of context to make a reference to the judgment of Hon'ble Supreme Court in ***Phoenix Arc Pvt. Ltd. vs. Spade Financial Services Ltd. And Ors.*** (Civil Appeal No. 2842 of 2020), wherein Hon'ble Supreme Court viewed that the intention of the legislature assimilates two aspects viz. the concept of 'meaning' and 'the purpose and the object'. In the present case, when we talk of individual relatives referred to in Section 79(2) and in explanation to Section 5(24A), there is no ambiguity. But, when we talk of a company referred to in Section 79(2)(g) of the Code, the relationship of the Personal Guarantor/Debtor needs to be established with a company. Such relationship can exist only if the debtor could own share capital qua the company. Such share capital could be held by him individually or along with related parties to the extent of 51% or above. The requirement is not satisfied in respect of any of the five companies which are claimed by the objectors as associates qua the debtor. Paras 82 to 96 of the judgment reads thus:-

"82 An issue of interpretation in relation to the first proviso of Section 21(2) is whether the disqualification under the proviso would attach to a financial creditor only in praesenti, or if the disqualification also extends to those financial creditors who were related to the corporate debtor at the time of acquiring the debt.

*83 In **Arcelor Mittal India Private Limited vs. Satish Kumar Gupta** (supra), the issue was whether ineligibility of the resolution applicant under Section 29- A(c) of the Code attached to an applicant at the date of commencement of the CIRP or at the time when the resolution plan is submitted by the resolution applicant. Speaking for this Court, Justice Rohinton F Nariman interpreted the pre-2018 amendment, framing of Section 29-A(c), in the following terms:*

> *"46. According to us, it is clear that the opening words of Section 29-A furnish a clue as to the time at which clause (c) is to operate. The opening words of Section 29-A state: "a person shall not be eligible to submit a resolution plan…". It is clear therefore that the stage of ineligibility attaches when the resolution plan is submitted by a resolution applicant. The contrary view expressed by Shri Rohatgi is obviously incorrect, as the date of commencement of the corporate insolvency resolution process is only relevant for the purpose of calculating whether one year has lapsed from the date of classification of a person as a non-performing asset. Further, the expression used is "has", which as Dr Singhvi has correctly argued, is in praesenti. This is to be contrasted with the expression "has been", which is used in clauses (d) and (g), which refers to an anterior point of time. Consequently, the amendment of 2018 introducing the words "at the time of submission of the resolution plan" is clarificatory, as this was always the correct interpretation as to the point of time at*

> *which the disqualification in clause (c) of Section 29-A will attach."*

84 Thus, facially, it would appear that the use of the simple present tense in the first proviso to Section 21(2) indicates that the disqualification applies in praesenti. Furthermore, this interpretation would also be supported by a reading of the first proviso to Section 21(2), in light of the definition of 'related party' under Section 5(24), which uses phrases such as 'is accustomed to act' or 'is associated' to define a related party in the present tense.

85 However, it is relevant to examine whether the object and purpose for which the proviso was enacted, are fulfilled by the literal interpretation of the first proviso. Justice G.P. Singh in his authoritative commentary on the interpretation of statutes, Principles of Statutory Interpretation, has stated that:

> *"The intention of the Legislature thus assimilates two aspects: In one aspect it carries the concept of 'meaning', i.e., what the words mean and in another aspect, it conveys the concept of 'purpose and object' or the 'reason and spirit' pervading through the statute. The process of construction, therefore, combines both literal and purposive approaches. In other words the legislative intention, i.e., the true or legal meaning of an enactment is derived by considering the meaning of the words used in the enactment in the light of any discernible purpose or object which comprehends the mischief and its remedy to which the enactment is directed. This formulation later received the approval of the Supreme Court and was called the "cardinal principle of construction"."*

He notes that certain enactments require a liberal construction to give effect to its objects and purpose:

> *"A bare mechanical interpretation of the words and application of a legislative intent devoid of concept of purpose will reduce most of the remedial and beneficent legislation to futility. As stated by Iyer, J. "to be literal in meaning is to see the skin and miss the soul. The judicial key to construction is the composite perception of the deha and the dehi of the provision." Even in construing enactments such as those prescribing a period of limitation for initiation of proceedings*

where the purpose is only to intimate the people that after lapse of a certain time from a certain event a proceeding will not be entertained and where a strict grammatical construction is normally the only safe guide, a literal and mechanical construction may have to be disregarded if it conflicts with some essential requirement of fair play and natural justice which the Legislature never intended to throw overboard. Similarly, in a taxing statute provisions enacted to prevent tax evasion are given a liberal construction to effectuate the purpose of suppressing tax evasion although provisions imposing a charge are construed strictly there being no a priori liability to pay a tax and the purpose of a charging section being only to levy a charge on persons and activities brought within its clear terms. For the same reason, in a legislation relating to defence services "the considerations of the security of the state and enforcement of high degree of discipline additionally intervene and have to be assigned weightage while dealing with any expression needing to be defined or any provision needing to be interpreted."

Similar words used in different parts of the enactment can have different meanings. As Justice G P Singh notes:

> *"The rule is of general application as even plainest terms may be controlled by the context, and "it is conceivable," as Lord Watson said, "that the Legislature whilst enacting one clause in plain terms, might introduce into the same statute other enactments which to some extent qualify or neutralise its effect".* ***The same word may mean one thing in one context and another in a different context. For this reason the same word used in different sections of a statute or even when used at different places in the same clause or section of a statute may bear different meanings.*** *The conclusion that the language used by the Legislature is plain or ambiguous can only be truly arrived at by studying the statute as a whole. How far and to what extent each component part of the statute influences the meaning of the other part would be different in each given case. But the effect of the application of the rule to a particular case, should not be confounded with the legitimacy of applying it. "*

(emphasis added)

*86 In this context, it would be useful to refer to an earlier decision of this Court in **Abhay Singh Chautala vs C.B.I.**, where the court did not interpret the word "is" in praesenti because that would lead to an absurd result, defeating the purpose of the concerned provision. In that case this Court had to interpret Section 19(1) of the Prevention of Corruption Act, 1947, which provided:*

> *"19. Previous sanction necessary for prosecution.*
> *(1) No court shall take cognizance of an offence punishable under Sections 7, 10, 11, 13 and 15 alleged to have been committed by a public servant, except with the previous sanction, -*
> *(a) In the case of a person who is employed in connection with the affairs of the Union and is not removable from his office save by or with the sanction of the Central Government, of that Government;*
> *(b) In the case of a person who is employed in connection with the affairs of a State and is not removable from his office save by or with the sanction of the State Government, of that Government;*
> *(c) In the case of any other person, of the authority competent to remove him from his office."*

(emphasis supplied)

87 It was argued before this Court that a literal interpretation should be given to Section 19(1). Since the word "is" has been used in sub-sections (a), (b) and (c), it was urged that this would exclude a public servant who had abused office at an earlier point in time and has now ceased to occupy that office. This Court speaking through Justice Sirpurkar rejected the argument and held:

> *"44...we reject the argument based on the word "is" in Subsections (a), (b) and (c). It is true that the Section operates in praesenti; however, the Section contemplates a person who continues to be a public servant on the date of taking cognizance. However, as per the interpretation, it excludes a person who has abused some other office than the one which he is holding on the date of taking cognizance, by necessary implication. Once that is clear, the necessity of the literal interpretation would not be there in the present case. Therefore, while we agree with the principles laid down in*

Robert Wigram Crawford v. Richard Spooner 4 MIA 179, Re Bedia v. Genreal Accident, Fir and Life Assurance Corporation Ltd. 1948 (2) All ER 995 and Bourne (Inspector of Taxes) v. Norwich Crematorium Ltd.1967 (2) All ER 576, we specifically hold that giving the literal interpretation to the Section would lead to absurdity and some unwanted results, as had already been pointed out in Antulay's case (cited supra) (see the emphasis supplied to para 24 of Antulay's judgment)."

*88 This Court relied on the judgement in **R S Nayak v. A R Antulay** to fortify its interpretation of Section 19(1) of the Prevention of Corruption Act, 1947:*

*"24 .... An illustration was posed to the learned Counsel that a Minister who is indisputably a public servant greased his palms by abusing his office as Minister, and then ceased to hold the office before the court was called upon to take cognizance of the offence against him and therefore, sanction as contemplated by Section 6 would not be necessary; but if after committing the offence and before the date of taking of cognizance of the offence, he was elected as a Municipal President in which capacity he was a public servant under the relevant Municipal law, and was holding that office on the date on which court proceeded to take cognizance of the offence committed by him as a Minister, would a sanction be necessary and that too of that authority competent to remove him from the office of the Municipal President. The answer was- in affirmative. But the very illustration would show that such cannot be the law. **Such an interpretation of Section 6 would render it as a shield to an unscrupulous public servant. Someone interested in protecting may shift him from one office of public servant to another and thereby defeat the process of law.** One can legitimately envisage a situation wherein a person may hold a dozen different offices, each one clothing him with the status of a public servant under Section 21 IPC and even if he has abused only one office for which either there is a valid sanction to prosecute him or he has ceased to hold that office by the time court was called upon to take cognizance, yet on this assumption, sanction of 11 different competent authorities each of which was entitled to remove him from 11 different public offices would be necessary before the court can take cognizance of the offence committed by such public servant/while abusing one office*

which he may have ceased to hold. ***Such an interpretation in contrary to all canons of construction and leads to an absurd and product which of necessity must be avoided.*** *Legislation must at all costs be interpreted in such a way that it would not operate as a rougue's charter."*

(emphasis supplied)

89 This court has approved of a purposive interpretation of Section 29-A of the IBC in ***Arcelor Mittal India Private Limited v. Satish Kumar Gupta*** *(supra), where it was observed that:*

"29…In Ms. Eera Through Dr. Manjula Krippendorf v. State (Govt. of NCT of Delhi) and Anr., (2017) 15 SCC 133, this Court, after referring to the golden Rule of literal construction, and its older counterpart the "object rule" in Heydon's case, referred to the theory of creative interpretation as follows:

122. Instances of creative interpretation are when the Court looks at both the literal language as well as the purpose or object of the statute in order to better determine what the words used by the draftsman of legislation mean. In D.R. Venkatachalam v. Transport Commr. [D.R. Venkatachalam v. Transport Commr., (1977) 2 SCC 273, an early instance of this is found in the concurring judgment of Beg, J. The learned Judge put it rather well when he said: (SCC p. 287, para 28):

"28. It is, however, becoming increasingly fashionable to start with some theory of what is basic to a provision or a chapter or in a statute or even to our Constitution in order to interpret and determine the meaning of a particular provision or Rule made to subserve an assumed "basic" requirement. I think that this novel method of construction puts, if I may say so, the cart before the horse. It is apt to seriously mislead us unless the tendency to use such a mode of construction is checked or corrected by this Court. What is basic for a Section or a chapter in a statute is provided: firstly, by the words used in the statute itself; secondly, by the context in which a provision

occurs, or, in other words, by reading the statute as a whole; thirdly, by the Preamble which could supply the "key" to the meaning of the statute in cases of uncertainty or doubt; and, fourthly, where some further aid to construction may still be needed to resolve an uncertainty, by the legislative history which discloses the wider context or perspective in which a provision was made to meet a particular need or to satisfy a particular purpose. The last mentioned method consists of an application of the mischief Rule laid down in Heydon case [Heydon case, (1584) 3 Co Rep 7a: 76 ER 637] long ago."

....

127. ***It is thus clear on a reading of English, US, Australian and our own Supreme Court judgments that the "Lakshman Rekha" has in fact been extended to move away from the strictly literal Rule of interpretation back to the Rule of the old English case of Heydon [Heydon case, (1584) 3 Co Rep 7a: 76 ER 637], where the Court must have recourse to the purpose, object, text and context of a particular provision before arriving at a judicial result.*** *In fact, the wheel has turned full circle. It started out by the Rule as stated in 1584 in Heydon case [Heydon case, (1584) 3 Co Rep 7a : 76 ER 637], which was then waylaid by the literal interpretation Rule laid down by the Privy Council and the House of Lords in the mid-1800s, and has come back to restate the Rule somewhat in terms of what was most felicitously put over 400 years ago in Heydon case [Heydon case, (1584) 3 Co Rep 7a : 76 ER 637].*

30. A purposive interpretation of Section 29A, depending both on the text and the context in which the provision was enacted, must, therefore, inform our interpretation of the same."

(emphasis supplied)

90 Hence, we would need to consider the meaning of the first proviso in the light of the context, object and purpose for which it was enacted. The purpose of excluding a related party of a corporate debtor from the CoC is to obviate conflicts of interest which are likely to arise in the event that a related party is allowed to become a part of the CoC. The logic underlying the exclusion has been summarised as follows:

> *"The Committee was of the view that the disability under the first proviso to Section 21(2) is aimed at removing any conflict of interest within the CoC, to prevent erstwhile promoters and other related parties of the corporate debtor from gaining control of the corporate debtor during the CIRP by virtue of any loan that may have been provided by them."*

Accepting the submission of Mr Viswanathan would allow the statutory provision to be defeated by a related party of a corporate debtor creating commercial contrivances which have the effect of denuding its status as a related party, by the time that the CIRP is initiated. The true test for determining whether the exclusion in the first proviso to Section 21(2) applies must be formulated in a manner which would advance the object and purpose of the statute and not lead to its provisions being defeated by disingenuous strategies.

91 Therefore, it could be stated that where a financial creditor seeks a position on the CoC on the basis of a debt which was created when it was a related party of the corporate debtor, the exclusion which is created by the first proviso to Section 21(2) must apply. For, it is on the strength of the financial debt as defined in Section 5(8) that an entity claiming as a financial creditor under Section 5(7) seeks a position on the CoC under Section 21(2). If the definition of the expression 'related party' under section 5(24) applies at the time when the debt was created, the exclusion in the first proviso to Section 21(2) would stand attracted.

92 However, if such an interpretation is given to the first proviso of Section 21(2), all financial creditors would stand excluded if they were a 'related party' of the corporate debtor at the time when the financial *debt was created. This may arguably lead to absurd conclusions for entities which have legitimately taken over the debt of related parties, or where the related party entity had stopped being a 'related party' long ago.*

93 In this regard, it is relevant to note the observations in the Insolvency Law Committee Report of 2020 clarifying the eligibility of third-party assignees of the debt of a related party creditor, to be members of the CoC. It was observed:

> *"11.09 … As a third-party assignee, who by itself is not a related party, would not have any such conflict of interest, it should not be disabled from participating in the CoC. **Further, the aforesaid disability is not related to the debt itself but is based on the relationship existing between a related party creditor and the corporate debtor.** Therefore, as the disability imposed under the first proviso to Section 21(2) pertains to the related party financial creditor and not to the debt it is owed, the Committee agreed that it is clear that when a related party financial creditor assigns her debt to a third party in good faith, such third party should not be disqualified from participating, voting or being represented in a meeting of the CoC.*
>
> *11.10. **However, the Committee discussed that in certain cases, a related party creditor may assign its debts with the intention of circumventing the disability imposed under the first proviso to Section 21(2) by indirectly participating in the CoC through the assignee. As a related party is expressly prohibited from participating in the CoC, it cannot do so indirectly by assigning its debt to a third-party assignee for the purposes of circumventing this restriction. Therefore, in order to prevent any misuse, the Committee recommended that prior to including an assignee of a related party financial creditor within the CoC, the resolution professional should verify that the assignee is not a related party of the corporate debtor. In cases where it may be proved that a related party financial creditor had assigned or transferred its debts to a third party in bad faith or with a fraudulent intent to vitiate the proceedings under the Code, the assignee should be***

treated akin to a related party financial creditor under the first proviso to Section 21(2).”

(emphasis supplied)

94 Thus, it has been clarified that the exclusion under the first proviso to Section 21(2) is related not to the debt itself but to the relationship existing between a related party financial creditor and the corporate debtor. As such, the financial creditor who in praesenti is not a related party, would not be debarred from being a member of the CoC. However, in case where the related party financial creditor divests itself of its shareholding or ceases to become a related party in a business capacity with the sole intention of participating the CoC and sabotage the CIRP, by diluting the vote share of other creditors or otherwise, it would be in keeping with the object and purpose of the first proviso to Section 21(2), to consider the former related party creditor, as one debarred under the first proviso.

95 Hence, while the default rule under the first proviso to Section 21(2) is that only those financial creditors that are related parties in praesenti would be debarred from the CoC, those related party financial creditors that cease to be related parties in order to circumvent the exclusion under the first proviso to Section 21(2), should also be considered as being covered by the exclusion thereunder. Mr Kaul has argued, correctly in our opinion, that if this interpretation is not given to the first proviso of Section 21(2), then a related party financial creditor can devise a mechanism to remove its label of a ‘related party’ before the Corporate Debtor undergoes CIRP, so as to be able to enter the CoC and influence its decision making at the cost of other financial creditors.

96 In the present case, there is a finding that AAA and Spade were related parties within the meaning of Section 5(24) at the time when the alleged financial debt on the basis of which they assert a claim to be a part of the CoC was created. This was due to the long-standing relationship between Mr Arun Anand and Mr Anil Nanda, and their *respective corporations. Admittedly, such a relationship still existed even in 2017, since Mr Anil Nanda's JIPL held shareholding in Mr Arun Anand's Spade. Further, we have also concluded that the transactions between Spade and AAA on one hand, and the Corporate Debtor on the other hand, which gave rise to their alleged financial debts were collusive in nature. Therefore, it is evident that there existed a deeply entangled relationship between Spade, AAA and Corporate Debtor, when the alleged financial debt arose. While their status as related parties may no longer stand, we are inclined to agree with Mr Kaul that this was due to commercial contrivances through which these entities seek to now enter the CoC. The pervasive influence of Mr Anil Nanda (the promoter/director of the Corporate Debtor) over these entities is clear, and allowing them in the CoC would definitely affect the other independent financial creditors."*

42. Here, it would not be out of context to note that a shareholder is a separate legal entity from the company in which he holds shares. An individual can be treated as associated with the company in which he holds 51% of shares, at the strength of holding such shares, as he can control the Board of Directors of the company. Section 79(2)(g) provides that such control along with associates can also be treated as control. However, the provision nowhere indicates that even such company where only the associate of the debtor own 51% shareholding can also be treated as associates. A company is person separate from the shareholders.

43. Mr. P Nagesh, Ld. Sr. Counsel submitted that even though the Code (IBC, 2016) does not provide for interference by this Tribunal with the Resolution Plans, but still in appropriate cases the Resolution Plans approved by CoC are not finally approved by this Tribunal, thus like Resolution Plans qua the Corporate Debtors, this Tribunal may also refuse to accept the Repayment Plans. We are afraid that the plea raised by the Ld. Sr. Counsel may not be countenanced. Section 31(1) provides that before approving a Resolution Plan, this Tribunal satisfy itself regarding satisfying/meeting the requirements of Section 30(2) of IBC, 2016. As far as Section 114(1) of the Code is concerned, the same clearly provides that this Tribunal has to approve or reject the Repayment Plan on the basis of the report of the meetings of the creditor submitted by the RP under Section 112 of the Code. The Section 30(2) and 31 of IBC, 2016 are juxtaposed with Section 112 and 114 of the Code as under:

30. Submission of resolution plan.— *.....* *(2) The resolution professional shall examine each resolution plan received by him to confirm that each resolution plan—* *(a) provides for the payment of insolvency resolution process costs in a manner specified by the Board in priority to the [payment] of other debts of the corporate debtor;* *(b) provides for the payment of debts of operational creditors 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 a 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 the order of priority in sub-section (1) of section 53,*	***112. Report of meeting of creditors on repayment plan.—****(1) The resolution professional shall prepare a report of the meeting of the creditors on repayment plan. (2) The report under sub-section (1) shall contain— (a) whether the repayment plan was approved or rejected and if approved, the list the modifications, if any; (b) the resolutions which were proposed at the meeting and the decision on such resolutions; (c) list of the creditors who were present or represented at the meeting, and the voting*

whichever is higher and provides for the payment of debts of financial creditors, who do not vote in favour of the resolution plan, in such manner as may be specified by the Board, which shall not be less than the amount to be paid to such creditors in accordance with sub-section (1) of section 53 in the event of a liquidation of the corporate debtor. *Explanation 1.—For the removal of doubts, it is hereby clarified that a distribution in accordance with the provisions of this clause shall be fair and equitable to such creditors.* *Explanation 2.—For the purposes of this clause, it is hereby declared that on and from the date of commencement of the Insolvency and Bankruptcy Code (Amendment) Act, 2019, the provisions of this clause shall also apply to the corporate insolvency resolution process of a corporate debtor—* *(i) where a resolution plan has not been approved or rejected by the Adjudicating Authority;* *(ii) where an appeal has been preferred under section 61 or section 62 or such an appeal is not time barred under any provision of law for the time being in force; or* *(iii) where a legal proceeding has been initiated in any court against the decision of the Adjudicating Authority in respect of a resolution plan;]* *(c) provides for the management of the affairs of the Corporate debtor after approval of the resolution plan;* *(d)the implementation and supervision of the resolution plan;*	*records of each creditor for all meetings of the creditors; and (d) such other information as the resolution professional thinks appropriate to make known to the Adjudicating Authority.*

(e)does not contravene any of the provisions of the law for the time being in force; *(f) conforms to such other requirements as may be specified by the Board.* *[Explanation.—For the purposes of clause (e), if any approval of shareholders is required under the Companies Act, 2013 or any other law for the time being in force for the implementation of actions under the resolution plan, such approval shall be deemed to have been given and it shall not be a contravention of that Act or law]*	
31. Approval of resolution plan.—*(1) If the Adjudicating Authority is satisfied that the resolution plan as approved by the committee of creditors under sub-section (4) of section 30 meets the requirements as referred to in sub-section (2) of section 30, it shall by order approve the resolution plan which shall be binding on the corporate debtor and 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, such as authorities to whom statutory dues are owed,] guarantors and other stakeholders involved in the resolution plan.* *[Provided that the Adjudicating Authority shall, before passing an order for approval of resolution plan under this sub-section, satisfy that the resolution plan has provisions for its effective implementation.]* *(2) Where the Adjudicating Authority is satisfied that the resolution plan does not confirm to the requirements referred to in sub-section (1), it may, by an order, reject the resolution plan.*	***114. Order of Adjudicating Authority on repayment plan.—****(1) The Adjudicating Authority shall by an order approve or reject the repayment plan on the basis of the report of the meeting of the creditors submitted by the resolution professional under section 112: Provided that where a meeting of creditors is not summoned, the Adjudicating Authority shall pass an order on the basis of the report prepared by the resolution professional under section 106. (2) The order of the Adjudicating Authority approving the repayment plan may also provide for directions for implementing the repayment plan. (3)*

(3) After the order of approval under sub-section (1),— *(a) the moratorium order passed by the Adjudicating Authority under section 14 shall cease to have effect; and* *(b) the resolution professional shall forward all records relating to the conduct of the corporate insolvency resolution process and the resolution plan to the Board to be recorded on its database.* *[(4) The resolution applicant shall, pursuant to the resolution plan approved under sub-section (1), obtain the necessary approval required under any law for the time being in force within a period of one year from the date of approval of the resolution plan by the Adjudicating Authority under sub-section (1) or within such period as provided for in such law, whichever is later:* *Provided that where the resolution plan contains a provision for combination, as referred to in section 5 of the Competition Act, 2002 (12 of 2003), the resolution applicant shall obtain the approval of the Competition Commission of India under that Act prior to the approval of such resolution plan by the committee of creditors.]*	*Where the Adjudicating Authority is of the opinion that the repayment plan requires modification, it may direct the resolution professional to re-convene a meeting of the creditors for reconsidering the repayment plan.*

44. A reading of Section 114(1) of the Code clearly provides that the Adjudicating Authority shall by an order approve or reject the Repayment Plan on the basis of the report of the meeting of creditors submitted by the Resolution Professional under Section 112. Thus, there is no scope for this Tribunal to take a view de horse the report of RP under Section 112 of the Code. Even Section 105 of the Code provides that the debtor shall prepare the

Repayment Plan in consultation with the RP. Even in terms of the provisions of Section 106 of the Code, the RP submit the Repayment Plan prepared under Section 105 to this Tribunal along with the report on such plan. Thus, Section 105, 106, 112 and 114 of the Code gives astounding weightage to the report of RP.

45. The Section 113 of the Code does not provide for even submission of a copy of a Repayment Plan to this Tribunal. The Section 113(c) only says that the RP shall provide a copy of report of meeting of creditors prepared under Section 99 to the Adjudicating Authority. The Section 113 reads thus:-

> *"**113. Notice of decisions taken at meeting of creditors.—**The resolution professional shall provide a copy of the report of the meeting of creditors prepared under section 99 to—*
> *(a) the debtor;*
> *(b) the creditors, including those who were not present at the meeting; and*
> *(c) the Adjudicating Authority."*

46. The limited scope this Tribunal can have is to direct the Resolution Professional to reconvene a meeting of a creditor for reconsidering the Repayment Plan. Such jurisdiction can be exercised only when this Tribunal is of the opinion that the Repayment Plan requires modification. The situation can arise only when the Repayment Plan is not approved by the MoC and instead of pushing the debtor to bankruptcy, the Tribunal feel that the debtor may improve the plan by modification, which may be acceptable by the MoC. Another scope available to this Tribunal is to pass an order under Section 118(3) of the Code. Such order can also be passed only on the basis of the report of RP under Section 118(2). No stage or situation to pass order under Section 118(3) of the Code has yet emerged.

47. Once, the RP has submitted a report that the Repayment Plan has been approved by the MoC in terms of Section 111 of IBC, 2016, i.e. with more than 80% vote share, as per the provisions contained in Section 114(1) of the Code, we have no option but to pass order approving the Repayment Plan on the basis of the report of RP. However, we cannot be indifferent about the concern of Applicants in IA Nos. 6124/2024, 6125/2025, 246/2025, 134/2025, LIC Housing Finance Ltd. and Union Bank of India. Even the PG / Debtor who appeared in person, though submitted that the amount claimed by the said applicants / creditors is not payable by him, but shared the concern of the applicants in aforementioned IAs regarding the financial facility extended by them to Principal Debtors and assured that he would use his goodwill to ensure that either the amount of debt due to be returned to the Applicants if any is return or some settlement is arrived at between the Principal Debtors and the creditors.

48. When we cannot turn blind eyes towards the aforementioned creditors who have opposed the Repayment Plan, we may also be not oblivious of the concern of the creditors who have voted in favour of the Repayment Plan and who could espouse before us that if Repayment is not approved, there would not be no scope for them even such amount of money which they will get in terms of the plan.

49. We may also not ignore the object and spirit of the Code which is to resolve the insolvency of the debtor and not to ensure the return of the amount of debt that too not by the Principal Debtor/Borrower, but by a guarantor. The whole idea of the Code is to absolve the debtor from the stress of the debt and loan, so that he can again stand to utilise his enterprising skill and contribute to the economical development of the country. Once the enterprising skill is put back to its feet, there is a possibility of his availing financial facility from the financial institutions and it is for this reason that the creditors / financial institutions are prepared to take haircut only to the benefit of the debtor and in the interest of their future business.

50. It would not be gainsaid that in most of the petitions preferred under Section 95 of IBC, 2016, the debtors do not even respond even to the notice given to them by RP under Section 99(4) of IBC, 2016. Then, in some cases where response is given to RP to the notice as mentioned above the debtors avoid entering appearance before this Tribunal to give response to report of the RP prepared by him under Section 99(7) & (9) of the Code and file before this Tribunal. In majority of the cases no Repayment Plan is offered. Thus, in the present case, when the debtor has not only participating in the process under Section 105 to 114 of the Code, but has also shown a responsible behaviour before the court by taking a stand that he is sharing the concern about the financial facility extended by the objectors to the plan to the Principal Debtors and would act positively to use his goodwill, which was given due credence by the creditors while accepting his personal guarantee to ensure that the Principal Debtors pay back the due amount of debt to the creditors, there would be no justification not to approve the Repayment Plan and resolve the insolvency of the debtor to maintain his reliability and credibility in the better interest of the creditors. Indubitably, the debtor is not the Principal Debtor but could turn so only on account of defaults committed by the Principal Debtors and the resolution of his insolvency would be in better interest of the creditors than closing the present process by taking the view that the creditors may resort to bankruptcy process. We may also not loose the sight of the fact that the CP(IB)- 97/ND/2022 was preferred by Indiabulls Housing Finance Limited and the creditors who opposed the application filed for approval of repayment plan had submitted their claim before RP only as an incidental thereto. As has been noted hereinabove, one of the creditors viz. Axis Bank had even preferred IP(IBC)-5/2024 seeking rejection of CP(IB)-97/ND/2022 taking the plea that it wish to continue with the process for recovery of its debt, which was hit by moratorium which came into force with filing of the petition. Generally, the debtor institute the proceedings for recovery of debt impleading both the Principal Debtor and Guarantor as parties, thus, the moratorium under Section 96 of IBC affects the proceedings of debt recovery against both. It was in consideration of the plea raised by Axis Bank that this Tribunal expedited the hearing qua CP(IB)-97/ND/2022 and admitted the same.

51. Here, it would not be out of context to note that the consequence of not approving the Repayment Plan leads to a situation where the creditors or debtors may initiate bankruptcy process. In such process, on expiry of one year from the bankruptcy commencement date, the bankrupt is discharged. In such situation, he is not responsible for any of the past liability of his own and the Principal Debtor. Section 138 and 139 of IBC, 2016 reads thus:-

*"**138. Discharge order.—**(1) The bankruptcy trustee shall apply to the Adjudicating Authority for a discharge order—*

(a) on the expiry of one year from the bankruptcy commencement date; or

(b) within seven days of the approval of the committee of creditors of the completion of administration of the estates of the bankrupt under section 137, where such approval is obtained prior to the period mentioned in clause (a).

(2) The Adjudicating Authority shall pass a discharge order on an application by the bankruptcy trustee under sub-section (1).

(3) A copy of the discharge order shall be provided to the Board for the purpose of recording an entry in the register referred to in section 196.

***139. Effect of discharge.—**The discharge order under sub-section (2) of section 138 shall release the bankrupt from all the bankruptcy debt: Provided that discharge shall not—*

(a) affect the functions of the bankruptcy trustee; or

(b) affect the operation of the provisions of Chapters IV and V of Part III; or

(c) release the bankrupt from any debt incurred by means of fraud or breach of trust to which he was a party; or

(d) discharge the bankrupt from any excluded debt."

52. As can be seen from chapter V of IBC, 2016, the IP who may be RP appointed as bankruptcy trustee perform function under Section 149 to 178 of the Code and in the process he administers the estate of the bankrupt and in a way realise the estate of bankrupt and distribute the same. Section 149 of the IBC reads thus:-

*"**149. Functions of bankruptcy trustee.—**The bankruptcy trustee shall perform the following functions in accordance with the provisions of this Chapter—*

(a) investigate the affairs of the bankrupt;

(b) realise the estate of the bankrupt; and

(c) distribute the estate of the bankrupt."

53. Once, as per report of IP (RP) the value of estate of the debtor is much less than the amount of Repayment Plan offered by him, we fail to appreciate that how the objector whose vote share is less than 20% do expect to stand to be benefitted by such process in the matter of receiving back the amount of the debt given by them to the Principal Debtors. In view of the report of the RP, the amount would be much less than the amount offered in the Repayment Plan. Thus, ideally, the objectors would be having better opportunity to recover the amount of debt from Principal Debtors if the insolvency of the debtors is resolved and he is put back to his feet. In other words, the debtor who participated in the present proceedings and has shown responsible approach deserve an opportunity to stay as solvent and participate in the affairs concerning him in such capacity than being pushed to bankruptcy. Here it would not be out of context to refer to Section 128(1)(c) of the Code which says that subject to the provisions of sub-section (2) of Section 128, a creditor of the bankrupt indebted in respect of any debt claimed as a bankruptcy debt shall not: (i) initiate any action against the property of the bankrupt in respect of such debt; or (ii) commence any suit or other legal proceedings except with the leave of the Adjudicating Authority and on such terms as the Adjudicating Authority may impose. Thus, when the consequence of rejection of repayment plan is only initiation of bankruptcy process, we fail to understand that in the wake of the net worth report qua the debtor given by the RP, in what manner the creditors who are opposing the approval of repayment plan will stand to gain.

54. In the totality of the facts and circumstances, the IA Nos. 5505/2024, 6014/2024, 6124/2024, 6125/2024, 134/2025, 246/2025 and 274/2025 are disposed of subject to following order/directions:-

(a) The Repayment Plan stands approved;

(b) The RP will perform his functions in terms of the provisions of Section 116, 117 and 119 of IBC, 2016;

(c) The Applicants in IAs-6014/2024, 6124/2024, 6125/2024, 134/2025, 246/2025 as also Union Bank of India and LIC Housing Finance Ltd. would be entitled to resort to the remedies available to them for recovery of their debt in accordance with law;

(d) As far as other creditors are concerned, since they have not opposed the Repayment Plan, they would be governed by Section 115(1) of the Code.

55. A copy of this order be provided to IBBI for the purpose of recording an entry in the Register referred to in Section 115(3) r/w Section 196 of the IBC, 2016.

Sd/-
(ASHOK KUMAR BHARDWAJ)
MEMBER (J)

PER: MS. REENA SINHA PURI, MEMBER (T)

1. The application IA-5505/2024 is filed for approval of the Repayment Plan under section 114 of the IBC by the Resolution Professional (RP), Sh Shiv Nandan Sharma against Dr Subhash Chandra, Personal Guarantor (PG) in the matter of section 95 petition, CP(IB)-97/ND/2022 India Bulls Housing Finance Ltd v Dr Subhash Chandra, Personal Guarantor.

2. As per the Application, there were in all 25 creditors, of which 2 were not found eligible by the RP. Out of the total claims of 23 creditors amounting to Rs 21696,89,92,221 (approx. Rs 21,697 crores), the total proposed payment by the PG and the Principal Borrower (PB) is stated to be Rs 1500,25,00,000 (Rs 1500 crores which is 6.91% of the admitted debt). The proposed payment by the PG is Rs 6,25,00,000 (Rs 6.25 crores) and that by the PB, Rs 1494,00,00,000 (Rs 1494 crores). In percentage terms, the proposed share of the PG is 0.03% and that of the PB 6.89%.

3. The voting for the Repayment Plan by the 23 eligible creditors, categorized 'for', 'against' and 'did not vote' is captured in the table below:

Respondent No.	Name of Creditor	Voting (%)	Vote	Amount Admitted (Rs)	Payment by Personal Guarantor (Rs)
2	Anil Kumar (for 960 individuals)	0.67%	Favour	1,45,30,00,000	4,18,551
9	Catalyst Trusteeship (CINDA FPI)	11.85%	Favour	25,72,00,00,000	74,08,893
10	Corpcall Capital Advisors LLP	10.30%	Favour	22,35,00,00,000	64,38,132
11	Direct Media Distribution Ventures Pvt. Ltd.	1.15%	Favour	2,49,57,17,355	7,18,915
15	Indiabulls Housing Finance Limited	1.98%	Favour	4,28,85,04,257	12,35,345
17	Kautilya Traders Pvt. Ltd.	1.02%	Favour	2,22,38,00,000	6,40,587
18	Lemonade Capital Advisors LLP	16.85%	Favour	36,57,00,00,000	1,05,34,339
21	Sunil Jain (for 300 individuals)	0.18%	Favour	39,70,00,000	1,14,360
23	Veena Investments Private Limited	4.99%	Favour	10,82,63,65,945	31,18,639
24	World Crest Advisors LLP	28.49%	Favour	61,82,36,64,247	1,78,08,900

4	Axis Trustee Services Limited	0.04%	Did not vote	9,68,20,725	27,890
5	Axis Trustee Services Limited	0.18%	Did not vote	39,17,23,955	1,12,840
6	Axis Trustee Services Ltd	0.11%	Did not vote	23,58,98,803	67,953
8	Catalyst Trusteeship (HDFC Asset Mgt.Co.)	0.06%	Did not vote	12,60,18,150	36,301
13	IDBI Trusteeship (Edelweiss Fund)	2.60%	Did not vote	5,64,89,34,831	16,27,230
16	IndusInd Bank Limited	1.11%	Did not vote	2,40,07,58,898	6,91,562
3	Axis Bank Limited	2.86%	Against	6,20,13,47,967	17,86,358
7	Canara Bank	1.60%	Against	3,47,88,25,893	10,02,109
12	HDFC Bank Limited	3.17%	Against	6,88,56,44,686	19,83,476
14	IDBI Trusteeship (Franklin Templeton)	3.36%	Against	7,29,31,22,224	21,00,854
19	LIC Housing Finance Ltd	6.09%	Against	13,22,39,79,162	38,09,294
20	RBL Bank Limited	0.55%	Against	1,19,34,91,736	3,43,797
22	Union Bank of India (UK) Ltd.	0.76%	Against	1,64,43,73,387	4,73,678

4. Before us, several financial creditors, who voted against the Repayment Plan and also some who did not vote, have objected to the Repayment Plan. One of the two financial creditors, whose claims were not admitted have also objected to these exclusions, as also the Repayment Plan. The financial creditors, whose objections are filed either as reply to the IA-5505/2024 or in separate IA, are:

IndusInd Bank Ltd	IA-134/2025
RBL Bank Ltd	IA-246/2025
IDBI Trusteeship Services Ltd (Edelweiss Fund)	IA-6014/2024
HDFC Bank Ltd	IA-6124/2024
Canara Bank	IA-6125/2024
Union Bank of India	IA-1097/2025
LIC Housing Finance Limited	Reply in IA-5505/2024
IDBI Trusteeship Services Ltd (Franklin Templeton)	Reply in IA-5505/2024
STCI Finance Ltd	IA-274/2025

5. Before considering the Resolution Plan, the objections of each of these financial creditors need to be carefully examined. Broadly, the objections pertain to non-admission of certain claims; improper constitution of the List of Creditors by inclusion of related/ associated parties and exclusion of an eligible financial creditor resulting in biased voting on the Resolution Plan; non-discovery of the assets/net worth of the PG leading to meagre Plan value based on PG's claims.

IndusInd Bank Ltd, IA-134/2025:

6. The liability of the PG arose out of the Deed of Guarantee dated 01.12.2018 executed by the PG in respect of the loans availed by the Principal Borrowers, Spirit Infrapower and Multiventures Private Limited. The Repayment Plan is challenged on the ground that the entire process adopted by the RP is vitiated by gross procedural irregularities, non-compliance with mandatory provisions of the IBC, and a complete disregard for the principles of transparency, fairness, and natural justice.

7. It is prayed that the RP be directed to place on record the claim forms filed by Veena Investments Private Limited, Direct Media Distribution Ventures Private Limited, World Crest Advisors LLP, Lemonade Capital Advisors LLP, and Corpcall Capital Advisors LLP, along with the steps taken for verification of their claims. The RP be further directed to issue an updated and revised List of Creditors, excluding associate entities related to the PG. An independent forensic auditor and asset tracing agency may be appointed to conduct an investigation into the assets of the PG. It is also prayed that the Repayment Plan dated 16.10.2024 be set aside, and that the above-mentioned entities, being associates of the PG within the meaning of Section 79(2) of the IBC, be declared ineligible to vote on any matter in the insolvency resolution process under section 109(4)(b) of the IBC. The various issues raised are discussed hereunder:

Invalidity of the Repayment Plan Due to Inadmissible Claims[1]

8. The Repayment Plan is stated to be fundamentally flawed and liable to be set aside on the ground that the creditors whose claims are admitted by the RP are ex facie not entitled to such admission under the provisions of the IBC. But the RP accepted the claims of the five entities— Veena Investments Pvt Ltd, Direct Media Distribution Ventures Pvt Ltd, World Crest Advisors LLP, Lemonade Capital Advisors LLP, and

[1] Additional Affidavit dated 03.03.2025

Corpcall Capital Advisors LLP, all of which are related parties/associate entities of the PG.

9. Collusive and Sham Guarantees to Dilute Bona Fide Creditors' Interests: The guarantees forming the basis of claims by associate entities are collusive arrangements designed to defeat the rights of genuine financial creditors. The purported letter of indemnity dated 23.11.2018 is executed by the PG in favour of Veena Investments Pvt Ltd, Direct Media Distribution Ventures Pvt Ltd, World Crest Advisors LLP, who had pledged shares held by them in some of their related companies to the IndusInd Bank in respect of the loan advanced to Spirit Infrapower and Multiventures Private Limited. This indemnity requires the PG to compensate these entities for losses suffered due to pledges of their shareholdings, despite no invocation of such pledges at the relevant time. Additionally, a purported Deed of Guarantee dated 21.12.2018 was executed in favour of Veena Investments Pvt Ltd, Direct Media Distribution Ventures Pvt Ltd, World Crest Advisors LLP, more than two years after the creation of the underlying pledges in 2016, purportedly to induce the pledgors to continue supporting the already existing pledges. These guarantees were allegedly invoked on 24.10.2023—after the interim moratorium under Section 96 of the IBC had come into effect. The chronology indicates that this was a sham arrangement, contrived to create artificial debt in favour of related parties to dilute the interest of the *bonafide* creditors[2].

10. Onerous and Extortionate Nature of the Alleged Guarantees: The alleged guarantee is not only without proper consideration but is also extortionate in nature. It not only seeks repayment of the invested amounts in the pledged shares but also promises windfall gains to the associate entities in the form of an XIRR of 12% from the date of invocation. This return far exceeds what bona fide financial creditors could expect, further substantiating the collusive and unjust enrichment motives behind these transactions[3].

11. Absence of Judicial Determination and Non-Disclosure of Key Documents: The claims by associate entities relate to alleged 'losses suffered' and should not have been admitted without proper judicial determination. The RP has acted without applying his mind and accepted the claims mechanically, without thorough verification. Notably, no computation of loss or substantiating documents (including the alleged deed of

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[2] Page 4-14 of the Additional Affidavit dated 03.03.2025
[3] Page 14-19 of the Additional Affidavit dated 03.03.2025

guarantee and claim forms) have been disclosed. This suppression violates principles of transparency and natural justice[4].

12. Invalid Claims by Lemonade Capital Advisors LLP, and Corpcall Capital Advisors LLP: Lemonade Capital Advisors LLP, and Corpcall Capital Advisors LLP claim to be financial creditors based on alleged deeds of guarantee, executed by the PG for loans availed by Churu Enterprises LLP. The RP has failed to annex the guarantee deeds or claim forms pertaining to these entities. The RP may be directed to disclose and produce the claim forms and documents filed in support thereof by these associates. Also, Financial statements of Churu Enterprises LLP from FY 2018–19 to 2021–22 reveal no revenue or business operations, raising serious doubts about the genuineness of the underlying loans and guarantees. The guarantees were allegedly invoked on 30.11.2023—after the interim moratorium under Section 96 of the IBC had come into effect. Hence, such invocation is void and non-est[5].

13. Thus, the RP wrongly admitted the claims from Veena Investments Pvt Ltd, Direct Media Distribution Ventures Pvt Ltd, World Crest Advisors LLP, Lemonade Capital Advisors LLP, and Corpcall Capital Advisors LLP based on an alleged "assurance" by the PG—treating them as personal guarantees without scrutiny. Despite concerns raised by institutional creditors regarding their related party status, the RP failed to place any verification on record. His sole justification was an unsubstantiated claim of a family separation, which cannot override the statutory definition of a related party under the IBC. Admission of such claims, purportedly verified with the Personal Guarantor, undermines the process's transparency and fairness.

Inclusion of Related Party in the List of Creditors with Voting Rights - in Violation of Section 109(4)(b) of the IBC:

14. The RP allowed the five creditors — Veena Investments Pvt Ltd, Direct Media Distribution Ventures Pvt Ltd, World Crest Advisors LLP, Lemonade Capital Advisors LLP, and Corpcall Capital Advisors LLP —to vote on the Repayment Plan, though being related parties/associate entities of the PG, they were disqualified from voting on the Repayment Plan under Section 109(4)(b) of the IBC. Their relationship is established

[4] Page 19-21 of the Additional Affidavit dated 03.03.2025
[5] Page 23-26 of the Additional Affidavit dated 03.03.2025

through common ownership, familial connections, and directorial control within the Zee/Essel Group, as well as through findings of SEBI orders and public records. The RP failed to conduct any independent verification and relied solely on an unsubstantiated claim of family separation, which is legally irrelevant under Sections 79(2) and 109(4)(b) of the IBC.

15. The independent auditor[6] of Veena Investments Pvt Ltd has noted that Veena Investments Pvt Ltd is part of the Essel Group as one of its promoters and is in the business of making investments in securities and providing finance to companies in Essel Group with the object and intention of nurturing the investments made in the group companies. As on 31.03.2023, Veena Investments Pvt Ltd was a group company with 77.15% of shares held by Smt Sushila Devi Goel, wife of Jawahar Goel, brother of the PG and the rest by her son, Sh Gagan Goel (5.27%), and daughters-in-law, Smt Nishi Goel (8.79%) and Smt Priti Goel (8.79%). The directors of Veena Investments Pvt Ltd are Sh Gaurav Goel (son of Jawahar Goel, brother of the PG), and Sh Basant Sharma, who is a director in several other companies[7] of the group.

16. As evident from the Auditor's Reports and Financial Statements[8] for the year ended 31.03.2020 and 31.03.2021, Veena Investments Pvt Ltd had entered into multiple related-party transactions. Such parties are categorised in the financial statements of Veena Investments Pvt Ltd as 'other related parties[9]' and include Shirpur Gold Refinery Ltd (SGL), Churu Enterprises LLP, Jayneer Infrapower & Multiventures Pvt Ltd (JIMPL) and Spirit Infrapower and Multiventures Pvt Ltd (SIMPL), all of which are related to the PG and his immediate family.

17. As regards, Direct Media Distribution Ventures Pvt Ltd, it was stated that as on 31.03.2024, 99.99% of the shareholding was with Essel Corporate Resources Pvt Ltd (ECRPL) and 0.001 % with a nominee of ECRPL. The 99.63% shares of ECRPL were in turn held by Veena Investments Pvt Ltd and 0.18% by Essel Media & Entertainment Ltd (Mauritius) and 0.19% by Primat Infrapower & Multiventures Pvt Ltd (PIMPL), all group

[6] Page 258 of Application of IndusInd Bank Ltd in IA 134/2025
[7] Basant Sharma - Director in Essel Corporate Resources Pvt Ltd; Pricomm Media Distribution Ventures Pvt Ltd; Direct Media Distribution Ventures Pvt Ltd; and partner in World Crest Advisors LLP
[8] Consolidated Financial Statements of Veena Investments for the period FY 2020-2021, Page 252-356, Annex 17, Volume 2 to IA 134/2025 filed by IndusInd Bank
[9] Page 269 of Application of IndusInd Bank Ltd in IA 134/2025

companies. Thus, the majority control of Direct Media Distribution Ventures Pvt Ltd lay with Veena Investments Pvt Ltd through ECRPL.

18. World Crest Advisors LLP is related and associate of the group and controlled[10] directly/ indirectly by the family members of the PG. Sh Basant Sharma, who is a director in Veena Investments Pvt Ltd, Essel Corporate Resources Pvt Ltd, Pricomm Media Distribution Ventures Pvt Ltd and Direct Media Distribution Ventures Pvt Ltd (all companies of the group), is a partner in World Crest Advisors LLP. Sh Abhishek Bansal, holding share in Pricomm Media Distribution Ventures Pvt Ltd (company of the group), is the other partner in World Crest Advisors LLP.

19. Lemonade Capital Advisors LLP, and Corpcall Capital Advisors LLP are related and associates of the group and controlled directly/ indirectly by the family members of the PG. Sh Ravindra Pashte, director in Living Entertainment Enterprises Pvt Ltd and Sh Naresh Manohar Ingale, director in Living Entertainment Enterprises Pvt Ltd and Ekmart Trading Pvt Ltd is a partner in Lemonade Capital Advisors LLP. Sh Vijay Bhujbal, director in Essel Highways Ltd and Essel Infraprojects Ltd is a partner in Corpcall Capital Advisors LLP. Both Living Entertainment Enterprises Pvt Ltd and Essel Infraprojects Ltd are reported as 'other related parties' in the consolidated financial statement[11] of Veena Investments Pvt Ltd for FY 2020-2021. The association of the PG with Lemonade Capital Advisors LLP, and Corpcall Capital Advisors LLP is also established by the claim of these entities that the alleged Deed of Guarantee was executed in their favour by the PG for the loans availed by Churu Enterprises LLP, another related entity of the group.

20. It is submitted that Smt. Sushila Devi, wife of Mr. Jawahar Goel and sister-in-law of the PG, is a relative under the IBC and holds over 50% shareholding in Veena Investments Pvt Ltd, which in turn holds 99.63% of Direct Media Distribution Ventures Pvt Ltd through Essel Corporate Resources Pvt Ltd (ECRPL) and also World Crest Advisors LLP. Accordingly, the PG along with Smt Sushila Devi, effectively controls these associate entities. Permitting such entities to participate and vote in the PG's insolvency process undermines the integrity of the proceedings and enables the back-door entry of the PG into decision-making. The interpretation advanced by the Associate Entities—that

[10] 99% holding by Pricomm Media Distribution Ventures Pvt Ltd, which is 100% held by Veena Investment Pvt Ltd

[11] Page 269 of Application of IndusInd Bank Ltd in IA 134/2025

Section 79(2)(g) requires the Personal Guarantor to hold shares directly—is legally untenable, contrary to legislative intent, and defeats the very purpose of excluding related parties from influencing the process[12].

21. Reference is also made to the orders dated 25.04.2023 and 12.06.2023 passed by the Securities Exchange Board of India[13] which refers to various transactions including amongst Lemonade Capital Advisors LLP, Corpcall Capital Advisors LLP, Shirpur Gold Refinery Ltd, and Churu Enterprises LLP. It is also stated that a review of the financial statements/statement of accounts of the associate entities for the preceding years, as available on the MCA website, reveals that no loan or liability is recorded in relation to the PG.

Failure to Conduct Due Diligence of Claims:

22. Claims filed by the associate entities were admitted without any supporting documentation to demonstrate the existence of a valid and enforceable liability of the PG. In fact, financial statements of these entities do not record any debt receivable from the PG, and the purported claims are based on vague "assurances" or informal pledges. No date or documentation of these assurances is provided in the Plan.

Denial of Sufficient Time for Deliberation and Voting & Non-Compliance with Statutory Timelines under Sections 106 and 107 of IBC:

23. Objecting to the timelines in the process, it is stated that the RP circulated the Repayment Plan on 17.10.2024 and convened the creditors' meeting on 24.10.2024, allowing only six days for consideration, well short of the statutory 14-day notice period. Despite the express requests from several creditors for deferring the voting process to allow meaningful deliberations and verification of related party claims, the RP refused to grant adequate time, extending the deadline by a mere 24 hours. Further, the voting concluded on 31.10.2024, a Diwali public holiday, further limiting creditor participation. It is contended that this hasty conduct defeats the very purpose of creditor consultation and violates the statutory scheme of resolution under the Code. The procedural violations of section 106 (4) (a) and section 107 render the approval process void ab initio.

[12] Page 22-23 of the Additional Affidavit dated 03.03.2025
[13] Annexure A-15 of the Application of IndusInd Bank Ltd in IA 134/2025

Lack of Asset Verification or Forensic Audit of the assets of the PG:

24. RP accepted the Repayment Plan offering a haircut of over 99.9% without any audit of the PG's assets, even though a 2018 net worth certificate pegged his assets at Rs. 40,562 crores—almost double the admitted claims. No opportunity was given to creditors to negotiate or scrutinize the Plan. The RP's conduct suggests a premeditated effort to secure Plan approval without regard for creditor rights or statutory safeguards.

Collusive and Prejudicial Conduct of RP:

25. The RP has proceeded with the approval of the Repayment Plan in a collusive, hurried, and opaque manner, disregarding repeated and reasonable objections raised by the genuine creditors. The entire process stands vitiated due to procedural irregularities, failure to apply legal safeguards, and apparent collusion to favor the PG. His failure to exercise independent judgment and statutory duties has materially prejudiced the rights of such creditors.

IDBI Trusteeship Services, IA-6014/2024:

26. It is submitted that IDBI (Edelweiss Fund) was appointed as Debenture Trustee for the benefit of debenture holders of New Media Broadcasting Private Limited under a Debenture Trustee Agreement dated 18.02.2016. The PG executed an unconditional and irrevocable personal guarantee for repayment of the principal amount of debentures, along with interest, redemption premium, and other associated liabilities.

27. It is prayed that directions be issued that the associates of the PG under section 79(2) are not eligible to vote in terms of section 109(4)(b) of the IBC. The Repayment Plan and the voting thereon be set aside. It is prayed that an expert be appointed to conduct independent due diligence into the relationship between the PG, Sh Anil Kumar, Sh Sunil Jain, and the associates - Veena Investments Private Limited, Direct Media Distribution Ventures Private Limited, World Crest Advisors LLP, Lemonade Capital Advisors LLP, and Corpcall Capital Advisors LLP. The RP be directed to undertake asset tracing of the PG. The objections raised by IDBI Trusteeship Services are discussed in brief.

Repeated Objections Ignored by RP

28. From the very first Meeting of Creditors held on 18.09.2024, IDBI Bank consistently raised objections concerning the related party status of Veena Investments Private Limited, Direct Media Distribution Ventures Private Limited, and World Crest Advisors

LLP. These objections were reiterated via email dated 25.09.2024, with detailed familial and directorship links, and further raised in the subsequent Meeting of Creditors and e-mails of 30.10.2024. SEBI orders dated 12.06.2023 and 25.04.2023 were specifically cited to demonstrate the linkage of Lemonade Capital Advisors LLP and Corpcall Capital Advisors LLP to the PG's group companies. But all objections raised by IDBI and other financial creditors, regarding the inclusion of related parties in the List of Creditors, were disregarded by the RP. The RP failed to conduct any independent inquiry.

Admission of Dubious Claims without Due Diligence & Reliance on Unverified and Self-Serving Assertions

29. The RP admitted the claims of the following related parties without proper verification: Veena Investments Private Limited, Direct Media Distribution Ventures Private Limited, World Crest Advisors LLP, Lemonade Capital Advisors LLP, Corpcall Capital Advisors LLP. Additionally, claims filed by Mr. Anil Kumar and Mr. Sunil Jain, purportedly on behalf of 960 and 300 individuals from Haryana respectively, were also admitted without any ascertainable basis or verification, further distorting the voting composition.

30. No independent inquiry was undertaken by the RP to ascertain the nature of the relationships between the PG and the aforementioned entities. Instead, the RP merely relied upon unverified assertions made by the PG, including references to an alleged "family arrangement" between the PG and his brother Mr. Jawahar Goel. It was also claimed—without evidence—that common directors were "exclusive employees" of Mr. Jawahar Goel's business group and that a "no-poaching" policy existed. These self-serving contentions were accepted at face value by the RP, without any legal scrutiny or corroborative evidence.

Improper Inclusion of Related Parties in List of Creditors Entitled to Vote

31. The Repayment Plan is challenged on the ground that the RP, without conducting adequate due diligence, permitted associates of the PG to participate in the voting process, in contravention of Section 109(4)(b) read with Section 79(2) of the IBC. The claims of related and associate entities were improperly admitted, and these parties were erroneously allowed to vote, thereby materially prejudicing the rights and interests of legitimate financial creditors. The RP's failure to consider objections raised in this regard constitutes a violation of the provisions of the IBC and the principles of natural justice.

No Forensic Audit of PG's Assets

32. Despite the scale and complexity of the matter, no forensic audit or independent investigation into the assets, liabilities, and financial affairs of the PG was conducted—undermining the reliability of the proposed Repayment Plan.

Non-Compliance with Section 106(4) of the IBC

33. Section 106(4) of the IBC mandates that a meeting of creditors for consideration of the Repayment Plan must be held not earlier than 14 days and not later than 28 days from the date of submission of the report under Section 106(1). In the present matter, the Resolution Professional submitted the report under Section 106 on 17.10.2024. Accordingly, the meeting of creditors could not have been held before 30.10.2024. However, the meeting was conducted on 24.10.2024, in blatant violation of the statutory mandate.

Misplaced Reliance on Regulation 11(3)

34. The RP and PG have attempted to justify the shortened notice period by relying on Regulation 11(3) of the PG Regulations, citing a resolution passed at the first meeting on 18.09.2024. However, Regulation 11(3) applies only to the first meeting of creditors and does not override the clear statutory requirement under Section 106(4) for subsequent meetings. This reliance is wholly misplaced and unsustainable in law.

Lapses in Voting Process

35. The Repayment Plan was circulated to creditors on 17.10.2024, presented on 24.10.2024, and voting was scheduled to conclude by 30.10.2024—allowing a mere six days for evaluation of claims amounting to Rs. 21,697 crores. Further, incorrect e-voting credentials were issued to IDBI Bank, and despite prompt intimation, the RP failed to rectify the issue. These procedural lapses, coupled with the wrongful inclusion of related parties, rendered the process neither fair nor transparent.

Attempt to Circumvent Section 79(2)(g):

36. The RP and PG argue that Section 79(2)(g) is inapplicable since the PG does not hold direct shareholding in the associate entities. This argument is illusory and seeks to defeat the object of the provision. It implies that relatives of the PG (e.g., Smt. Sushila Devi or Shri Jawahar Goel) cannot vote in their personal capacity but may do so through

companies they own and control—such as Veena Investments, Direct Media, World Crest, Lemonade Capital, and Corpcall Capital. Such an interpretation negates the legislative purpose behind Section 79, which—as clarified in the BLRC Report—excludes participation of family members or associates whose votes may be inherently biased. The mischief rule must be applied to prevent circumvention. The Hon'ble Supreme Court has consistently applied this interpretive principle in cases involving exclusionary provisions, to uphold their underlying purpose and prevent abuse.

Payments under the Repayment Plan are Based on Uncertain Assumptions

37. The Repayment Plan contemplates payment of the first and second instalments from the sale of shares held by the PG in various companies. The plan, however, does not specify the amount expected from such sale or provide any mechanism for adjusting shortfall or excess. It does not offer any clarity on alternative sources of repayment. This speculative arrangement undermines the credibility and enforceability of the Plan.

RP's Failure to Act in a Fair, Transparent, and Unbiased Manner

38. Breach of Statutory Duty by RP: The RP is legally bound to act in a fair, impartial, and transparent manner and to conduct an independent assessment of the PG's affairs. In the present case, the RP has ignored all objections raised by financial creditors; relied exclusively on unverified representations made by the PG; failed to scrutinize the admission of claims by related parties.

Judicial Precedents being relied

39. In *Phoenix Arc Pvt. Ltd. v. Spade Financial Services Ltd.*, (2021) 3 SCC 475, the Hon'ble Supreme Court held that the exclusion of related parties must be interpreted purposively and in line with the Code's objective (Paras 99–104). In *Arun Kumar Jagatramka v. Jindal Steel and Power Ltd.*, (2021) 7 SCC 474, the Court emphasized that related parties—barred under Section 29A—cannot regain control indirectly, as this would defeat the intent of the IBC (Paras 53–54).

HDFC Bank Ltd, IA-6124/2024:

40. Financial facility was extended to Essel Corporate Resources P Ltd, against which the PG stood guarantee. It is prayed that directions be issued that the five entities—Veena Investments, Direct Media, World Crest, Lemonade Capital, and Corpcall Capital—are associates of the PG under section 79(2) of the IBC and hence ineligible to vote under

section 109(4)(b). Prayer is made for setting aside the Repayment Plan, fresh voting excluding the associates of the PG, and appointment of a forensic auditor to trace the PG's assets. An interim restraint on the RP from acting on the plan is sought along with directions for a due diligence report on the relationship between the PG and the associated entities. The objections raised by HDFC Bank are discussed in brief.

Evident Related Party Links Overlooked & Failure to Consider Objections Raised by Creditors

41. Due diligence conducted by the Bank revealed strong familial and corporate linkages between the PG and the five closely associated entities. Despite repeated objections, including emails dated 28.10.2024 and 29.10.2024, the Resolution Professional (RP) failed to examine their associate status or address these concerns in his Progress Report.

Improper Admission of Related Parties by the RP

42. Section 79(2), read with Rule 4 of the 2019 PG Rules and Section 5(24A), includes close relatives as associates. Entities controlled by the PG's family are thus ineligible to vote. The RP, without any due diligence, admitted and allowed the five associate entities — Veena Investments Pvt. Ltd., Direct Media Distribution Ventures Pvt. Ltd., World Crest Advisors LLP, Lemonade Capital Advisors LLP, and Corpcall Capital Advisors LLP— to vote, despite their evident association with the PG. These entities collectively held 61.78% of admitted claims and unduly influenced the vote.

No Forensic Audit or Asset Investigation Conducted

43. Given the history of the PG and the scale of claims, the RP ought to have initiated a forensic audit or independent investigation of the PG's assets. However, no such step was taken. Instead, the RP admitted the full claims of the five associate entities without scrutiny.

Procedural Irregularities & Violation of IBC Causing Prejudice to Genuine Creditors

44. The repayment plan was shared on 25.10.2024 and put to vote by 30.10.2024, allowing just six days for review, which was wholly inadequate. The process was rushed and lacked due diligence. The repayment plan was circulated and voted upon despite unresolved objections. The RP's actions violate the explicit bar under Section 109(4)(b) read with Section 79(2) of the IBC, which prohibits associates of the PG from voting. This

diluted the rights of genuine creditors, undermined the fairness of the process, and raised serious concerns about the RP's independence. There is also obvious violation of the principles of natural justice.

Failure of RP to Ensure Transparency and Due Diligence

45. The RP failed to discharge his statutory duties of care, impartiality, and transparency mandated under the IBBI Code of Conduct. Despite repeated objections from creditors, the RP conducted no independent verification and disregarded the concerns raised. Instead, he relied solely on the PG's self-declaration to admit the claims of entities associated with the PG, without any independent inquiry or due diligence.

46. Thus, it is submitted that the approval of the Repayment Plan stands vitiated due to wrongful inclusion of related parties, lack of transparency, and disregard for objections. Fresh voting excluding the five associate entities is sought.

Canara Bank, IA-6125/2024:

47. Canara Bank extended financial facility to Veria Lifestyle Inc (USA) and Veria International Ltd (Bermuda), for whom Dr Subhash Chandra, as its promoter stood as a personal guarantor. The Bank seeks appointment of an independent agency to conduct asset tracing from the date of issuance of the personal guarantee to the present, verify the erosion in net worth and its causes, examine the voting outcome by excluding the related parties and reassess the feasibility and fairness of the repayment plan. The objections raised by the Canara Bank are discussed in brief.

Claims of Related/Associate Entities of the PG

48. Veria Lifestyle, Veena Investments Pvt Ltd, Direct Media Distribution Ventures Pt Ltd, and World Crest Advisors LLP are related to the PG and fall within the definition of "associate" under Section 79(2) IBC. Despite repeated objections from multiple creditors, the RP admitted the claims of these related parties of the PG and placed them at par with secured creditors, without examining their relationships or intent.

Failure in Asset Verification and Conduct of Independent Investigation

49. The RP accepted at face value the PG's claim that assets have "evaporated" over six years, without forensic tracing or verification. The RP failed to conduct independent asset tracing/ verification exercise to reconcile asset disposals, despite the CA's Certificate of

06.07.2018 certifying the net worth of the PG at Rs 40,562 crores[14], which had been submitted to Canara Bank in connection with the Deed of Guarantee. Reference is also made to the certificate[15] dated 13.04.2017 submitted by the PG himself through his CA to RBL Bank, where his net worth was presented at USD 7.17 Billion (approx. Rs 45,888 crores) as against the alleged current net worth of Rs 31.79 crores (USD 4 million). No forensic investigation was undertaken to verify completeness or accuracy, trace high-value asset movements, or identify preferential/undervalued/fraudulent transactions within the look-back period under Section 66 IBC.

Failure in Addressing Creditors' Written Objections

50. Multiple creditors, including RBL Bank, HDFC Bank, IDBI Trusteeship, and IndusInd Bank, sent emails between 24.10.2024 and 31.10.2024 objecting to the alleged erosion of net worth; non-examination of related party relationships; lack of due diligence on unsecured loans and asset tracing; and insufficient time for deliberation before voting. Requests for independent investigation and extension of voting timelines were ignored. The RP responded only on 02.11.2024, after voting had concluded, brushing aside related party concerns as "already deliberated" without providing substantive verification.

Procedural Unfairness in Plan Approval

51. The RP, in collusion with the PG, conducted the voting process in a procedurally unfair and non-transparent manner. Multiple objections from financial creditors were ignored; creditors were denied reasonable opportunity to examine the PG's financial disclosures, and objections raised in meetings were neither discussed nor resolved. The process deprived creditors of the ability to give informed consent or dissent.

Conduct of RP in Meeting of Creditors – Callous and Evasive Responses

52. Minutes of the 18.09.2024 and 24.10.2024 meetings show that when creditors raised related party issues, the RP provided evasive answers, relied on "confirmations from the personal guarantor," and insisted on proceeding to vote citing the lapse of model timelines. The RP failed to share the basis for his conclusion that the above entities were unrelated, despite earlier assurances to re-examine the matter. RP's approach

[14] Certificate of the MPJ & Co. Chartered Accountants -Annexure 2 of the IA -6125/2024 at Pg 22-24
[15] email of RBL Bank dated 24.10.2024 to RP

demonstrates a lack of neutrality and acted in concert with the PG, consciously downplaying related party concerns, and rushing the process to secure plan approval.

RBL Bank, IA -246/2025:

53. RBL Bank along with Axis Bank has given loan to Veria Lifestyle Inc (USA), which has been guaranteed by the PG. It is stated that there are material irregularities and procedural lapses in the conduct of the personal insolvency resolution proceedings initiated against the PG particularly concerning the admission of claims from related parties, lack of verification, and unjustified approval of the Repayment Plan. The objections raised by RBL Bank are discussed in brief.

Improper Admission of Related Party Claims - Lack of Legal Basis and Verification

54. Several entities - Veena Investments Private Limited, Direct Media Distribution Ventures Private Limited, World Crest Advisors LLP, Lemonade Capital Advisors LLP, Corpcall Capital Advisors LLP - whose claims were admitted in full by the RP are related / associated with the PG. These entities hold significant equity in Essel Group ventures. The RP failed to examine the audited financial statements of these entities and undertake any due diligence to assess the independent status of these creditors. Instead, the RP relied solely on the PG's representation that, pursuant to a family settlement, these entities were no longer related—without offering corroborative evidence or third-party validation.

Voting Irregularities, Influence of Related Parties, Disregard of Objections by Creditors

55. The five related/associated creditors admitted by the RP were granted voting rights aggregating to 61.78%, thereby materially influencing the outcome of the vote on the Repayment Plan. The objections raised by the other creditors to their inclusion in List of Creditors were disregarded. Specific objection was raised by RBL Bank regarding the differential treatment of Axis Bank and RBL Bank, despite their co-lending relationship to Veria Lifestyle Inc.

Acceptance of Eroded Net Worth of the PG without Independent Analysis

56. The PG had submitted through his CA a certificate[16] dated 13.04.2017 to RBL Bank, stating his net worth at USD 7.17 Billion (approx. Rs 45,888 crores) as against the

[16] email of RBL Bank dated 24.10.2024 to RP- Page 15-16, Annexure A-6, in IA -246/2025

alleged current (2024) net worth of Rs 31.79 crores (USD 4 million). The alleged sudden erosion in the PG's declared net worth from Rs 45,888 crores in 2017 to Rs 31.79 crores in 2024, was accepted by the RP, without any accompanying forensic analysis. These objections were not addressed by the RP in any material form.

Failure to Ensure Transparency and Due Diligence -

57. Absence of Forensic Audit: Despite repeated demands by financial creditors including HDFC Bank and Franklin Templeton (emails dated 28.10.2024), the RP did not initiate a forensic audit of the Personal Guarantor's financial dealings; did not inquire into asset transfers or allegations of asset stripping; concluded, without basis, that the PG had "put everything he has" into the Plan. This conclusion is entirely speculative and unsupported by independent investigation.

Failure to include creditor observations and his responses in the final report under Section 114

58. The RP had stated in communications that he would include creditor observations and his responses in the final report under Section 114 of the IBC. However, the report filed before the Adjudicating Authority makes no mention of any objections raised by creditors including HDFC Bank, IDBI Trusteeship, and the Applicant.

Legal Violations and Procedural Lapses

59. The Repayment Plan is in contravention of Section 109(2) of the IBC, which prohibits related creditors from voting on the Plan. The RP's conduct reflects gross dereliction of duty under the IBC. The entire process is vitiated by serious irregularities and lacks transparency, fairness, and compliance with the principles of natural justice. The facts presented establish a clear pattern of procedural unfairness, lack of diligence, and undue influence by related parties in the approval of the Repayment Plan. The RP's conduct undermines the integrity of the insolvency resolution process.

60. Besides praying for setting aside the Repayment Plan and inquiring into the role and conduct of the RP, with a view to initiating disciplinary action for breach of statutory obligations, directions are sought for initiation of an independent forensic audit of the PG's assets and financial transactions from 2017 onwards, and submission of a revised resolution report, excluding improper claims and incorporating verified observations from dissenting creditors.

LIC Housing Finance Limited, Reply:

61. LIC Housing Finance Limited had extended loans aggregating to INR 980 Crores to M/s Vasant Sagar Properties Private Limited and M/s Digital Subscriber Management and Consultancy Services Private Limited, which were secured by the Personal Guarantor through Deeds of Guarantee. The objections raised by LIC Housing Finance Limited are discussed in brief.

Deficiencies in the Repayment Plan

62. The Repayment Plan does not provide for assured or unconditional repayment. The Plan expressly states: "The above amount is indicative; however, actual amount may be different depending on the actual price of the shares on the date of sale." This conditionality renders the proposed repayment speculative and uncertain. Moreover, the PG has attempted to represent an inflated figure of INR 1,494 Crores as repayment to creditors, suggesting it will be "facilitated" through the Principal Borrowers. However, the facilitation-based repayment construct does not satisfy legal obligations under the IBC. This approach improperly conflates the distinct liabilities of the Principal Borrowers and the Personal Guarantor. It is settled law, as held by the Hon'ble Supreme Court in *Lalit Kumar Jain v. Union of India*, (2021) 9 SCC 321, that *"The liability of a personal guarantor is co-extensive and enforceable independent of any resolution or recovery proceeding against the principal borrower or corporate debtor."*

Objections Raised by Creditors Against Inclusion of Related Party

63. Several financial creditors, including IDBI Trusteeship (on behalf of Edelweiss), RBL Bank, and HDFC Bank, raised repeated and substantiated objections to the inclusion of "associates" or "related parties" of the PG in the List of Creditors eligible to vote. These objections were recorded through Email dated 25.09.2024 (IDBI Trusteeship/ Edelweiss); Second Meeting of Creditors' Minutes dated 25.10.2024; Emails dated 24.10.2024, 28.10.2024, 29.10.2024, 30.10.2024, and 31.10.2024 (RBL Bank and HDFC Bank); Legal notice dated 30.10.2024 issued by HDFC Bank's legal counsel. But, despite these clear objections regarding the relationship of these entities with the PG, by way of family ties or business associations, the RP failed to conduct any verification by seeking evidence from independent sources.

Breach of Section 109 of the IBC

64. Section 109(2) of the IBC, read with Rule 4 of the Insolvency and Bankruptcy (Insolvency Process for Personal Guarantors to Corporate Debtors) Rules, 2019, explicitly bars any associate of the personal guarantor from participating in the vote on a Repayment Plan. But the RP permitted related entities to vote despite express objections and without disclosing a legal basis for doing so. This resulted in improper constitution of the Meeting of Creditors; inflated voting rights in favour of the Repayment Plan; and material prejudice to unrelated and bona fide financial creditors.

Conduct of the PG & RP

65. The conduct of the PG and the RP reflects a failure to uphold the principle of certainty and enforceability in the repayment structure; systematic disregard of objections raised by major institutional creditors; and a clear violation of statutory safeguards under Section 109 of the IBC.

66. Accordingly, it is prayed that the Repayment Plan be rejected as it fails to satisfy statutory requirements and lacks any enforceable commitment from the PG; that the votes cast by related/associate parties be excluded with consequent reconstitution of the List of Creditors; that an independent verification/forensic review be initiated into the relationship between the related/ associate entities and the PG; and that the RP be held accountable for failing to discharge statutory duties, suppressing creditor objections, and permitting procedurally invalid voting.

Union Bank of India, IA-1097/2025:

67. Credit facilities were given by Union Bank of India (UK) to Veria Lifestyle Inc (USA), which was secured by a Personal Guarantee executed by the PG, alongside other corporate guarantees. As per the Credit Arrangement Letter dated 12.09.2016, at the time of the sanction, the PG's net worth was USD 2.9 billion. The objections raised by the Union Bank of India are discussed in brief.

Non-Disclosure of Diminished Net Worth

68. The Repayment Plan fails to explain the drastic erosion in his net worth between 2016 and 2024. The RP did not undertake independent due diligence to verify the current asset position of the PG and has relied solely on self-declared data. No forensic audit, asset verification, or investigation was conducted despite substantial discrepancies being evident on the face of the records.

Improper Admission of Related Party Creditors

69. Entities Veena Investments Pvt Ltd, Direct Media Distribution Ventures Pvt Ltd and World Crest Advisors LLP, allowed in the List of Creditors and having significant voting rights, are closely associated with the PG. The directors in these entities have either familial ties with the PG or they are common to several entities of the Essel Group. Despite their evident connections, no verification or independent confirmation was sought by the RP. These creditors were permitted to vote without scrutiny.

Admission of Unsubstantiated Claims

70. Claims of Mr. Anil Kumar (representing 960 individuals) and Mr. Sunil Jain (representing 300 individuals) were admitted based on verbal assurances, without any documentary evidence. This violates the IBC framework, which mandates claims be substantiated with documentation.

Objections Raised by Financial Creditors Ignored

71. Several objections were raised about the related parties, particularly regarding the admission of claims and inclusion in the List of Creditors. These concerns were raised by IDBI Trusteeship/Edelweiss on 25.09.2024; in the Meeting of Creditors on 18.09.2024 and 24.10.2024; emails from HDFC Bank and RBL Bank on 28.10.2024 to 31.10.2024 and Legal notice issued by HDFC Bank's legal counsel on 30.10.2024. However, despite repeated objections, the RP took no remedial action, and no report was prepared to address these concerns. The request for due diligence on Lemonade Capital Advisors LLP and Corpcall Capital Advisors LLP also which were ignored.

Judicial Precedents Ignored

72. The Hon'ble Supreme Court in *Phoenix ARC Pvt. Ltd. v. Spade Financial Services Ltd.*, (2021) 3 SCC 475, held: "*The Committee of Creditors must comprise of only genuine, independent creditors. Related parties with persuasive influence should be excluded to prevent sabotage of the resolution process*." In the present case, the RP has violated Section 109(4) of the IBC by including related parties in the Meeting of Creditors, thereby affecting the integrity of the process and prejudicing unrelated, bona fide creditors.

Non-Compliance with IBC Procedures and Timelines

73. The Repayment Plan was submitted on 16.10.2024, the report under Section 106 filed on 17.10.2024, and creditors were notified of the next meeting (scheduled on 24.10.2024) on the same day—allowing only 6 days to review the Plan. This violates Section 106(4) of the IBC, which mandates a minimum 14-day period between submission of report and Meeting of Creditors. Though creditors requested more time, the RP only extended the voting window to 01.11.2024, which included Diwali (31.10.2024), further limiting review time.

Non-Disclosure of Material Assets and Improper Exclusions

74. The Repayment Plan excludes certain assets without explanation, including investment in Subhash Chandra & Sons (Rs. 9,85,033), listed under current assets but not included in the Repayment Plan; residential property valued at Rs. 25 Crores, which exceeds the Rs. 20 lakh limit under Rule 5 of the Personal Guarantor Rules, 2019 for excluded assets; excess value must be added to the repayment pool, and failure to do so renders the Plan non-compliant with Section 79(14) IBC

Conduct of the RP

75. The conduct of the RP reveals procedural violations (with respect to timeline and notice period); admission of related party claims without inquiry; improper exclusion of assets; acceptance of inflated and unverifiable declarations in the Repayment Plan and dereliction of his statutory duties.

Parallel Litigation in the USA

76. On 02.05.2025, before this Tribunal, PG stated that the security with the Canara bank and Union Bank of India was sufficient to cover the liabilities, whereas in connection with a loan default case, filed in Sullivan County Supreme Court, New York against Veria entities and the PG, by Canara Bank (New York) and Union Bank of India (UK), recovery proceedings have been challenged before the New York Appellate Division.

77. Thus, the Repayment Plan submitted by the PG is materially non-compliant with the provisions of the IBC and warrants rejection. The RP failed to conduct proper due diligence, admitted claims from entities with demonstrable links to the PG in violation of Section 109(5), and relied solely on unverified disclosures from the PG instead of a forensic audit or independent verification of assets. Further, the key assets exceeding the exclusion limits under Rule 5 read with Section 79(14) of the IBC were omitted from the

Plan without justification, and claims lacking documentary proof were admitted without scrutiny. It is therefore prayed that the Plan be rejected, related party votes excluded, a forensic audit ordered, and all creditor claims and excluded assets reassessed in compliance with statutory obligations.

IDBI - Franklin Templeton, Reply:

78. IDBI Trusteeship is a Debenture Trustee, in relation to unlisted redeemable debentures issued by Essel Infraprojects Ltd to Franklin Templeton Mutual Fund, for which the PG executed a deed of guarantee in June 2019. IDBI extended the facility and subscribed to the debentures based on representations and assurances provided by the PG in his capacity as a promoter of the Zeel Company. It is submitted that the repayment plan is vitiated by procedural illegality and should be rejected in its entirety. Further, independent forensic audit and reassessment of creditor claims, excluding related parties, is imperative before any further consideration. The objections raised by the IDBI are discussed in brief.

Conduct of the RP

79. The RP conducted the Insolvency Resolution Process in a hurried, opaque, and biased manner, contrary to the purpose and object of the IBC. The process was gravely prejudicial to creditor interests and marked by non-transparency and dereliction of statutory duties.

Indiscriminate Admission of Claims & Failure to Address Creditor Objections

80. RP admitted all the claims, including disputed related party claims, without proper verification or enquiry. Paragraph 5 of the RP's application admits that claims were accepted "despite objections" to avoid delay, an approach contrary to the RP's statutory duties. Multiple objections were raised by creditors, particularly HDFC Bank Ltd and IDBI Trusteeship Ltd, regarding the admission of related party claims. Communications dated 25.09.2024, 28.10.2024, and 29.10.2024, explicitly raising concerns over related parties, were suppressed in the RP's application and report. The RP failed to provide any substantive consideration or reasoned determination of these objections.

Failure to Exclude Associate/ Related Parties from Voting Process

81. Documentary evidence, comprising annual reports, subsidiary relationships and security arrangements, clearly establishes related party status of Veena Investments Pvt. Ltd, Direct Media Distribution Ventures Pvt Ltd, World Crest Advisors LLP, Lemonade Capital Advisors LLP, and Corpcall Capital Advisors LLP. However, these entities were permitted by RP to participate in the voting process. The RP rejected the objections of the creditors by citing an unsubstantiated "family arrangement" between the PG and Sh Jawahar Goel, despite both being brothers.

Failure to Conduct Forensic Audit

82. Despite explicit objections from creditors and SEBI's ongoing investigation into siphoning of funds within the Essel Group, the RP failed to undertake independent measures, including the appointment of a forensic auditor, to ascertain any diversion or leakage of assets by the PG. Instead, the RP proceeded on the unverified assumption that the representations made by the PG were accurate. The Statement of Affairs filed under Section 107 was prepared solely on the basis of information furnished by the PG, without any independent scrutiny or corroboration. This omission resulted in the RP failing to establish the true and correct state of affairs and the actual asset base of the PG.

83. The suppression of material facts including objections raised by creditors, failure to undertake independent investigation / verification before admission of claims, inclusion of related parties in the voting process, and opaqueness in the entire process constitute grave breach of statutory duties of the RP.

STCI Finance Ltd, IA-274/2025:

84. STCI Finance Ltd filed this application challenging rejection of its claim as a secured creditor by the RP. STCI Finance Ltd had granted loans of Rs 250 crores to Essel Corporate Resources Private Limited and Jayneer Infrapower & Multiventures Private Limited (companies of Zee group) in March 2018, which was secured through a mortgage created by Dr Subhash Chandra, the PG here, who deposited the title deed of his property, (Bungalow No. 1, Jolly Maker I, Cuffe Parade, Mumbai and two garages bearing No. B-1 in the Jolly Maker I Premises Cooperative Society Ltd.) as collateral.

85. Upon failure of the borrowers to maintain a minimum asset cover, the loans were recalled in May 2019 and subsequently classified as NPAs from March 2020. Recovery was initiated under the SARFAESI Act and proceedings were also filed under section 7 of

the IBC against the borrowers. Following initiation of insolvency resolution proceedings against Dr Subhash Chandra as PG in April 2024 by India Bulls Housing Finance Ltd, and RP's invitation to the creditors to submit claims, STCI Finance Ltd filed its claim in Form B. It also reserved its right to enforce the mortgage and withhold consent for inclusion of the mortgaged property in any repayment plan without its approval. The objections raised by STCI Finance Ltd are discussed in brief.

Rejection of Claim by RP

86. However, the RP rejected STCI's secured creditor claim solely on the basis of objections raised by Dr Chandra, without conducting any independent verification or considering evidence presented by STCI. The RP failed to address IBC provisions defining secured creditors under sections 3(10), 3(30), and 3(31), despite the undisputed existence of a registered mortgage in STCI's favour.

Procedural and Substantive Deficiencies & Conduct of RP

87. RP's conduct demonstrates lack of impartiality, failure to adhere to statutory duties, and disregard for the requirement under Section 110(5) of the IBC that a secured creditor's concurrence is necessary when its enforcement rights are affected by a repayment plan.

88. STCI Finance Ltd has prayed for quashing of the RP's rejection of its claim, its inclusion as a secured creditor to the extent of the realizable value of the mortgaged property; removal of the current RP and appointment of an impartial RP. In the alternative, exclusion of the mortgaged property from the repayment plan, or protection of STCI's enforcement rights if included, is also sought.

Analysis & Findings

89. It is thus observed that several creditors raised various issues repeatedly during the proceedings, requiring the RP to pay heed, conduct independent investigation/ verifications to ascertain the veracity of claims of all the creditors , exclude the parties associated/ related to the PG from the Meeting of Creditors, appoint independent forensic auditor and asset tracing agency for determining the true net worth of the PG and trace his assets in the wake of substantially reduced net worth / assets reported by him.

90. Before us, the creditors opposing the Repayment Plan have also highlighted the conduct of the RP, who conducted the proceedings in haste and opaque manner, disregarding their objections raised therein, which were critical to the outcome of the IRP. Various instances are cited that illustrate the lack of transparency, impartiality and fairness of the RP. These creditors have also drawn attention to violations of statutory provisions of the IBC and various procedural irregularities, that render the IRP void ab initio. Defects are also pointed in the Report of the RP and the Repayment Plan of the PG. Each of these issues are considered after perusal of all the material on record and the submissions of all the parties.

Admission of Claims Without Due Diligence and Independent Verification

91. This issue has not been specifically dealt by the Learned Judicial Member, though the objection has been raised by the creditors opposed to the Repayment Plan. Hence, this aspect is examined here.

92. Before admitting the debt, the RP was required to examine all the claims made by the parties as creditors of the PG. This entailed examining the veracity of the transactions including documentations, that had given rise to the debtor-creditor relationship. For transparency and fairness, all the requisite documents on the basis of which the RP admitted the claims were required to be disclosed and placed before the creditors for their perusal, but which does not appear to have been done. Admittedly, the RP has accepted claims 'despite objections' on the grounds of avoiding 'delay', whereas acceptance of claims is to be based on due diligence and proper verification by the RP. Subsequently, the RP has also claimed that the admission of the claims is in order, but these are based on confirmations from the PG, which is evidently self-serving, given that those parties are stated to be related to the PG.

93. Claims of 3 entities, Veena Investments Pvt Ltd, Direct Media Distribution Ventures Pvt Ltd, World Crest Advisors LLP are under consideration. Direct Media Distribution Ventures Pvt Ltd and World Crest Advisors LLP are subsidiaries of Veena Investments Pvt Ltd, which is controlled by Smt Sushila Devi Goel, wife of Sh Jawahar Goel, who is brother of the PG. The claim of these entities is based on the letter of indemnity and deed of guarantee given by the PG to them, with reference to their pledge of shares in other related companies to the IndusInd Bank, for loan advanced by the bank to another group entity (Spirit Textiles P Ltd). But, the financial statements/statement of accounts

of the 3 entities for the preceding years, as available on the MCA website[17], does not record any such liability of the PG. Also, the nature of the alleged guarantees is evidently extortionate since besides repayment of the invested amounts in the pledged shares, there is a promise of windfall gains to the entities in the form of interest of 12% from the date of invocation. It is also a matter of fact that the guarantees by the 3 entities were invoked after the interim moratorium came into operation, making the invocation void. All these facts lend credence to the alleged guarantees being collusive contracts between the PG and the 3 entities, contrived to create artificial debt in favour of the related parties. Without considering these relevant facts and without any supporting documentation to demonstrate the existence of a valid and enforceable liability of the PG, and only on the basis of mere assertions, the RP has admitted the claims of these 3 entities.

94. Claims of 2 entities, Lemonade Capital Advisors LLP, and Corpcall Capital Advisors LLP: The claim of these entities is based on the deed of guarantee given by the PG to them in connection with the loan taken by Churu Enterprises LLP, another related entity of the group. The close relation between these 2 entities and the PG is further established as the partners of these 2 entities are directors in companies that are reported as 'other related parties' in the consolidated financial statement[18] of Veena Investments Pvt Ltd for FY 2020-2021. Here too, the guarantees by the 2 entities were invoked after the interim moratorium came into operation, making the invocation void. Therefore, there is sufficient reason to infer that the alleged guarantees were also collusive contracts between the PG and the 2 entities, devised with an intent to create artificial debt in favour of the related parties. However, without considering the relevant facts and without examining any supporting documentation to demonstrate the existence of a valid and enforceable liability, and only on the basis of mere assertions of the PG, the RP has admitted the claims of these 2 entities.

95. Claims filed by Mr. Anil Kumar and Mr. Sunil Jain on behalf of 960 and 300 individuals from Haryana respectively: RP had admitted the claims without carrying out any due diligence into the relationship of these individuals with the PG, and ascertaining how these debts were created. No documentary evidence is brought on record by the RP

[17] As per Annexure 17 attached to IA no. 134/2025 of IndusInd Bank
[18] Page 269 of Application of IndusInd Bank Ltd in IA 134/2025

Apparently, the unsubstantiated claims are admitted on mere verbal assurances. This is in complete violation of the IBC framework, which mandates all claims to be substantiated with documentation.

Failure to Exclude Associate/ Related Parties from the Meeting of Creditors and Allowing their Participation in the Voting Process in Violation of Section 109(4)(b) of the IBC

96. The issue with respect to the inclusion of five related entities in the Meeting of Creditors has been dealt by the Learned Judicial Member, but I respectfully disagree with his findings. The issue of including two individuals (acting on behalf of several others), in the Meeting of Creditors has not been dealt by the Learned Judicial Member.

97. After admitting the unsubstantiated and unverified claims of the related/ associate parties, the RP included them in the Meeting of Creditors and permitted them to vote on the Repayment Plan. Documentary evidence, comprising annual reports, subsidiary relationships and security arrangements, clearly establishes the related party status of Veena Investments Pvt Ltd, Direct Media Distribution Ventures Pvt Ltd, World Crest Advisors LLP, Lemonade Capital Advisors LLP, and Corpcall Capital Advisors LLP. But the RP brushed these facts aside and relied on the contention of the PG that pursuant to a 'family settlement', Veena Investments Pvt Ltd, Direct Media Distribution Ventures Pvt Ltd and World Crest Advisors LLP were no longer related to him. No details on terms of 'family settlement' were however provided/ discussed. With regard to Lemonade Capital Advisors LLP, and Corpcall Capital Advisors LLP, the orders of the SAT dated 10.07.2023 and 30.10.2023 passed in connection with the orders of the SEBI dated 12.06.2023 and 14.08.2023 respectively were relied upon by the RP and the PG to contend that they were unrelated third parties.

98. Before proceeding further, it will be relevant to note that family arrangements do not take away the family ties or relations referred in the IBC. The statute does not provide for such exceptions/ exclusions from the definition of related/ associate persons. Veena Investment Pvt Ltd is controlled by Smt Sushila Devi Goel, wife of Sh Jawahar Goel, who is brother of the PG. The wife of PG's brother is a relative/associate in terms of Explanation (b) to section 5(24A) read with Explanation (ii) to section 79(2) and Rule 4 of the Insolvency & Bankruptcy (Application to Adjudicating Authority for Bankruptcy Process for Personal Guarantors to Corporate Debtors) Rules, 2019.

99. The creditors opposing the Repayment Plan have contended before us that, since the majority of shares in Veena Investment Pvt Ltd are held by PG's brother's wife, the company and its subsidiaries ought to be treated as an associate of the Personal Guarantor.

100. In this regard, the Learned Judicial Member has held that, as the Debtor (PG) himself does not own any share capital in Veena Investment, it would be "**difficult to take a view that Veena Investment and its subsidiaries, viz. Direct Media or World Crest, can be treated as associate qua the Debtor**." The Learned Judicial Member has referred to Section 79(2)(g) of the Code, which defines an "*associate of the debtor*" to mean—"*a company where the debtor or the debtor along with his associates, owns more than fifty percent of the share capital of the company or controls the appointment of the board of directors of the company*." After a detailed exposition on the jurisprudence surrounding statutory interpretation and a review of various judicial precedents, the Learned Member has concluded that "**the provision nowhere indicates that even such company where only the associate of the Debtor holds 51% shares can also be treated as associate**" of the Debtor.

101. While I agree with the principles of statutory interpretation articulated by the Learned Judicial Member, I am unable to concur with his ultimate conclusion on Section 79(2)(g). Accepting his construction would mean that the wife of the Debtor's brother qualifies as an 'associate', yet a company where she is a majority shareholder would not, simply because the Debtor himself holds no shares in it.

102. Such a distinction produces an absurd outcome: any person who is an associate in her individual capacity could sidestep the statutory consequences that attach to that status merely by conducting dealings through a company. That result cannot have been intended by the legislature. Accordingly, Section 79(2)(g) must be construed purposively to encompass any company over which an associate wields control, lest the very mischief the provision aims to prevent, be allowed to persist through a corporate veil.

103. The interpretive question turns on the phrase in Section 79(2)(g) that defines an "*associate*" as a company "*where the debtor or the debtor along with his associates owns more than fifty per cent of the share capital*." This clause has two distinct limbs:

- **Sole ownership limb** – the debtor alone holds > 50 % of the shares.

- **Combined-ownership limb** – the debtor, together with his associates, holds > 50 % of the shares.

The first limb covers cases where the debtor alone holds a majority stake, while the second limb captures situations in which an associate—either independently or together with the debtor—owns the majority stake.

104. Because it is a common ground that the Debtor holds no shares in Veena Investment, the first limb is inapplicable. The issue, therefore, is whether the second limb extends to a company in which the Debtor holds no personal stake, but an individual who is indisputably his associate—here, the wife of his brother—holds the controlling interest.

The words "*the debtor **along with** his associates*" literally mean 'the debtor, together with (or in addition to)[19] his associates', and they impose no requirement that the debtor himself must own a minimum number of shares. The statutory threshold is satisfied so long as the combined holding exceeds 50%. Even zero holding by the debtor still falls within "*the debtor along with his associates*."

105. While the Debtor's connection to the company must indeed be established, it need not take the form of direct share ownership. The necessary nexus is supplied by the associate's stake: through that associate, the company is effectively brought within the debtor's sphere of influence. Whenever the associate—whether alone or together with the Debtor—holds more than 50 % of the share capital, the company meets the definition of an "*associate*."

106. **To insist that the debtor must hold at least some shares would create an untenable anomaly: a company in which the debtor owns 0.00001% and his associate owns 50% would qualify as an 'associate', whereas a company wholly owned (100 %) by the associate would not. Such an interpretation would frustrate the very aim of Section 79(2)(g) by allowing the provision to be circumvented with ease.** A purposive construction of section 79(2)(g) must therefore treat Veena Investment Pvt Ltd —and, by extension, its subsidiaries—as associates of the Debtor.

107. With respect to Lemonade Capital Advisors LLP and Corpcall Capital Advisors LLP, their close relation with the PG is clearly discernible. The partners of these firms also serve as

[19] "Along with" construed as 'in addition to' in THE MAJOR LAW LEXICON by P Ramanatha Aiyar: Lexis Nexis Ed. 2010: citing *Pilkington v Myers 78 LT 720*

directors in companies that are disclosed as "other related parties" in the consolidated financial statements[20] of Veena Investments Pvt Ltd for FY 2020–2021.

- Lemonade Capital Advisors LLP
    - *Sh. Ravindra Pashte* – Partner; also Director in Living Entertainment Enterprises Pvt Ltd
    - *Sh. Naresh Manohar Ingale* – Partner; also Director in Living Entertainment Enterprises Pvt Ltd. and Ekmart Trading Pvt Ltd
- Corpcall Capital Advisors LLP
    - *Sh. Vijay Bhujbal* – Partner; also Director in Essel Highways Ltd and Essel Infraprojects Ltd

Notably, both Living Entertainment Enterprises Pvt Ltd and Essel Infraprojects Ltd are reported as "other related parties" in the consolidated financial statements of Veena Investments Pvt Ltd for FY 2020–2021.

108. The association of the PG with Lemonade Capital Advisors LLP, and Corpcall Capital Advisors LLP is also established by the claim of these entities that the alleged Deed of Guarantee was executed in their favour by the PG for the loans availed by Churu Enterprises LLP, another related entity of the group and also reported as 'other related parties' in the consolidated financial statement[21] of Veena Investments Pvt Ltd for FY 2020-2021.

109. The inclusion of Mr. Anil Kumar and Mr. Sunil Jain (on behalf of 960 and 300 individuals from Haryana respectively) in the Meeting of Creditors is also not in order since their admission of claims itself was under cloud in the absence of documentations relating to their relationship with the PG, and arising of debts.

Failure to Appoint an Independent Forensic auditor and Asset Tracing agency to conduct investigation into the assets of the PG and ascertain his real net worth

110. This issue has not been dealt by the Learned Judicial Member. As per the PG, his current net worth was Rs 31.79 crores. This was readily accepted by the RP though there were repeated requests by the creditors to appoint an independent forensic auditor and asset

[20] Page 269 of Application of IndusInd Bank Ltd in IA 134/2025
[21] Page 269 of Application of IndusInd Bank Ltd in IA 134/2025

tracing agency to conduct investigation into the assets of the PG and ascertain his real net worth.

111. The net worth certificate of 2017 provided to RBL Bank recorded PG's net worth at USD 7.17 Billion (approx. Rs 45,888 crores). The net worth certificate of 2018, provided to Canara Bank stated PG's net worth at Rs. 40,562 crores. Details of assets including immovable properties and investment in quoted company shares were mentioned in the certificate. These documents were required to be considered to arrive at the real net worth by an independent forensic auditor and asset tracing agency.

112. But RP did not initiate a forensic audit of the Personal Guarantor's financial dealings, did not inquire into asset transfers or allegations of asset stripping. No attempt was made by him to trace high-value asset movements, or preferential/undervalued/fraudulent transactions within the look-back period under Section 66 IBC. RP concluded, without basis, that the PG had "put everything he has" into the Plan, which in fact was a 99.9% haircut.

Denial of Sufficient Time for Deliberation and Voting by RP

113. This important issue has also not been dealt by the Learned Judicial Member. The RP conducted the proceedings hastily and did not give adequate time to the creditors for consideration and deliberation. The Repayment Plan was submitted on 16.10.2024 by the PG and the RP's report under section 106 was filed on 17.10.2024. The Meeting of Creditors was convened on 24.10.2024, allowing mere six days for consideration for evaluation of claims amounting to Rs. 21,697 crores. Upon repeated request of the creditors, the voting period from 25.10. 2024 to 30.10.2024 was extended to 31.10.2024, a Diwali public holiday, further limiting creditor participation.

114. RP has violated section 106(4) of the IBC, which mandates a minimum 14-day period between submission of report and Meeting of Creditors. The notice period of 14 days mandated under section 107(1) was also violated since only six days' notice was given to the creditors.

Deficiencies in the Repayment Plan: Based on Uncertain Assumptions, Non-Disclosure of Material Assets, Improper Exclusions

115. This is another issue that has not been dealt by the Learned Judicial Member. The Repayment Plan suffers from incurable defects. It does not provide for assured or

unconditional repayment. The Plan expressly states: “The above amount is indicative; however, actual amount may be different depending on the actual price of the shares on the date of sale.” This conditionality renders the proposed repayment speculative and uncertain.

116. Further, PG has stated that he will facilitate payment of Rs 1,494 crores through the principal borrowers, which he otherwise claims as not associated/related to him. In any case, these claims are without any legal basis and hence meaningless.

117. The Repayment Plan excludes certain material assets without explanation. There are also errors in exclusions. Due diligence was required by the RP to ensure that all assets of the PG were correctly disclosed and exclusions were strictly as per section 79(14) of the IBC. However, we note that the investment of Rs. 9,85,033 in Subhash Chandra & Sons listed under ‘current assets’, is not included in the Repayment Plan.

118. It is further noted that the value of personal ornaments claimed as an excluded asset under Section 79(14)(c) is Rs 9,81,329, which exceeds the permissible limit of Rs 1 lakh prescribed under Rule 5(a) of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019. Likewise, the residential property claimed as an excluded asset under Section 79(14)(e) has been valued at Rs. 25 Crores, which exceeds the ceiling of Rs 20 Lakhs stipulated under Rule 5(b)(i) of the said Rules. These material irregularities in disclosure and the improper classification of assets as excluded, render the Repayment Plan defective and non-compliant with Section 79(14) of the Insolvency and Bankruptcy Code, 2016

119. The PG also did not disclose the correct facts relating to parallel litigation in the USA, where in connection with the loan default, a suit was brought by Canara Bank and Union Bank of India against Veria entities (related party) and the PG. The recovery proceedings have been challenged by the PG, which is bound to have implications on the enforceability of the Repayment Plan. These aspects have not been considered by the RP.

Claim of STCI Finance Ltd

120. This issue has been partly dealt by the Learned Judicial Member, and I respectfully, disagree. STCI Finance Ltd has filed this application challenging rejection of its claim as a secured creditor by the RP. STCI Finance Ltd had granted loans of Rs 250 crores to Essel

Corporate Resources Private Limited and Jayneer Infrapower & Multiventures Private Limited (associates of the PG) in March 2018, which was secured through a mortgage created by Dr Subhash Chandra, the PG here, by deposit of the title deed of his property, (Bungalow No. 1, Jolly Maker I, Cuffe Parade, Mumbai and two garages bearing No. B-1 in the Jolly Maker I Premises Cooperative Society Ltd.) as collateral.

121. STCI Finance Ltd filed its claim in Form B. It also reserved its right to enforce the mortgage and withhold consent for inclusion of the mortgaged property in any repayment plan without its approval. However, the RP rejected STCI's secured creditor claim solely on the basis of objections raised by the PG, without conducting any independent verification or considering evidence presented by STCI. The RP failed to address IBC provisions defining secured creditors under sections 3(10), 3(30), and 3(31), despite the undisputed existence of a registered mortgage in STCI's favour.

122. STCI Finance Ltd has prayed for quashing of the RP's rejection of its claim, its inclusion as a secured creditor to the extent of the realizable value of the mortgaged property and in the event of not participating in voting, strict adherence to provision of section 110(5) of the IBC, which the RP has disregarded.

123. The Learned Judicial Member has disposed the application of STCI Finance Ltd stating that there is no infirmity in the decision of the RP to not admit its claim. However, since the value of the property exceeded Rs 20 lakhs, it could not have been treated as an excluded asset under Rule 5 of the 2019 Rules. Consequently, the RP was required to consider it within the Repayment Plan. Further, under Section 110(5) of the IBC, the concurrence of the secured creditor was mandatory where such creditor did not participate in the voting.

Non-compliance with mandatory provisions of the IBC render the IRP void ab initio

124. This issue has not been dealt by the Learned Judicial Member. Several provisions of the IBC have been violated by the RP.

Violation of **section 100(2)**: Though instructions were issued for the purpose of conducting negotiations between the creditors and the PG for arriving at a Repayment Plan, RP did not facilitate the same.

Violation of **section 106(4)(a)**: Meeting is required to be held on a date not less than 14 days and not more than 28 days from the date of submission of report by the RP under section 106(1). Since the RP submitted the report under Section 106(1) on 17.10.2024, the Meeting of Creditors could not have been held before 30.10.2024, but the meeting was conducted on 24.10.2024, in blatant violation of the statutory mandate.

Violation of section **106(4)(b)**: RP is required to consider the convenience of creditors in fixing the date and venue of the meeting of the creditors. That this was not so is evident from the request of several independent creditors to extend the meeting dates.

Violation of **section 107(1)**: Though a notice period of 14 days before fixing the date for meeting of the creditors is required to be given, RP gave just about 6 days' notice.

Violation of **section 108(4)**: The Meeting of the Creditors may be adjourned by the RP for sufficient cause for a period of not more than 7 days at a time. The RP fixed the meeting date for voting on the Repayment Plan and initial time period was till 30.10.2024. Request by some of the independent creditors to extend the voting time was considered perfunctorily, by extending the voting-time only by a day, which also happened to be Diwali holiday.

Misplaced Reliance on **Regulation 11(3) -**The RP and PG have attempted to justify the shortened notice period by relying on Regulation 11(3) of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019, citing the resolution passed at the first meeting on 18.09.2024 to reduce the notice period. However, Regulation 11(3) applies only to the first Meeting of Creditors and does not override the clear statutory requirement under Section 106(4)(a) for subsequent meetings.

Breach of **section 109(4)(b) read with Rule 4 & Explanation (b) to section 5(24A)**: Section 109(4)(b) of the IBC, read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019, explicitly bars any associate of the PG from participating in the vote on Repayment Plan. But the RP permitted related entities to vote despite express objections and without disclosing a legal basis for doing so. The constitution of the Meeting of Creditors was vitiated by inclusion of associates of the debtor, which is specifically prohibited.

Violation of **section 79(14) read with Rule 5**: Key assets exceeding the exclusion limits under Rule 5 of Insolvency and Bankruptcy (Application to Adjudicating Authority for

Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019 read with Section 79(14) of the IBC were omitted from the Plan.

Violation of **section 110(5)**: In respect of one secured creditor, who did not participate in the voting, the required concurrence was not obtained, even though mandated by section 110(5).

125. Judicial precedent ignored: The judgment of the Hon'ble Supreme Court in *Phoenix Arc Pvt Ltd. v Spade Financial Services Ltd*[22] where it was held that the exclusion of related parties must be interpreted purposively and in line with the Code's objective (Paras 99–104) has been completely ignored by the RP.

Procedural Irregularities

126. This issue has not been dealt by the Learned Judicial Member. The facts presented establish a clear pattern of procedural unfairness, lack of diligence, and undue influence by related parties in the approval of the Repayment Plan. The process adopted by the RP is vitiated by gross procedural irregularities, undermining the integrity of the proceedings.

127. Claims were admitted in respect of 5 related/associated parties without any supporting documentation to demonstrate the existence of a valid and enforceable liability of the PG. In respect of 2 individuals appearing on behalf of several other individuals, claims based on vague "assurances" and informal pledges were admitted. No date or documentation of these assurances is brought out by the RP.

128. No opportunity was given to creditors to negotiate or scrutinize the Plan. Only 6 days was allowed for review of the Repayment Plan where claims amounted to Rs. 21,697 crores. The extension of the voting period by a day was a public holiday on account of Diwali festival. The RP was careless in issuing incorrect e-voting credentials in case of one creditor and took time in rectifying his mistake. Requests for independent investigation and extension of voting timelines were ignored.

129. Several creditors had repeatedly objected to the inclusion of associated entities in the Meeting of Creditors, but the RP responded only on 02.11.2024, after voting had concluded, brushing aside related party concerns as "already deliberated" without

[22] (2021) 3 SCC 475

providing substantive verification. RP provided evasive answers, relied on "confirmations from the personal guarantor," and insisted on proceeding to vote citing timelines.

130. The RP failed to share the basis for his conclusion that the entities, whose inclusion in the Meeting of Creditors was being objected, were unrelated. RP had stated in his communications that he will include creditors' observations and his responses in the final report under Section 112 of the IBC report filed before the Adjudicating Authority, but he failed to do so.

131. Creditors were denied reasonable opportunity to examine the PG's financial disclosures, and objections raised in meetings were neither discussed nor resolved. RP refused to grant time in response to the express requests of several creditors for deferring the voting process to allow meaningful deliberations, verification of related party claims, and their inclusion in the Meeting of Creditors, whereas he could have done so under section 108(4) of the IBC.

Conduct of RP - Impartiality and Fairness under Cloud

132. This issue has not been dealt by the Learned Judicial Member. It is evident from the proceedings that RP failed to discharge his statutory duties of care, impartiality, and transparency mandated by the IBC. He conducted the Insolvency Resolution Process in a hurried and opaque manner.

133. He admitted accepting claims "despite objections" on the grounds of avoiding delay, which is contrary to the RP's statutory duties. RP did not conduct any independent inquiry, verification, due diligence to admit the claims of several entities into the List of Creditors. Despite the clear demonstrable relationship of these entities with the PG, by way of family ties or business associations, RP made them a part of the Meeting of Creditors and allowed them to vote on the Repayment Plan.

134. RP disregarded the objections of independent creditors communicated through email dated 25.09.2024 (IDBI Trusteeship/ Edelweiss); Second Meeting of Creditors' Minutes dated 25.10.2024; emails dated 24.10.2024, 28.10.2024, 29.10.2024, 30.10.2024, and 31.10.2024 (RBL Bank and HDFC Bank); and legal notice dated 30.10.2024 issued by HDFC Bank's legal counsel.

135. The RP relied solely on un-substantiated assertions of the PG, instead of conducting a forensic audit or independent verification to ascertain his assets / net worth. RP's conduct is suggestive of premeditated effort to secure Repayment Plan approval. His approach demonstrates a lack of neutrality and does not inspire confidence.

Whether the Repayment Plan approved in the Meeting of Creditors can be rejected by the Appropriate Authority under section 114 of the IBC

136. The Learned Judicial Member has recorded his finding on the above issue in Para 44 and para 46 of his order, to which I respectfully disagree in view of the facts of this case. It is his finding that there is "**no scope for this Tribunal to take a view de horse the report of RP under section 112 of the code**". He notes that sections 105, 106, 112 and 114 of the code "**gives astounding weightage to the report of RP**". In Para 46, the Learned Judicial Member states: "**The limited scope this Tribunal can have is to direct the RP to reconvene a meeting of a creditor for reconsidering the Repayment Plan. Such jurisdiction can be exercised only when this Tribunal is of the opinion that the Repayment Plan requires modification".** The situation, as per the Learned Judicial Member, "**can arise only when the Repayment Plan is not approved by the MoC[23] and instead of pushing the debtor to bankruptcy, the Tribunal feel that the debtor may improve the plan by modification, which may be acceptable by the MoC**." Another scope available, as per the Learned Judicial Member, is to "**pass an order under section 118(3) of the Code",** but **"no stage or situation to pass order under section 118(3) of the Code has yet emerged**".

137. In my considered opinion, and limiting myself to the facts of this case, it is abundantly clear that the RP has violated the provisions of the IBC, committed grave procedural irregularities, and conducted the process in a hasty and partisan manner. In such circumstances, this Adjudicating Authority, in exercise of its powers under Section 60(5) of the IBC, is bound to reject the Repayment Plan, particularly as the very preparation of the List of Creditors stands vitiated by the inclusion of related entities whose claims remain unsubstantiated. Any decision taken by such a body, and reported by a biased and complicit RP, lacks judicial sanctity and is accordingly liable to be rejected.

About Goodwill of the PG

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[23] Meeting of Creditors

138. In Para 47, the Learned Judicial Member has taken note that the PG, while appearing in person, had "**shared the concern of the applicants**" (the creditors who voted against the Plan), and "**assured that he would use his goodwill to ensure that either the amount of debt due to be returned to the Applicants if any is return or some settlement is arrived at between the Principal Debtors and the creditors**". In Para 50, the learned Judicial Member has made similar observations and stated that in the light of the PG's "**responsible behaviour before the court by taking a stand that he is sharing the concern**" and that he "**would act positively to use his goodwill**", 'there would be no justification not to approve the Repayment Plan.

139. I am unable to concur with the view expressed by the Learned Judicial Member, as the 'goodwill' and 'assurances' of the PG are not relevant considerations in determining the approval or rejection of a Repayment Plan. The adjudication must rest upon the facts placed on record and the judicious application of mind. In the present case, the report submitted by the RP is founded upon the Meeting of dubious and unqualified related-party creditors, and stands vitiated by glaring defects, including violations of several provisions of the IBC and serious procedural irregularities, which in themselves constitute sufficient grounds to reject the Repayment Plan.

About Concern for the Creditors who voted in Favour of the Plan and Creditors who Did Not

140. In Para 48, the Learned Judicial Member has noted that the Authority may be "**not oblivious of the concern of the creditors who have voted in favour of the Repayment Plan**". In Para 53, the Learned Judicial Member has noted; "**Once, as per report of IP(RP) the value of estate of the debtor is much less than the amount of repayment plan offered by him, we fail to appreciate how the objector whose vote share is less than 20% do expect to stand to be benefited by such process in the matter of receiving back the amount of the debt given by them to the principal debtors**". The learned Judicial Member has also observed in Para 53: "**Thus when the consequence of rejection of repayment plan is only initiation of bankruptcy process, we fail to understand that in the wake of the net worth report qua the debtor given by the RP, in what manner the creditors who are opposing the approval of repayment plan will stand to gain.**"

141. I respectfully, disagree with the observations and reasoning given by the Learned Judicial Member for approving the Repayment Plan. In my view none of these factors are relevant while approving or rejecting the Repayment Plan. The current net worth reported by the PG is under cloud, given the two net worth reports of 2017 and 2018 submitted by the PG to the lending banks and the failure of the RP to appoint an independent forensic auditor and asset tracing agency to arrive at the real net worth of the PG. Further, as noted earlier, the adjudication by this Authority is to be based on the Report of the Meeting of Creditors, facts of the case and judicious application of mind.

142. In view of the discussion above, it is my view, that the Repayment Plan deserves to be rejected. The various defects discussed in paras under the heading ''Analysis & Findings', are fatal to the Repayment Plan. The consequence of rejection of the Repayment Plan under section 114, as per provision of section 115(2), is that the creditors shall be entitled to file an application for bankruptcy under Chapter IV of the IBC. Further, the conduct of the RP must be brought to the notice of the Insolvency and Bankruptcy Board of India for appropriate action.

Sd/-
(REENA SINHA PURI)
MEMBER (T)

As the Members of the Bench have authored dissenting orders, following points are referred to Hon'ble President under Section 419(5) of the Companies Act, 2013.

The points as drawn by Member Judicial after considering the unsigned note sent by Hon'ble Member Technical classifying her dissent in three categories.

1. When Section 114 of IBC, 2016, specifically provides that the Adjudicating Authority shall by an order approve or reject the repayment plan on the basis of report of meeting of the creditors submitted by the Resolution Professional under Section 112 of IBC, 2016, whether it is open to this Tribunal to pass any order de-horse the report of the meeting of creditors.
2. When the report of meeting of creditors submitted by the Resolution Professionals could espouse that the repayment plan had been approved by majority of more than 3/4th in value of the creditors, whether this Tribunal can reject the repayment plan.
3. When unlike Section 30(2) of IBC read with Section 30(1) thereof, in terms of which the Adjudicating Authority is given discretion to interfere with the Resolution Plan on certain grounds the Section 106(2)(a) read with Section 114(1) of IBC, 2016, does not reserve any such discretion to the Adjudicating Authority and is decision is to be based on report under Section 112 of IBC, whether this Adjudicating Authority can refuse to approve the repayment plan submitted by the RP based on the report of meeting of the creditors.

4. When the ramification of PIRP under Part III of IBC is repayment of debt after restructuring of the same, whether application of Section 115(1) of IBC to those who have accepted the repayment plan with restructured debt and giving liberty to those who have not voted in favour of the plan to resort to remedies available to them to recover the full debt would not be the apposite approach.
5. When the object of Part III of IBC, 2016, is to resolve the insolvency of a Debtor / Personal Guarantor by enabling him to prepare in consultation with the Resolution Professional, a repayment plan containing a proposal for the creditors for restructuring of his debts or affairs and the repayment plan so prepared by the RP could be approved in terms of the provisions of Section 111 of IBC, 2016, whether it is not complete justice done to the parties, when the plan is made binding only on those who have voted in favour of the plan and liberty is given to those who did not vote in favour of the plan to resort to the remedies available to them for recovery of debt in accordance with law.
6. When the ramification of PIRP is repayment of debt after restructuring and when the Applicants in IA-6014/2024, 6124/2024, 6125/2024, 134/2025, 246/2025 as also Union Bank of India and LIC Housing Finance Limited, who did not vote in support of the repayment plan are given liberty to resort to the remedies available to them for recovery of their debt in accordance with law and these are only such creditors who have voted in favour of the repayment plan are directed to be governed by Section 115(1) of the Code, whether the creditors who have not voted in favour of the plan would not be in better position to recover

their debt from a solvent debtor than being a claimant/co-sharer with the other creditors in Bankruptcy process.

7. When object of IBC is to resolve the insolvency of the CD and unlike CIRP (where in liquidation**,** the CD stands dissolved) in PIRP, it is not so that the Bankrupt Stand disqualified u/s 140/ 141 for ever, but under section 138 of the code he get discharged from bankruptcy within one year and then he is again solvent for all purposes (being discharged from all liabilities), whether it is not in the interest of creditors who did not support the plan if the debtor is solvent to discharge the liability qua them.

8. When IBC is a beneficial process to put the debtor back to his feet by giving him opportunity to offer restructured repayment plan to all the creditors and then to give him benefit of section 138 of IBC to rescue him and to put him back to his feet and when in the present case the creditor who had not initiated the beneficial process have also not accepted the repayment plan and have pleaded that the debtor has the assets, whether justice wd. not be administered to such creditors by not binding them u/s 115(1) of IBC.

9. When it is not so that any of the creditors did not get opportunity to vote qua the plan or did not get opportunity to participate in the meeting and no prejudice is caused to anyone on this account, whether in the application filed u/s 114 of the code, early convening of meeting of creditors or acceleration of the steps qua PIRP, initiated in the year 2022, (particularly in a case where the prescribed period of PIRP had to be extended) could be of any relevance or consequence.

10. Whether in a case where no secured creditor raised the issue regarding denial of right of vote to him regarding secured or unsecured debt, whether at the stage of consideration of application under Section 114 of IBC 2016, the process prescribed under Section 110 of the Code was of any relevance.

11. Whether a company in which the Debtor alone or the Debtor along with his Associates does not own more than 50 percent of Shares Capital of the Company or doesn't Control the appointment of Board of the Directors of the Company can be called his Associate, in terms of the provisions of Section 79(2)(g) of IBC.

12. When the RP had moved an application u/s 100 (2) of IBC and the same had been allowed, whether any violation of section 100 (2) could be alleged at the stage of consideration of application / report prepared under Section 112 of IBC and provided to AA u/s 113 of IBC, in passing the order u/s 114(1) of IBC, 2016.

13. When the entire process of PIRP, particularly the provisions of sections 99, 100, 105, 106, 112, 113 and 114 thereof gives pre dominance to views/ recommendations of RP, whether in the wake of such provisions it is open to Adjudicating Authority to go behind/beyond the report of RP prepared under Section 112 of the Code and provided to this AA under Section 113 of the Code, while passing order u/s 114 of the Code.

14. Whether in the wake of there being pre dominance of report of RP prepared by RP u/s 112 of IBC in decision u/s 114 of code the interest of justice is not better served by protecting the right and interest of creditors who did not accept the plan by not binding them u/s 115 (1) of the code than entering into gamut of facts and recording findings of facts without having such jurisdiction and / or any Mechanism to do so.

15. Wd. Rejection of repayment plan not give rise to a possibility where the Debtor would be immune from various proceedings without discharging his liabilities.

16. Whether in exercise of jurisdiction u/s 114 of IBC 2016, it is open to Adjudicating Authority, to go into the issue whether the claim filed by any creditors, not disputed by the debtor and accepted by the RP is dubious and whether any such view would not render the admission of application filed under Section 95 of IBC, 2016, as questionable, for the simple reason that the Applicant who file the application also supported the repayment plan.

17. When the creditors could exercise their right to vote, whether any question remained to be decided by Adjudicated Authority regarding adequacies of opportunity to vote, by the creditors.

18. When in para 15 to 18 of the application filed by RP, reproduced in para 20 of the order authored by Member (J), the provisions of Section 106, 107, 108, 109, 110 and 111 are referred to, whether a view can be taken that the aforementioned provisions could be ignored to be considered in the process.

19. When qua the debt of STCI Finance Limited, the debtor did not stood as Guarantor and when only a mortgage deed was signed and the stand by the STCI in para 17(f) and in prayer clause f of IA-274/2025 and its counsel during the course of hearing was only that the creditor wanted to sell the mortgaged property and the property should not be treated as part of asset of the debtor whether the view taken by the RP and the Applicant in IA-274/2025 noted in para 30 of the order authored by Member Judicial is no apt.

20. Whether the view taken in the order authored by Member (J), with reference to the provisions of Sections 109(4)(b), 79(2)(g) and 5(24A) discussed in paras 36-42 of the order authored by him regarding “associate” is correct or not.

21. Whether in exercise of Jurisdiction u/s 114 of the code, this Tribunal can question the claim/ debt of the creditors not opposed / questioned by the debtor/ PG and accepted by the RP.

22. When the only possible design of voting in favour of repayment plan may be dilution of Debt of those who did not vote in favour of the plan, whether the concern wd. not be better addressed by not binding the dissenting creditors u/s 115 of the code.

Sd/-
(ASHOK KUMAR BHARDWAJ)
MEMBER (J)

Following questions are drafted for reference to the Third Member, by Member (T)

1. Whether or not, on the facts and circumstances of the case, RP's conduct was capricious, partisan and hasty during the PIRP, in the following acts of commission/omission:

   a. Admitting, without verifying the documentation and enforceability of liability of the PG, the claims of Veena Investments Pvt Ltd, Direct Media Distribution Ventures Pvt Ltd, World CrestAdvisors LLP, Lemonade Capital Advisors LLP, Corpcall Capital Advisors LLP, and those filed by Mr. Anil Kumar and Mr. Sunil Jain on behalf of 960 and 300 unverified individuals from Haryana;

   b. Failing to exclude the Associate/ Related Parties from the Meeting of Creditors and allowing their participation in the voting process in violation of section 109(4)(b) of the IBC;

   c. Failing to appoint an independent forensic auditor and asset-tracing agency to investigate the assets of the PG and determine his real net worth, despite earlier certificates furnished to RBL Bank (2017) and Canara Bank (2018) recording his net worth at approximately Rs. 45,888 crores and Rs. 40,562 crores respectively, as against the PG's unsubstantiated claim of a current net worth of only Rs. 31.79 crores;

   d. Denying creditors sufficient time for deliberation and voting, in violation of sections 106(4) and 107(1) of the IBC;

   e. Failing to correct the deficiencies in the Repayment Plan, which was based on uncertain assumptions and non-disclosure of material current assets;

   f. Improperly quantifying 'excluded assets' under section 79(14)(c) and section 79(14)(e) of IBC;

   g. Failing to consider the recovery proceedings in the USA, which have been challenged by the PG and are likely to affect the enforceability of any Repayment Plan;

h. Failing to obtain concurrence of the secured creditor STCI Finance Ltd in terms of section 110(5) of the IBC;

i. Failing to consider and address the objections of creditors before placing the Repayment Plan for voting, and thereafter failing to include such objections along with his responses in the final report under section 112 of the IBC, despite having assured creditors that he would do so; and

j. Failing to comply with various statutory provisions of the IBC, the relevant Rules and Regulations and committing several procedural irregularities.

2. Whether or not, the PIRP proceedings stand vitiated and are void ab initio on account of multiple violations of the provisions of the IBC, the applicable Rules and Regulations, including section 100(2), section 106(4)(a), section 106(4)(b), section 107(1), section 108(4), Regulation 11(3), section 109(4)(b) read with Rule 4 and Explanation (b) to section 5(24A), section 79(14)(c) read with Rule 5(a), section 79(14)(e) read with Rule 5(b)(i), and section 110(5)?

3. Whether or not, section 79(2)(g), which defines an 'associate' of the debtor, should be purposively construed to mean any company in which an associate exercises control or holds a majority stake, either independently or together with the debtor, so as to prevent the mischief the provision is intended to address?

4. Whether or not, under section 114(1) read with section 60(5), the Adjudicating Authority is liable to reject the Repayment Plan, on account of the following grounds:

a. That the creditors' list was tainted by the inclusion of entities with unsubstantiated claims?

b. That the approving vote was vitiated by the inclusion of associates of the PG in the Meeting of Creditors?

c. That there were grave and material irregularities arising from the RP's capricious, partisan, and hasty conduct, including breaches of the IBC and its rules and regulations?

Sd/-
Reena Sinha Puri
Member (T)