

**IN THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI
COURT- IV**

**IA. (IBC)(Plan) No. 85 OF 2024
IN
C.P (IB) NO. 1271/MB/2021**

*[Under Section 30(6) of the Insolvency and
Bankruptcy Code, 2016.]*

Mr. Prakul Thadi

(Resolution Professional of
Hridaynath Consultancy Private
Limited)

...Applicant

In the matter of

Johnson Electric Company Limited

...Financial Creditors

V/s.

Hridaynath Consultancy Private Limited

...Corporate Debtor

Pronounced: 09.03.2026

CORAM:

**SHRI ANIL RAJ CHELLAN
HON'BLE MEMBER (TECHNICAL)**

**SHRI K.R. SAJI KUMAR
HON'BLE MEMBER (JUDICIAL)**

Appearances* : *Hybrid

For Applicant/RP : Adv. Bendi Raviteja

ORDER

[PER: K. R. SAJI KUMAR, MEMBER (JUDICIAL)]

1. Background

This I.A. (IBC)(Plan) No. 85/MB/2024 has been filed by Mr. Prakul Thadi (Applicant/RP) of Hridaynath Consultancy Private Limited, the Corporate Debtor (CD), under Section 30(6) of the Insolvency and Bankruptcy Code, 2016 (Code/IBC) on behalf of the Committee of Creditors (CoC) of the CD, seeking approval of the Resolution Plan submitted by Pasha Finance Private Limited, the Successful Resolution Applicant (SRA), and approved by 100% of the voting share of the members of the CoC.

2. Corporate Insolvency Resolution Process (CIRP)

- 2.1. This Tribunal initiated CIRP of the CD in C.P. (IB) No. 1271/MB/2021, filed by Johnson Electric Company Limited, the Financial Creditor (FC) under Section 7 of the IBC, *vide* Order dated 20.01.2023 and appointed Ms. Sudha Bhushan as the Interim Resolution Professional (IRP). The IRP caused public announcement in Form A, calling for submission of claims from creditors for constitution of Committee of Creditors (CoC) on 25.01.2023, and accordingly, the CoC was constituted.
- 2.2. In the 1st CoC meeting convened by the IRP on 24.02.2023, the CoC replaced the IRP with the present Applicant, and he was appointed as the RP by this Adjudicating Authority *vide* Order dated 28.03.2023. In the 2nd meeting of the CoC on 20.03.2023, the CoC resolved to publish Form G inviting Expression of Interest (EOI) from Prospective Resolution Applicants (PRAs) for submission of resolution plans in respect of the CD, with the last date for receipt of EOIs as 19.04.2023.

- 2.3. In the 3rd meeting of the CoC held on 21.04.2023, the Applicant apprised the CoC that only one EOI had been received, i.e., from Wendt Corporate Services Private Limited, and that the RP was in the process of verification of the documents.
- 2.4. In the 4th CoC meeting dated 10.06.2023, the Applicant informed the CoC that the EOI received from Wendt Corporate Services Private Limited was included in the list of PRAs. Further, Information Memorandum (IM), Evaluation Matrix (EM), and Request for Resolution Plan (RFRP) were issued to the said PRA on 06.05.2023, and the last date for submission of the resolution plan was fixed as 05.06.2023. Although a reminder was sent to the PRA, no resolution plan was received till the last date. However, on 09.06.2023, he received an email from the PRA requesting an extension of time for 15 days for submitting resolution plan. After deliberations, the CoC decided to re-publish Form G, with the last date for receipt of EOI as 01.07.2023.
- 2.5. In the 5th CoC meeting held on 07.07.2023, the Applicant apprised the CoC that the fresh Form G had been published on 15.06.2023, as decided by the CoC. Pursuant to the above, three PRAs were found eligible to submit resolution plans, viz., Wendt Corporate Services Private Limited; SPSS Infrastructure Private Limited; and Mr. Sandeep Jain, Chartered Accountant. However, only SPSS Infrastructure Private Limited had provided him with a complete EOI. The CoC also noted that the CD was not a going concern and that it could be the reason for the lack of actual expression of interest from PRAs. Thereafter, in the 6th CoC meeting held on 10.08.2023, the Applicant informed the CoC that despite the intimation to all the PRAs, only one PRA, viz., Wendt Corporate Services Private Limited, had submitted a resolution plan. The Applicant further apprised that two new entities had also approached the RP by email expressing interest in submission of plans, stating that they had recently come to know about the EOI. The CoC, upon deliberations, was of the view that having multiple

PRAAs would be in the interests of the stakeholders as it would facilitate effective commercial negotiations.

- 2.6. In the 7th CoC meeting held on 04.09.2023, the CoC approved a resolution to publish the Form G with modifications. In pursuance thereof, modified Form G was published on 07.09.2023, stipulating 22.09.2023 as the last date for receipt of EOIs. According to the Applicant/RP, the first Form G dated 20.03.2023 was unsuccessful as it did not yield any result. Thereafter, Form G was re-published on 15.06.2023 with the same eligibility criteria, i.e., positive net worth. However, later the CoC decided to publish a modified Form G on 04.09.2023. Form G was, thus, modified once in terms of Regulation 36A(4A) of the CIRP Regulations.
- 2.7. Subsequent to the publication of the modified Form G, the RP received EOIs from six PRAAs. The Applicant thereafter circulated the provisional list of PRAAs to the CoC *vide* email dated 25.09.2023. The final list of eligible PRAAs was circulated *vide* email dated 11.10.2023, wherein all the six PRAAs were declared eligible to submit resolution plans.
- 2.8. The last date for submission of resolution plans was fixed as 15.11.2023. Accordingly, Pasha Finance Private Limited; Naysaa Securities Limited; and Wendt Corporate Services Private Limited, submitted their respective resolution plans along with the requisite Earnest Money Deposit (EMD).
- 2.9. In the 10th CoC meeting held on 03.02.2024, the RP, with the prior approval of the CoC, facilitated the presentation of each resolution plan by permitting the representatives of each PRA to attend the meeting individually. Thereafter, in the 11th CoC meeting held on 11.03.2024, all three resolution plans were placed before the CoC for voting. Upon conclusion of the voting process, the resolution plan submitted by Pasha Finance Private Limited was approved with 100% voting share. Accordingly, Pasha Finance Private Limited was declared as the Successful Resolution Applicant (SRA).

2.10. The Applicant/RP further submits that the Resolution Plan approved by the CoC is in compliance with the legal requirements mandated under the IBC, viz., Sections 30(1), 30(2)(a), 30(2)(b), 30(2)(c), 30(2)(d), 30(2)(e), 30(2)(f) of IBC, read with Regulations 37 and 38 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (CIRP Regulations).

3. Extensions of CIRP Period

The Applicant/RP initially filed IA No 4092 of 2023 seeking an extension of 90 days in the CIRP period of the CD, i.e., from 18.07.2023 till 16.10.2023. The said application was allowed by this Tribunal *vide* Order dated 12.09.2023. Thereafter, the RP filed IA No. 2091 of 2024 seeking a further extension of 60 days from 16.10.2023 to 15.12.2023, which was allowed by this Tribunal on 29.07.2024. Subsequently, the RP filed IA No. 4962 of 2024 seeking an extension of 172 days from 16.12.2023 to 04.06.2024. The said application was also allowed by this Tribunal, *vide* Order dated 17.10.2024. The Applicant/RP filed this Application for approval of the Resolution Plan on 04.06.2024, i.e., within the CIRP period as allowed.

4. Profile of Successful Resolution Applicant (SRA)

Pasha Finance Private Limited, [CIN: U65910MH1996PTC100270], incorporated on 17.06.1996, in Mumbai, is a Private Limited Company. It is mainly engaged in the business of providing consultancy / advisory services and other financial services, including inter-corporate deposits. The SRA has over 27 years of presence with wide experience in a similar line of business and has sufficient net worth and capability for implementing the Resolution Plan.

5. Financial Proposal of Resolution Plan

Sr. no.	Category of Claims	Claimed Amount (in Rs.)	Admitted Amount (in Rs.)	Proposed Payment (in Rs.)
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A	Insolvency and Resolution Process Cost	24,20,958	24,20,958	24,20,958
B	Payment to stakeholders			
1	Secured Financial Creditors	0	0	0
2	Unsecured Financial Creditors	6,99,26,947	6,63,20,109	60,00,000
3	Operational Creditors (Statutory Authorities)	140,85,81,077	140,85,81,077	15,00,000
4.	Other Creditors	0	0	0
	Total	1,47,85,08,024	1,47,73,22,144	99,20,958
5.	Working Capital to be infused			25,00,000

5.1. Treatment of CIRP Cost

5.1.1. The Insolvency Resolution Process Costs, which has been estimated at an amount of Rs. 24,50,958/-, include, *inter alia*, the fees payable to the IRP and/or the RP and all expenses incurred by the IRP and/or RP, or any other costs, to the extent duly ratified or approved by the CoC, and accrued, incurred, or estimated up to 15.12.2023.

5.1.2. The SRA undertakes to pay the actual CIRP Costs incurred up to the date of approval of the Resolution Plan by the NCLT within thirty (30) days from the Effective Date.

5.1.3. The CIRP Costs shall be paid in full and in priority to all other claims of creditors of the CD.

5.2. Treatment of Financial Creditors

5.2.1. As per the Information Memorandum, claims were received and admitted for a sum of Rs. 6,63,20,109/- from Unsecured Financial Creditors.

5.2.2 The SRA proposes to pay an amount of Rs.60,00,000/- within 180 days from the effective date which shall be distributed to the unsecured financial creditors in proportion to their claim admission amount, and the same shall be deemed to be full and final settlement of their claims and all other claims,

if any, shall not survive after the approval and implementation of this resolution plan and the same shall stand extinguished. It is submitted by the Applicant/RP that, as per the list of claims, there are no secured creditors to the CD.

5.3. Treatment of Operational Creditors

5.3.1. As per the Information Memorandum, RP received a claim for Rs.1,40,85,81,077/- from Statutory Authorities, viz., Income Tax Department.

5.3.2. the SRA proposes an amount of Rs.15,00,000/- towards the payment to operational creditors within 45 days from the effective date and the same shall be paid in priority to the amount payable to the financial creditors and since there is only one operational creditor, which submitted its claim, i.e., the Income Tax Department, the entire payment shall be credited to that Department.

5.4. Proposal for Shareholders of Corporate Debtor

5.4.1. On the effective date, all existing issued, subscribed and paid-up share capital comprises of 60,00,000 equity shares of Rs.10/- each, amounting to Rs.6,00,00,000/- shall be extinguished, and no money payable to the equity shareholders of the corporate debtor.

5.4.2. Any other equity linked securities/warrants, securities/warrants convertible into or exchangeable with equity shares of the corporate debtor and all other securities of the corporate debtor, if any, shall also stand cancelled and extinguished without any payment and /or further act and deed. All of the Equity Shareholders, Preference Shareholders or holders of any security / warrants convertible rights shall stand cancelled immediately upon approval of the Resolution Plan by NCLT without any need to comply with the provisions of Section 66 of the Companies Act, 2013.

5.4.3. Upon approval of Resolution Plan by the NCLT, i.e., within 30 days of the sanction of the Resolution Plan, the Resolution Professional shall: (a) File the certified copy of the approved Resolution Plan to the Registrar of

Companies; (b) Reconstitution of Existing Board of Directors as may be communicated by RA complying with the requirements of Companies Act with ROC; and (c) Handover the records of the company by proper handover document.

6. Performance Security

The Applicant has stated that in para 33 of this I.A. that he has already received the Performance Security of Rs.10,00,000/- by way of bank transfer to the bank account of the CD pursuant to the approval of the Resolution Plan by the CoC in accordance with the terms of the RFRP. The bank statement of the CD showing the deposit of the amount on 22.03.2024 is produced by the Applicant by a Memo dated 27.01.2025.

7. Sources of Funds

The SRA shall use the following as the sources of funds to implement the Resolution Plan:

1. Internal Accruals of the Corporate Debtor by way of recovery from the debt receivables
2. Deficit, if any, shall be infused by the Resolution Applicant from its internal accruals.

8. Implementation Timelines

Sr. No.	Action	Indicative Timeline
1.	Approval of the Plan by NCLT (effective date)	X
2.	Constitution of Monitoring Committee	X
3.	Extinguishment of Shares and Issuance of Paid-up Share Capital	X
4.	Payment of CIRP Cost	X+30 Days
5.	Payment of Statutory Dues – Operational Creditors	X+45 Days
6.	Payment to Financial Creditors	X+180 Days
7.	Reconstitution of Board of Directors	X+180 Days

9. Monitoring Committee

A Monitoring Committee shall be appointed for the CD. The Monitoring Committee shall comprise of the RP; one member of SRA; and one member of the financial creditor.

10. Preferential/Fraudulent/Undervalued Transactions

Upon perusal of Form H, it has been stated by the Applicant/RP that an avoidance application under Section 45 and another application under Section 66 of the Code were being filed before the NCLT. The Resolution Plan provides that the SRA shall, based on its independent assessment of the facts and merits of the case, have the discretion to continue or withdraw such proceedings. Any proceeds realised from such applications, after deduction of costs and expenses incurred by the SRA, shall be distributed amongst the unsecured financial creditors in proportion to their respective admitted claim amounts.

11. Confirmation of Eligibility of SRA Under Section 29A

The SRA, viz., Pasha Finance Private Limited, has confirmed that it is eligible to submit the Resolution Plan as per Section 29A of the Code, and has annexed an affidavit dated 15.11.2023. Further, as directed by this Bench, the Applicant/RP has also submitted an affidavit dated 03.11.2025, stating that the SRA is not disqualified under Section 29A.

12. Valuation

Two Registered Valuers were appointed to conduct the valuation of the Securities and Financial Assets of the CD. As per the Applicant/RP, the averages of the Fair Value and Liquidation Value as determined by the Registered Valuers, are as under: -

Average Fair Value : Rs.33,74,046.50/-
Average Liquidation Value : Rs.24,82,546/-

13. Form H Certificate

The Applicant RP submits that the Resolution Plan approved by the CoC complies with the legal requirements mandated under the Code, viz., Sections 30(1), 30(2)(a), 30(2)(b), 30(2)(c), 30(2)(d), 30(2)(e), 30(2)(f) of the IBC, , along with Regulation(s) 37 and 38 of the CIRP Regulations. The RP has annexed a certificate in Form H to the Application under Regulation 39(4) of the CIRP Regulations, certifying that the Resolution Plan, as approved by the CoC, meets all the requirements of the IBC and the Regulations and that the same does not contravene any of the provisions of the law for the time being in force.

14. Reliefs and Concessions

The SRA has sought various reliefs and concessions based on the 'clean slate concept' laid down by the Hon'ble Supreme Court in various judgements, i.e., reliefs which are necessary to keep the CD as going concern; release from any and all liabilities/proceedings; disputes and noncompliance prior to the NCLT Approval Date; and any extended period for renewal or revival of licences for running the business of the CD.

15. Approvals sought

In the circumstances mentioned hereinabove, the Applicant/RP seeks approval of this Tribunal on the Resolution Plan, submitted by the SRA, i.e., Pasha Finance Private Limited, stating that the Plan is in accordance with Section 30(2) and other provisions of the Code.

16. On perusal of the Resolution Plan, it is observed that the Resolution Plan provides for-

- a. Payment of CIRP Cost as specified under Section 30(2)(a) of the Code;
- b. Repayment of Debts of Operational Creditors as specified under Section 30(2)(b) of the Code;
- c. The management of the affairs of the CD, after the approval of the Resolution Plan, as specified under Section 30(2)(c) of the Code; and

d. The implementation and supervision of the Resolution Plan by the RP and the CoC as specified under Section 30(2)(d) of the Code.

17. The RP has complied with the requirement of the Code in terms of Section 30(2)(a) to 30(2)(f) of the IBC and Regulations 38(1)(a), 38(2)(a), 38(2)(b), 38(2)(c) and 38(3) of the CIRP Regulations.

18. The RP has filed a Compliance Certificate in Form H along with the Plan. On perusal of the same, it is found to be in order. The Resolution Plan has been approved by the CoC in the 11th Meeting of the CoC held on 11.03.2024, with 100% voting share.

19. In *K. Sashidhar Vs. Indian Overseas Bank & Others* [2019] ibclaw.in 08 SC], the Hon'ble Supreme Court held that if the CoC approves the resolution plan by requisite percent of voting share, then as per section 30(6) of the Code, it is imperative for the resolution professional to submit the same to the Adjudicating Authority. On receipt of the plan approved by the CoC, the Adjudicating Authority is required to satisfy itself that the plan, as approved by the CoC, meets the requirements specified in Section 30(2) of the IBC. The Hon'ble Court observed that the role of the NCLT is 'no more and no less'. It further held that the discretion of the Adjudicating Authority is circumscribed by Section 31 of the IBC and is limited to scrutiny of the Resolution Plan "as approved" by the requisite percent of voting share of financial creditors. Even in that enquiry, the grounds on which the Adjudicating Authority can reject the resolution plan is in reference to matters specified in Section 30(2) of the Code, when the resolution plan does not conform to the stated requirements.

20. In *Committee of Creditors of Essar Steel India Ltd. Vs. Satish Kumar Gupta and Ors.* [(2019) ibclaw.in 07 SC], the Hon'ble Supreme Court clearly laid down that the Adjudicating Authority would not have power to modify the resolution plan, which the CoC in their commercial wisdom, have approved. In para 42, the Hon'ble Court observed as under:

“Thus, it is clear that the limited judicial review available, which can in no circumstance trespass upon a business decision of the majority of the Committee of Creditors, has to be within the four corners of section 30(2) of the Code, insofar as the Adjudicating Authority is concerned, and section 32 read with section 61(3) of the Code, insofar as the Appellate Tribunal is concerned, the parameters of such review having been clearly laid down in K. Sashidhar (supra).”

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

ORDER

22. In view of the above, **IA-85/2024 in C.P.(IB) No. 1271/MB-IV/2021 is allowed.** The **Resolution Plan** annexed to the Application is hereby **approved**. It shall become effective from the date of this Order and shall form part of this Order.

- a. The Resolution Plan shall be binding on the Corporate Debtor, its employees, members, creditors, including the Central Government, any State Government or any local authority to whom a debt in respect of the payment of dues arising under any law for the time being in force is due, guarantors and other stakeholders involved in the Resolution Plan.
- b. In terms of the judgment of the Hon'ble Supreme Court in *Ghanshyam Mishra and Sons Private Limited Vs. Edelweiss Asset Reconstruction Company Limited*, [(2021) ibclaw.in 54 SC], on the date of approval of the

Resolution Plan by the Adjudicating Authority, all such claims which are not a part of the Resolution Plan, shall stand extinguished and no person will be entitled to initiate or continue any proceedings in respect to a claim which is not a part of the Plan. Accordingly, no person, including the Central Government, any State Government or any local authority, guarantors and other stakeholders, will be entitled to initiate or continue any proceedings in respect of a claim prior to CIRP, which is not a part of the Resolution Plan.

- c. The approval of the Resolution Plan shall not be construed as a waiver of any future statutory obligations/liabilities of the CD and shall be dealt with by the appropriate authorities in accordance with law. Any waiver sought in the Resolution Plan relating to the period after the date of this Order, more particularly licences and approvals for keeping the CD, shall be subject to approval by the authorities concerned and this Adjudicating Authority will not deter such authorities from dealing with any of the issues arising after effecting the Resolution Plan. This Tribunal, however, recommends due consideration of the revival of the CD.
- d. The Memorandum of Association (MoA) and Articles of Association (AoA) of the CD shall accordingly be amended and filed with the Registrar of Companies (RoC) for information and record. However, if any approval of shareholders is required under the Companies Act, 2013 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. The SRA is at liberty to approach competent authorities for any exemption as sought in relation to Income Tax Returns, waivers from the applicability of any section under the Income-tax Act, 1961, the Central Goods and Services Tax Act, 2017, and other indirect taxes arising out of the implementation of the Resolution Plan.

- e. With respect to the grant of any licence/Government approval, if the licence or approval is terminated, suspended, or revoked, the SRA may approach the concerned authorities for such approvals or renewals.
- f. In accordance with Section 32A of the Code, the liability of the CD for an offence committed prior to the commencement of the CIRP shall cease, and the CD shall not be prosecuted for such an offence committed prior to the commencement of CIRP from the date of this order.
- g. The SRA, for effective implementation of the Plan, shall obtain all necessary approvals, under any law for the time being in force, within such period as may be prescribed.
- h. The moratorium under Section 14 of the Code shall cease to have effect from the date of this Order.
- i. The Applicant/RP shall supervise the implementation of the Resolution Plan and file status of its implementation before this Adjudicating Authority from time to time, preferably every quarter.
- j. The Applicant shall forward all records relating to the conduct of the CIRP and the Resolution Plan to the IBBI along with a copy of this Order for information.
- k. The Applicant shall forthwith send a certified copy of this Order to the CoC and the SRA, respectively for necessary compliance.

IN THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI
COURT – IV

I.A. (IBC)(Plan) No. 85/MB/2024
IN
C.P(IB) No.1271/MB/2021

23. The **IA-85-2024 in CP (IB) No.1271/MB-IV/2021**, for a resolution amount of **Rs.99,20,958/-** stands **allowed** and is **disposed of**.

Sd/-

ANIL RAJ CHELLAN
MEMBER (TECHNICAL)

Siddhi, LRA

Sd/-

K. R. SAJI KUMAR
MEMBER (JUDICIAL)