



**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH – II, CHENNAI**

IA(IBC)/PLAN/1(CHE)/2025

In

CP(IB)/581(CHE)/2019

*(filed under Section 30(6) of the Insolvency & Bankruptcy Code, 2016 read with Regulation 39(4) of
Insolvency & Bankruptcy Board of India Regulations, 2016)
(In the matter of **Stera Engineering(India)Pvt Ltd**)*

**MS. SATYADEVI ALAMURI,
RESOLUTION PROFESSIONAL
FOR STERA ENGINEERING (INDIA) PVT LTD
OFFICE AT 23, LAKE AREA
3RD CROSS STREET,
NUNGAMBAKKAM, CHENNAI 600034**

... Resolution Professional/ Applicant

In the matter of

STERA ENGINEERING (INDIA) PRIVATE LIMITED

.... Corporate Applicant

Order Pronounced on 28th March 2025

CORAM

**SHRI JYOTI KUMAR TRIPATI, MEMBER (J)
SHRI RAVICHANDRAN RAMASAMY, MEMBER (T)**

Appearances:

For Applicant : Pranava Charan M.G.

ORDER

1. IA(IBC)/PLAN/1(CHE)/2025 is an application moved on 30.11.2024 by the Resolution Professional of the Corporate Debtor Viz.,Stera Engineering (India)Private Limited under Section 30(6) of the Insolvency & Bankruptcy Code, 2016 (hereinafter referred to as ("**the Code**")) read with Regulation 39(4) of the Insolvency &



Bankruptcy Board of India Regulations, 2016 seeking reliefs as follows:

- i) *Pass an order approving the Resolution Plan dated 10.10.2024 read with Addendum dated 16.11.2024 submitted by the Successful Resolution Applicant in respect of the Corporate Debtor, under Section 31(1) of the code and declare that the same shall be binding on the Corporate Debtor and its employees, members and all creditors (including the Central government 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 all others stakeholders of the corporate Debtor.*
- ii) *May pass an order for allowing the reliefs and concessions requested by the resolution applicant in the Section 9 of the CoC Approved resolution plan.*

2. ABOUT THE CORPORATE DEBTOR

The Corporate debtor Stera Engineering (India) Private Limited is a business entity which is involved in the business activities of manufacture, Import, export of electronic components.

The details of the corporate debtor is herein,

Name of the Company	Stera Engineering (India)Private Limited
CIN	U27100TN2008PTC069231
Date of Incorporation	10.09.2008

3. CORPORATE INSOLVENCY RESOLUTION PROCESS OF STERA ENGINEERING (INDIA) PRIVATE LIMITED (STERA)

The Corporate Insolvency Resolution Process in respect of the Corporate Debtor viz., Stera Engineering (India) Private Limited was initiated by this Adjudicating Authority vide its order dated 07.03.2024 based on an application moved by Corporate Applicant, under section 10 of the code in IBA/581/2019, and Ms.Satyadevi was appointed as the 'Interim Resolution Professional'. Thereafter,



based on an application moved under Section 22(3)(b) of the code, the applicant herein Ms.Satyadevi was appointed as the Resolution Professional.

The key dates and events during the Corporate Insolvency Resolution Process period are tabulated as hereunder,

S.NO.	DATE	EVENTS
1.	14.03.2024	Public Announcement regarding initiation of Corporate Insolvency Resolution Process.
2.	02.04.2024	The Committee of Creditors was constituted by the IRP based on the claims received.
3.	12.04.2024	<i>1st CoC Meeting</i> – Applicant was confirmed to be RP of the corporate debtor.
4.	10.06.2024	IRP was appointed as RP vide order dated 10.06.2024 in IA(IBC)/1225(CHE)/2024
5.	02.05.2024	Appointment of Registered Valuers.
6.	17.05.2024	Date of issue of expression of Interest
7.	11.06.2024	Final list of eligible prospective resolution applicants
8.	31.07.2024	Date of submission of resolution plan
9.	02.09.2024	Date of Expiry of 180 days of CIRP
10	12.09.2024	Corporate Insolvency Resolution Process Period was extended for 90 days by order of this Adjudicating Authority.
11	21.11.2024	Date of Approval of resolution plan by Coc
12	30.11.2024	Date of Filing of resolution plan with AA
13	01.12.2024	Expiry of extended CIRP Period.

4. DELIBERATION OF THE COC ON THE FEASIBILITY OF THE PLAN

It is submitted that the PRA namely SUBHLAXMI Investment Advisory Private Limited submitted the final resolution plan dated 10.10.2024 with an addendum dated



16.11.2024. The final resolution plan and the addendum were discussed, debated and approved by the Committee of Creditors having 90.883% voting power in the 9th CoC meeting held on 21.11.2024.

The resolution passed in 9th Coc meeting is extracted herein,

RESOLVED that in accordance with the provisions of Section 30(4) and other applicable provisions, if any of the Insolvency and Bankruptcy Code, 2016 read with its Regulations, the Resolution plan submitted by M/s. Subhlaxmi Investment Advisory Private Limited having CIN U17221WB2008PTC127538 in respect of STERA ENGINEERING INDIA PRIVATE LIMITED UNDER CIRP as circulated with the agenda was opened at the 5th CoC meeting held on 19.8.2024, circulated at the 6th CoC meeting on 26.8.2024 and at the 7th CoC meeting held on 10.10.2024, revised plan circulated at the 8th CoC meeting held on 12.11.2024 (meeting not held) and placed before the 9th CoC meeting on 21.11.2024 along with clarificatory addendum discussed, debated and approved by the Committee of Creditors having 90.883% voting power by all the members present, after considering its feasibility and viability, the manner of distribution proposed and taking into account the order of priority amongst creditors as laid down in subsection (1) of Section 53, including the priority and value of the security interest of the Creditors

5. DETAILS OF THE SUCCESSFUL RESOLUTION APPLICANT

NAME	CATEGORY	ELIGIBILITY OF RA
SUBHLAXMI INVESTMENT ADVISORY PVT LTD	Corporate entity	An Affidavit & Declaration to that effect is submitted.

It is submitted that Subhlaxmi Investment Advisory Pvt Ltd is a Private company incorporated in the year 2008 which holds experience in providing financial services, advisory and consultancy services on shares, stocks etc. and to purchase, sell, acquire, hold, dispose of in shares, stocks, securities, bonds etc.



6. SOURCE OF FUND

- On a perusal of page 214 of the application filed, it is submitted that Resolution Applicant has net worth of Rs. 22.39 Crores. With leveraging capabilities to the extent of Rs. 40 Crore, it is submitted that Resolution Applicant and its proprietor have sufficient to provide the funds required to meet the payments proposed the implementing the Resolution Plan.
- On perusal of Form -H, it is seen that a performance security deposit to the tune of Rs. 2.5 Lacs was deposited to CIRP account on 1.08.2024 Bank statement is placed at page 231 of the application and Rs 20000/- was deposited on 30.11.2024 Bank statement is placed at 232-A of the application.

7. SALIENT FEATURES OF THE RESOLUTION PLAN

- The Resolution plan submitted by the PRA has contended to appoint team with the key managerial personnel having experience of working in the manufacturing industry, the resolution plan submitted by the PRA offered the payment of stakeholders and payment of CIRP cost in the resolution plan, and the Resolution plan envisages payment of Rs 17,68,440/- of CIRP cost, the plan providers the payment for government dues. The PRA has brought out the business plan to take over the corporate debtor. Resolution plan proposes to pay the plan amount within the period of 3 months from the approval date.



8. PAY-OUT TO STAKEHOLDERS AS PROPOSED IN THE PLAN

FINANCIAL PROPOSAL SUMMARY:

Sr.No	Name of Creditor	Amount Claimed (INR)	Amount Admitted (INR)	Amount Proposed to be paid in Cash (INR)
1	CIRP Cost	17,68,440/-	17,68,440/-	18,00,000/-
2	Financial Creditors			
a.	Financial Creditors (Secured)	NIL	NIL	NIL
b.	Financial Creditors (Un-Secured)	11,54,99,710/-	10,50,85,280/-	NIL
3	Operational Creditors			
A	Workmen & Employee	NIL	NIL	-
C	Govt Dues	26,71,20,443.06	11,97,44,312.95	9,00,000/-
D	Operational Creditors (other than workmen, Employees and Govt Dues)	9,85,37,883/-	7,44,12,940/-	NIL
4	Other Creditors	NIL	NIL	NIL
	Total			27,00,000/-

Payment Schedule:

S.No.	Timeline for Payment date	Amount
1.	Upfront Payment within 30 days of effective date	5,00,000/-
2.	Balance Payment of the Resolution Plan within 3 months from the approval date	22,00,000/-
	Total	27,00,000/-



9. IMPLEMENTATION & MONITORING COMMITTEE (IMC)

- Implementation & Monitoring Committee shall be constituted to monitor the implementation of the Plan.

The members shall comprise -

1. *The Resolution Professional (Chairman of the Committee)*
 2. *One Representative of the CoC*
 3. *One Representative of the Resolution Applicant*
- The IMC shall continue till all payments under the Resolution plan are made.
 - The Monitoring Committee shall be responsible for monitoring the implementation and execution of the Plan including smooth transition of the Management and shareholding of the Corporate Debtor. The Monitoring Committee shall also handover to the Resolution Applicant, the original/duly certified copies of title deeds of the land owned by the Corporate Debtor on payment of the final instalment of the final instalment of the Resolution Amount.
 - The Monitoring Committee shall further be responsible for the distribution of the proceeds received from the Resolution Applicant under the Plan. For the said purpose, the Chairman of the Monitoring Committee shall be paid consolidated fee of Rs.1,50,000/- (Rupees one lakh fifty thousand only).



10. MANAGEMENT OF THE CORPORATE DEBTOR

- i) *The Resolution Applicant submits that Board of Directors and Management of the Corporate Debtor, has experience in various sectors of the economy and has the ability to turnaround and start/revive the business of the Corporate Debtor into profitable and successful business.*
- ii) *The Resolution Applicant propose to put together a team of expert Key Managerial Personnel having significant experience of working in the manufacturing industry for understanding the Corporate Debtors' operations after taking control of Corporate Debtor by appointing the requisite staff, etc. who are well versed with same kind of business. The PRA proposes to make a separate team for research department for smooth functioning of the business. The PRA has projected that separate levels shall be made in the CD likewise top, middle and lower with respective team as marketing, technology, HR, Legal, Accounts, Taxation, Production, Procurement, IT, Operations.*

11. MANDATORY COMPLIANCE UNDER IBC & REGULATIONS

From the averments made in the application as well as on perusal of Form -H, as filed by the Resolution Professional in relation to the procedural aspects, the same seems to have been duly complied with, for which the Resolution Professional has issued a certificate and it is not necessary for this Authority to go into the same. However, this Authority is duty bound to examine the Resolution Plan within the contours of Section 30 (2) of the IBC, 2016. A Comparison vis-à-vis with the Mandatory compliance under the IBC and the Compliance made under the Resolution Plan is as hereunder,



MANDATORY COMPLIANCE UNDER IBC, 2016	COMPLIANCE UNDER RESOLUTION PLAN
S. 30(1) - Resolution Applicant to submit an affidavit stating that he is eligible under Sec.29A of the Code, 2016	Resolution Applicant filed an Undertaking at page 269 of the application
S.30(2)(a)- Payment of Insolvency and Resolution cost in the manner specified by the Board	Section 5 of the resolution plan
S.30(2)(b) -Payment of debts of Operational Creditors in such manner as may be specified by the Board, which shall not be less than the amount to be paid to the Operational Creditors in the event of a liquidation of the Corporate Debtor under Sec. 53.	As specified in the section 5 of the resolution plan
S. 30(2)(c)- Management of the affairs of the Corporate Debtor after approval of the Resolution Plan.	Section 7 of the resolution plan
S.30(2)(d)- Implementation and Supervision of the Resolution Plan.	Section 7 of the resolution plan
S. 30(2)(e)- The plan does not contravene any of the provisions of the law for the time being in	Clause 8.13 in page 44 of the resolution plan deals with the declaration.
S.30(2)(f)- Conforms to such other requirements as may be specified.	Section 8 of the resolution plan
S.30(4) - Committee of Creditors approve the Resolution Plan by not less than 66% of the voting share of Financial Creditors, after considering its feasibility, viability and such other requirement as specified by the Board	9 th Coc meeting held on 21.11.2024 resolved for the resolution plan.



**MANDATORY CONTENTS OF THE RESOLUTION PLAN IN TERMS OF
REGULATION 38 OF CIRP REGULATIONS.**

	MANDATORY COMPLIANCE UNDER CIRP REGULATION	COMPLIANCE UNDER RESOLUTION PLAN
38(1)	The amount due to the Operational Creditor under Resolution Plan shall be given priority in payment over Financial Creditor.	Section 5 of the resolution plan.
38(1A)	A Resolution Plan shall include a statements as to how it has dealt with the interest of all stakeholders, including Financial Creditors and Operational Creditors of the Corporate Debtor.	Section 5 and section 8 of the resolution plan details about the payment to stakeholders
38(1B)	A Resolution Plan shall include a statement giving details if the Resolution Applicant or any of its related parties has failed to implement or contributed to the failure of implementation of any other resolution plan approved by the Adjudicating Authority at any time in the past.	Section 8.1 of the resolution plan
38(2)	a) term of the plan and its implementation schedule	Section 7 of the resolution plan
	b) management and control of the business of the Corporate Debtor during its term;	Section 7 of the resolution plan
	c) adequate means for supervising its implementation	Section 7 of the resolution plan
38(3)	a) it address the cause of default;	Section 8.6 of the resolution plan
	b) it is feasible and viable	Section 8.7 of the resolution plan
	c) it has provisions for effective implementation	Section 8.3 of the resolution plan



	d) it has provisions for approval required and the timeline for the same; and	Section 8.3 of the resolution plan
	e) the resolution applicant has the capability to implement the Resolution Plan.	8.9 of the resolution plan

12. JUDICIAL PRONOUNCEMENTS OF THE HON'BLE SUPREME COURT IN RELATION TO APPROVAL OF A RESOLUTION PLAN

12.1 In so far as the approval of the Resolution Plan is concerned, this Authority is not sitting in appeal against the decision of the Committee of Creditors and this Authority is duty bound to follow the Judgment of the Hon'ble Supreme Court in the matter of **K. Sashidhar –Vs– Indian Overseas Bank** (2019) 12 SCC 150, decided on 05.02.2019 wherein in para 19 and 62 it is held as under;

“19.....In the present case, however, our focus must be on the dispensation governing the process of approval or rejection of resolution plan by the CoC. The CoC is called upon to consider the resolution plan under Section 30(4) of the I&B Code after it is verified and vetted by the resolution professional as being compliant with all the statutory requirements specified in Section 30(2).

62.In the present case, however, we are concerned with the provisions of I&B Code dealing with the resolution process. The dispensation provided in the I&B Code is entirely different. In terms of Section 30 of the I&B Code, the decision is taken collectively after due negotiations between the financial creditors who are constituents of the CoC and they express their opinion on the proposed resolution plan in the form of votes, as per their voting share. In the meeting of the CoC, the proposed resolution plan is placed for discussion and after full interaction in the presence of all concerned and the Resolution Professional, the constituents of the CoC finally proceed to exercise their option (business/commercial decision) to approve or not to approve the proposed resolution plan. In such a case, non-recording of reasons would not per-se vitiate the collective decision of the financial creditors. The legislature has not



envisaged challenge to the “commercial/business decision” of the financial creditors taken collectively or for that matter their individual opinion, as the case may be, on this count.”

12.2 Further the Hon’ble Supreme Court in the matter of **K. Sashidhar v. Indian Overseas Bank and Ors.** (2019) 12 SCC 150 decided on 05.02.2019 has lucidly delineated the scope and interference of the Adjudicating Authority in the process of approval of the Resolution Plan and held as under;

“55. Whereas, the discretion of the adjudicating authority (NCLT) is circumscribed by Section 31 limited to scrutiny of the resolution plan “as approved” by the requisite per cent of voting share of financial creditors. Even in that enquiry, the grounds on which the adjudicating authority can reject the resolution plan is in reference to matters specified in Section 30(2), when the resolution plan does not conform to the stated requirements. Reverting to Section 30(2), the enquiry to be done is in respect of whether the resolution plan provides: (i) the payment of insolvency resolution process costs in a specified manner in priority to the repayment of other debts of the corporate debtor, (ii) the repayment of the debts of operational creditors in prescribed manner, (iii) the management of the affairs of the corporate debtor, (iv) the implementation and supervision of the resolution plan, (v) does not contravene any of the provisions of the law for the time being in force, (vi) conforms to such other requirements as may be specified by the Board. The Board referred to is established under Section 188 of the I&B Code. The powers and functions of the Board have been delineated in Section 196 of the I&B Code. None of the specified functions of the Board, directly or indirectly, pertain to regulating the manner in which the financial creditors ought to or ought not to exercise their commercial wisdom during the voting on the resolution plan under Section 30(4) of the I&B Code. The subjective satisfaction of the financial creditors at the time of voting is bound to be a mixed baggage of variety of factors. To wit, the feasibility and viability of the proposed resolution plan and including their perceptions about the general capability of the resolution applicant to translate the projected plan into a reality. The resolution applicant may have given projections backed by normative data but still in the opinion of the dissenting financial creditors, it would not be free from being speculative. These aspects are completely within the domain of the financial creditors who are called upon to vote on the resolution plan under Section 30(4) of the I&B Code.



58. Indubitably, the inquiry in such an appeal would be limited to the power exercisable by the resolution professional under Section 30(2) of the I&B Code or, at best, by the adjudicating authority (NCLT) under Section 31(2) read with Section 31(1) of the I&B Code. No other inquiry would be permissible. Further, the jurisdiction bestowed upon the appellate authority (NCLAT) is also expressly circumscribed. It can examine the challenge only in relation to the grounds specified in Section 61(3) of the I&B Code, which is limited to matters “other than” enquiry into the autonomy or commercial wisdom of the dissenting financial creditors. Thus, the prescribed authorities (NCLT/NCLAT) have been endowed with limited jurisdiction as specified in the I&B Code and not to act as a court of equity or exercise plenary powers.”

(emphasis supplied)

12.3 The Hon’ble Supreme Court of India in the matter of **Committee of Creditors of Essar Steels –Vs– Satish Kumar Gupta & Ors. in Civil Appeal No. 8766 – 67 of 2019** decided on 15.11.2019 at para 42 has held as under;

42.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)*.

12.4 Also the Hon’ble Supreme Court of India in the matter of **Committee of Creditors of Essar Steel India Limited v. Satish Kumar Gupta and Ors. (2020) 8 SCC 531** decided on 15.11.2019 after referring to the decision in *K. Sashidhar (supra)* has held as under;

“73. There is no doubt whatsoever that the ultimate discretion of what to pay and how much to pay each class or sub-class of creditors is with the Committee of Creditors, but, the decision of such Committee must reflect the fact that it has taken into account maximizing the value of the assets of the corporate debtor and the fact that it has adequately balanced the interests of all stakeholders including



operational creditors. This being the case, judicial review of the Adjudicating Authority that the resolution plan as approved by the Committee of Creditors has met the requirements referred to in Section 30(2) would include judicial review that is mentioned in Section 30(2)(e), as the provisions of the Code are also provisions of law for the time being in force. Thus, while the Adjudicating Authority cannot interfere on merits with the commercial decision taken by the Committee of Creditors, the limited judicial review available is to see that the Committee of Creditors has taken into account the fact that the corporate debtor needs to keep going as a going concern during the insolvency resolution process; that it needs to maximise the value of its assets; and that the interests of all stakeholders including operational creditors has been taken care of. If the Adjudicating Authority finds, on a given set of facts, that the aforesaid parameters have not been kept in view, it may send a resolution plan back to the Committee of Creditors to re-submit such plan after satisfying the aforesaid parameters. The reasons given by the Committee of Creditors while approving a resolution plan may thus be looked at by the Adjudicating Authority only from this point of view, and once it is satisfied that the Committee of Creditors has paid attention to these key features, it must then pass the resolution plan, other things being equal."

(emphasis supplied)

12.5 The Hon'ble Supreme Court in its recent decision in **Jaypee Kensington Boulevard Apartments Welfare Association & Ors. –Vs- NBCC (India) Ltd. & Ors** in Civil Appeal no. 3395 of 2020 decided 24.03.2021 has held as under;

76. The expositions aforesaid make it clear that the decision as to whether corporate debtor should continue as a going concern or should be liquidated is essentially a business decision; and in the scheme of IBC, this decision has been left to the Committee of Creditors, comprising of the financial creditors. Differently put, in regard to the insolvency resolution, the decision as to whether a particular resolution plan is to be accepted or not is ultimately in the hands of the Committee of Creditors; and even in such a decision-making process, a resolution plan cannot be taken as approved if the same is not approved by votes of at least 66% of the voting share of financial creditors. Thus, broadly put, a resolution plan is approved only when the collective commercial wisdom of the financial creditors, having at least 2/3rd majority of voting share in the Committee of Creditors, stands in its favour.



77. In the scheme of IBC, where approval of resolution plan is exclusively in the domain of the commercial wisdom of CoC, the scope of judicial review is correspondingly circumscribed by the provisions contained in Section 31 as regards approval of the Adjudicating Authority and in Section 32 read with Section 61 as regards the scope of appeal against the order of approval.

77.1. Such limitations on judicial review have been duly underscored by this Court in the decisions above-referred, where it has been laid down in explicit terms that the powers of the Adjudicating Authority dealing with the resolution plan do not extend to examine the correctness or otherwise of the commercial wisdom exercised by the CoC. The limited judicial review available to Adjudicating Authority lies within the four corners of Section 30(2) of the Code, which would essentially be to examine that the resolution plan does not contravene any of the provisions of law for the time being in force, it conforms to such other requirements as may be specified by the Board, and it provides for: (a) payment of insolvency resolution process costs in priority; (b) payment of debts of operational creditors; (c) payment of debts of dissenting financial creditors; (d) for management of affairs of corporate debtor after approval of the resolution plan; and (e) implementation and supervision of the resolution plan.

77.2. The limitations on the scope of judicial review are reinforced by the limited ground provided for an appeal against an order approving a resolution plan, namely, if the plan is in contravention of the provisions of any law for the time being in force; or there has been material irregularity in exercise of the powers by the resolution professional during the corporate insolvency resolution period; or the debts owed to the operational creditors have not been provided for; or the insolvency resolution process costs have not been provided for repayment in priority; or the resolution plan does not comply with any other criteria specified by the Board

77.6.1. The assessment about maximization of the value of assets, in the scheme of the Code, would always be subjective in nature and the question, as to whether a particular resolution plan and its propositions are leading to maximization of value of assets or not, would be the matter of enquiry and assessment of the Committee of Creditors alone. When the Committee of Creditors takes the decision in its commercial wisdom and by the requisite majority; and there is no valid reason in law to question the decision so taken by the Committee of Creditors, the adjudicatory process, whether by the Adjudicating Authority or the Appellate Authority, cannot enter into any quantitative analysis to adjudge as to whether the prescription of the resolution plan results in maximization of the value of assets or



not. The generalised submissions and objections made in relation to this aspect of value maximisation do not, by themselves, make out a case of interference in the decision taken by the Committee of Creditors in its commercial wisdom

78. To put in a nutshell, the Adjudicating Authority has limited jurisdiction in the matter of approval of a resolution plan, which is well defined and circumscribed by Sections 30(2) and 31 of the Code read with the parameters delineated by this Court in the decisions above referred. The jurisdiction of the Appellate Authority is also circumscribed by the limited grounds of appeal provided in Section 61 of the Code. In the adjudicatory process concerning a resolution plan under IBC, there is no scope for interference with the commercial aspects of the decision of the CoC; and there is no scope for substituting any commercial term of the resolution plan approved by the CoC. Within its limited jurisdiction, if the Adjudicating Authority or the Appellate Authority, as the case may be, would find any shortcoming in the resolution plan vis-à-vis the specified parameters, it would only send the resolution plan back to the Committee of Creditors, for re-submission after satisfying the parameters delineated by Code and exposted by this Court.

12.6 The Hon'ble Supreme Court in its recent decision in **Paschimanchal Vidyut Vitran Nigam Ltd. Verus Raman Ispat Private Limited & Ors.** In Civil Appeal no. 7976 of 2029 decided 17.07.2023 has held as under;

49. Rainbow Papers (Supra) did not notice the 'waterfall mechanism' under Section 53 – the provision had not been adverted to or extracted in the Judgement. Furthermore, Rainbow Papers (Supra) was in the context of a resolution process and not during liquidation. Section 53, as held earlier, enacts the waterfall mechanism providing for the hierarchy or priority of claims of various classes of creditors. The careful design of Section 53, locates amounts payable to secured creditors and workmen at the second place, after the costs & expenses of the liquidator payable during the liquidation proceedings. However, the dues payable to the government are placed much below those of secured creditors and even unsecured creditors. This design was either not brought to the notice of the Court in Rainbow Papers (supra) or was missed altogether. In any event, the Judgment has not taken note of the provisions of the IBC which treat the dues payable to secured creditors at a higher footing than dues payable to central or state Government.

(emphasis supplied)



12.7 Thus, from the catena of judgments rendered by the Hon'ble Supreme Court on the scope of approval of the Resolution Plan, it is crystal clear that only limited judicial review is available for the Adjudicating Authority under Section 30(2) and Section 31 of IBC, 2016 and this Adjudicating Authority cannot venture into the commercial aspects of the decisions taken by the Committee of Creditors.

13 The Applicant has filed Form -H in accordance with the IBBI (CIRP Regulations, 2016) along with this Application and the same is placed along with the application. Further, it is observed from Form-H that the amount proposed in the plan is much higher than the Liquidation Value of the Corporate Debtor. The fair value and the Liquidation Value as mentioned in Form-H is as hereunder,

1.	<i>Fair Value</i>	Rs. 40,34,211.67
2.	<i>Liquidation Value</i>	Rs. 7,29,089.89
3.	<i>Plan Value</i>	Rs. 27,00,000 .

14. It is seen from Form-H, that there are no application pending which is filed under Section 66 of the code.

15. It is seen that the resolution plan has been approved with 90.883% voting share. As per the CoC, the plan meets the requirement of being viable and feasible for the revival of the Corporate Debtor. By and large, all the compliances have been made by the RP and the Resolution Applicant for making the plan effective after approval by this Authority. On perusal of the documents on record, we are satisfied that the Resolution Plan is in



accordance with Section 30 & 31 of the IBC and also in compliance with regulations 38 & 39 of the IBBI (CIRP) Regulations, 2016.

RELIEF & CONCESSIONS:

SL. No.	RELIEF / CONCESSIONS SOUGHT FOR	ORDERS THEREON
1.	Approval of the Resolution Plan by the adjudicating Authority, the Resolution Plan shall be binding on the Corporate Debtor and its respective Workmen, Employees, Members, Creditors and Guarantors, the Central Government, any State Government or any local authority to whom a debt in respect of payment of dues arising under any law for the time being in force, such as authorities to whom statutory dues are owed, Implementation and Monitoring Committee and other stakeholders of the Corporate Debtor and or otherwise concerned or connected with the Corporate Debtor (hereinafter, Persons).	Granted subject to the provisions of companies act IBC other applicable laws
2.	All such Persons and the Resolution Applicant, shall use their best efforts to do or cause to be done, such further acts, deeds, matters and things and execute such further documents as may be required by the Resolution Applicant to give full effect to the terms of the Resolution Plan in accordance with its terms and conditions, including but not limited to (i) making all necessary filings of statutory and regulatory forms as may be required to be done by any such person under any law for the time being in force, as soon as possible, with the relevant registries or other authorities to record the release of their respective pledge/ hypothecation and or mortgage(s), to be released under the terms of the Resolution Plan	Granted subject to the provisions of companies act IBC other applicable laws
3.	In terms of Resolution Plan as the evidence of discharge of Claim and release of pledge/ hypothecation and/ or mortgage(s), the Financial Creditors of the Corporate Debtor shall release the original deeds and other documents and provide no dues and satisfaction of charge certificates duly executed modification of charge forms for filing with the Registrar of Companies and any other document required for evidencing the full and final discharge of their Claims and	Granted subject to the provisions of companies act IBC other applicable laws



	release of their security interests and respective pledge/ hypothecation and/ or mortgage(s), as may be required by the Corporate Debtor and/or the Resolution Applicant simultaneous with release of funds in their favour.	
4.	In the event of any repugnancy or inconsistency between the Resolution Plan and any other documents, the provisions contained in the Resolution Plan will prevail.	Granted
5.	The Resolution Plan along with its Schedules, Annexures, Appendices and all supporting documents submitted by the Resolution Applicant to the Resolution Professional constitutes the entire Resolution Plan of the Resolution Applicant within the meaning of section 30 of I&B Code and regulation 38 of the CIRP Regulations and supersedes and cancels any prior oral or written plans, proposals, arrangements, discussions correspondence or understandings with respect to the insolvency resolution of the Corporate Debtor.	Granted as per Ghanashyam Mishra and Sons Ltd vs Edelweiss Asset reconstruction and subject to other applicable law
6.	The Resolution Plan has been prepared on the assumptions that none of the assets, receivables (except those disclosed in the Information Memorandum) or securities of the Corporate Debtor shall be transferred, alienated, sold, disposed of or otherwise Encumbered in any manner other than in the ordinary course of business after the approval of the Resolution Plan by the members of the CoC of the Corporate Debtor under section 30(4) of the Code	Granted as per Ghanashyam Mishra and Sons Ltd vs Edelweiss Asset reconstruction and subject to other applicable law
7.	Resolution Plan shall be binding on and shall inure to the benefit of the successors of the Applicant	Granted subject to application of appropriate laws.
8.	All assets (including properties, moveable or immovable, whether freehold, leasehold or license basis, current assets like Inventory, Debtors, Cash and Bank balance etc.) of the Corporate Debtor disclosed / undisclosed shall continue to be vested in the Corporate Debtor on and from the upon the payment of entire amount as contemplated in the plan, free and clear of all Encumbrances in favour of any Governmental Authority pursuant to the	Granted, subject to the provisions of IBC, 2016 and other Applicable laws



	provisions of Applicable Law and free and clear of all Encumbrances in favour of all Financial Creditors.	
9.	All the attachments on the assets/properties/bank accounts/projects of the Corporate Debtor created by any Government Authority or any other relevant authority including but not limited to Income Tax Department, Service Tax Department, GST Department, Sales Tax Department, Excise Department, PF, ESI, Enforcement Directorate or any other authority or department which shall stand cancelled/ceased/settled upon approval of this Resolution Plan by Hon'ble Adjudicating Authority. All the pending litigations, suits, proceedings, quasi-judicial proceedings, arbitrations, civil against the Corporate Debtor shall stand abated, cancelled.	Granted as per Ghanashyam Mishra and Sons Ltd vs Edelweiss Asset reconstruction and subject to other applicable law
10.	Resolution Applicant and the Corporate Debtor shall have immunity from any actions and penalties (of any nature) under any law for any non-compliances of laws in relation to the Corporate Debtor or by the Corporate Debtor, as well as with the terms of any agreement or arrangement entered into by the Corporate Debtor, which was existing as on the Insolvency Commencement Date.	Granted, subject to the provisions of IBC, 2016 and other Applicable laws
11.	After the NCLT Approval Date, no creditor of the Corporate Debtor, assenting or dissenting, it's employee(s), members, guarantors and other stakeholders including the Central/State Government or any local authority to whom the debt in respect of payment of due arising under any law for time being in force, such authorities to whom statutory dues are owed or any other creditor shall be entitled to institute or continue any suits or proceedings including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or authority against the Corporate Debtor or take any action to foreclose, recover or enforce any security interest created by the Corporate Debtor in respect of its property (including any action under SARFAESI).	Granted, subject to the provisions of IBC, 2016 and other Applicable laws
12.	On and from the effective Date, the accounts of the Corporate Debtor shall no longer stand classified as non-performing asset as per the NPA Regulations.the default credit history	



	and/or any other default related track record or classification of the Corporate Debtor shall be deemed waived and not carried onwards to the Resolution Applicant under any step during the implementation or thereafter of the proposed resolution plan	Granted as per Ghanashyam Mishra and Sons Ltd vs Edelweiss Asset reconstruction and subject to other applicable law
13.	<p>On passing of an order by the Adjudicating Authority approving the Resolution Plan under section 31(1) of Code, the Resolution Plan shall be binding on the Corporate Debtor together with its employees, members, Creditors (including any assignees and successors), guarantors and all other stakeholders affected by the Resolution Plan and that accordingly, the approval of such employees, members, Creditors, guarantors and other stakeholders (including any Governmental Authorities) shall not be separately required to be undertaken, whether before or after the effective Date, for implementation of various actions proposed to be taken pursuant to the Resolution Plan; and in accordance with section 235 of Code, any action undertaken pursuant to the approved Resolution Plan by the Resolution Applicant, shall not require compliances under any other laws including but not limited to the provisions of the Companies Act, 2013, FEMA Act, 1999, SEBI (LODR) 2015, etc. since, the Code is a complete code in itself and the Adjudicating Authority acting under Code functions as a single clearance for all actions proposed to be undertaken pursuant to a resolution plan approved by the Adjudicating Authority. Accordingly, the process stipulated under Code for implementation of a resolution plan is a final and binding process on all stakeholders (including any Governmental Authorities). For the implementation of the Resolution Plan, and except as set out in the Resolution Plan, upon the Resolution Applicant ensuring compliance with the provisions of the Code and the CIRP Regulations, no further compliances, actions or consents will be required under other laws or regulations for undertaking the individual actions contemplated under the Resolution Plan.</p>	Appropriate authorities to consider keeping in view the object of IBC, 2016



14.	The company has /may have assessed Income Tax losses. As the company will be taken over under CIRP as Going Concern the Resolution Applicant will be entitled to adjust he brought forward losses as per provisions of Income Tax Act.	Appropriate authorities to consider keeping in view the object of IBC, 2016
15.	Waiving of income tax liability on notional income arising on implementation of the Resolution Plan due to writing back of the unpaid dues to the creditors in the books of Corporate Debtor.	Appropriate authorities to consider keeping in view the object of IBC, 2016

16. In the light of the aforesaid, it is hereby ordered that the payment to the members of the Monitoring Committee shall be made by the Corporate Debtor on such terms and conditions agreed between the parties for the entire period of implementation as mentioned in this resolution plan.

17. In case of non-compliance/non-implementation/ failure during implementation of this order or withdrawal of the Resolution Plan by the Successful Resolution Applicant, the RP shall forfeit the EMD/Performance Guarantee or any further amount paid as per the terms of the resolution plan without any recourse to this Authority. Subject to the observations made in this Order, the Resolution Plan valuing Rs. 27,00,000/- along with the addendum to the Resolution Plan is hereby **APPROVED** by this Adjudicating Authority. The Resolution Plan shall form part of this Order. The Resolution Plan is binding on the Corporate Debtor and other stakeholders involved so that the revival of the Debtor Company shall come into force with immediate effect. The Moratorium Imposed under section 14 shall cease to have effect from the date of this Order.



18. The Resolution Professional shall submit the records collected during the commencement of the proceedings to the Insolvency & Bankruptcy Board of India for its record and also return to the Resolution Applicant. The Resolution Professional is further directed to hand over all records/premises/factories/documents to the Resolution Applicant to finalize the further line of action required for starting the operation of the Corporate Debtor under the control of the Resolution Applicant.
19. Certified copy of this Order be issued on demand to the concerned parties, upon due compliance.
20. Liberty is granted for moving any Application if required in connection with the implementation of this Resolution Plan.
21. A copy of this Order be submitted to the Office of the concerned Registrar of Companies.
22. The Resolution Professional shall stand discharged from his duties with effect from the date of this Order. **IA(IBC)/Plan 1(CHE)/2025** stands **disposed of** accordingly.
23. The Registry is directed to send e-mail copies of the order forthwith to all the parties and their Learned Counsel for information and for taking necessary steps.
24. File be consigned to the record room.

-SD-

RAVICHANDRAN RAMASAMY
MEMBER (TECHNICAL)

-SD-

JYOTI KUMAR TRIPATI
MEMBER (JUDICIAL)

Rannika/LRA