NATIONAL COMPANY LAW APPELLATE TRIBUNAL
PRINCIPAL BENCH, NEW DELHI

Company Appeal (AT) (Ins.) No. 629 of 2024

(Arising out of Judgement and order dated 05.02.2024 passed by the Ld. Adjudicating Authority (National Company Law Tribunal, Cuttack Bench) in I.A. No. 149/CB/2023, I.A. No. 150/2023 and I.A. No. 285/2023 in CP(IB) No. 111/CTB/2020)

IN THE MATTER OF:

1. Indian Bank **...Appellant No.1**
2. UCO Bank **...Appellant No.2**
3. Bank of Baroda **...Appellant No.3**
4. ICICI Bank Limited **...Appellant No.4**
5. Union Bank of India **...Appellant No.5**

Versus

1. State Bank of India (Dissenting Financial Creditor) **...Respondent No.1**
2. M/s Indrani Patnaik (Successful Resolution Applicant) **...Respondent No.2**
3. ASIA Opportunities (III) Mauritius Limited (Performa Respondent) **...Respondent No.3**
4. Punjab National Bank (Performa Respondent). **...Respondent No.4**

Present:

For Appellant: **Mr. Rajesh Kumar Gautam, Mr. Deepanjal Choudhary, Mr. Likivi K. Jakhalu and Mr. Aman Gahlot, Advocates.**

Cont'd..../

For Respondents: **Mr. Krishnendu Datta, Sr. Advocate with Mr. Aseem Chaturvedi, Mr. Vishnu Sriram, Mr. Arpit Kumar Singh and Ms. Niharika Sharma, Advocates for R1.**

J U D G M E N T

(8th April, 2026)

INDEVAR PANDEY, MEMBER (T)

The present Appeal has been preferred by Indian Bank, UCO Bank, Bank of Baroda, ICICI Bank Limited and Union Bank of India (collectively, the Appellant Banks), under Section 61 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as Code), assailing the common Judgment and Order dated 05.02.2024 passed by the Ld. Adjudicating Authority (National Company Law Tribunal, Cuttack Bench) in I.A. No. 149/CB/2023, I.A. No. 150/2023 and I.A. No. 285/2023 in CP(IB) No. 111/CTB/2020.

2. The I.A. No. 149/CB/2023 was filed by State Bank of India, the dissenting Financial Creditor and Respondent No.1 herein seeking appropriate orders of Adjudicating Authority for setting aside distributions of payments to dissenting Financial Creditors decided in the 4th meeting of Monitoring Committee held on 04.05.2023 being void and contrary to the provisions of Section 30 (2) (b) r/w Section 53 (1) of the Code and to direct to make payment of the amount of Rs. 64.47 crores to the applicant. The I.A. No. 150/2023 was filed by Indrani Patnaik, the Successful Resolution Applicant (SRA) and Respondent No.2 in this appeal, for a declaration that the SRA has complied with the resolution plan dated 27.05.2022 as

modified by the addendum dated 29.02.2022 and that the resolution plan stands implemented. The I.A. No. 285/2023 was filed by State Bank of India seeking leave of Adjudicating Authority to amend I.A. No. 149 to bring on record a copy of the resolution plan as approved by the Adjudicating Authority vide order dated 20.03.2023 and also relevant minutes of Monitoring Committee meetings.

3. By the aforesaid impugned order, the Ld. Adjudicating Authority issued directions affecting the distribution of Resolution Plan proceeds to State Bank of India, which was a dissenting secured financial creditor in the Committee of Creditors of the Corporate Debtor, OCL Iron and Steel Ltd. The impugned directions also concern the implementation of the Resolution Plan submitted by M/s Indrani Patnaik, the Successful Resolution Applicant (Respondent No. 2), and impact other stakeholders including Asia Opportunities (III) Mauritius Limited (Respondent No. 3) and Punjab National Bank (Respondent No. 4 – Performa Respondent). The Appellant Banks herein are assenting financial creditors, who had voted in favour of the Resolution Plan and the approved distribution mechanism, and have now challenged the order of the Adjudicating Authority on the grounds that it interferes with the commercial wisdom of the Committee of Creditors.

Brief facts of the case

4. The brief facts of the case are as given below:

i. Indian Bank, being one of the financial creditors, initiated proceedings under Section 7 of the Insolvency and Bankruptcy Code,

2016 against the Corporate Debtor (OCL Iron and Steel Ltd.) and pursuant to an order dated 20.09.2021, the Corporate Debtor was admitted into Corporate Insolvency Resolution Process (CIRP). Mr. Vijay Kumar Iyer was appointed as Resolution Professional (RP) by the Adjudicating Authority vide order dated 25.11.2021.

ii. Upon collation of claims, the Committee of Creditors was constituted comprising of nine financial creditors with the following voting shares: Asia Opportunities (III) Mauritius Limited (36.22%), ICICI Bank (12.68%), State Bank of India (10.39%), Indian Bank (10.32%), UCO Bank (9.82%), Bank of Baroda (7.87%), Union Bank of India (7.11%), Punjab National Bank (0.63%) and Ganesh Ores Pvt. Ltd. (4.98%).

iii. During the 18th CoC meeting held on 23.09.2022, deliberations were undertaken regarding the distribution mechanism and formula for payment to creditors under the proposed Resolution Plan, and it was resolved that the agenda for approval of the distribution mechanism would be placed for e-voting along with the Resolution Plan.

iv. In the 19th CoC meeting held on 30.09.2022, the CoC unanimously resolved to appoint M/s K.G. Somani & Co. LLP to calculate and determine the amount payable to each creditor on the basis of the approved distribution mechanism, and it was further clarified that in the event of liquidation, proceeds attributable to secured financial creditors would be distributed as per their share in security interest, whereas in case of approval of a Resolution Plan, distribution would be in accordance with the mechanism approved in the 18th meeting.

v. An Evaluation Report estimating the attributable liquidation value was submitted by M/s K.G. Somani & Co. LLP on 07.10.2022, and in the 20th CoC meeting held on the same date, further deliberations were undertaken with respect to the distribution mechanism in the event of approval of the Resolution Plan.

vi. The Resolution Plan submitted by M/s Indrani Patnaik (SRA) was approved by the CoC through e-voting conducted between 25.09.2022 and 12.10.2022, receiving 88.98% majority vote. The Adjudicating Authority thereafter approved the Resolution Plan by order dated 20.03.2023, and a Monitoring Committee was constituted to oversee implementation of resolution plan.

vii. The 1st Monitoring Committee meeting held on 27.03.2023 and the 2nd meeting held on 02.05.2023, wherein discussions took place regarding the distribution of Resolution Plan proceeds, particularly in relation to dissenting financial creditors; however, no consensus was reached and the issue was deferred.

viii. In the 3rd and 4th Monitoring Committee meetings held on 03.05.2023 and 04.05.2023 respectively, the lack of consensus regarding distribution to dissenting financial creditors was recorded, and calculations regarding distribution of Resolution Plan proceeds were placed before the members.

ix. M/s Indrani Patnaik, being the Successful Resolution Applicant, transferred an amount of Rs. 35.20 crores on 15.05.2023 to State Bank of India as a dissenting financial creditor.

x. Aggrieved by the same State Bank of India (Respondent No.1) thereafter filed I.A. No. 149/2023 on 18.05.2023 before the Adjudicating Authority seeking to set aside the distribution decided in the 4th Monitoring Committee meeting. The Successful Resolution Applicant filed I.A. No. 150/2023 on 19.05.2023 seeking a declaration regarding compliance with the Resolution Plan.

xi. Ld. Adjudicating Authority by the impugned common order dated 05.02.2024, disposed of I.A. Nos. 149, 150 and 285 of 2023 and directed that distribution to State Bank of India, being the dissenting financial creditor, be made in accordance with Section 30(2)(b) of the Code as computed by the Evaluation Advisor, and further directed that the computation of liquidation value be re-checked and payment be made accordingly.

xii. Aggrieved by the impugned order mandating distribution to the dissenting secured financial creditor out of the upfront payment in a manner allegedly contrary to the CoC-approved mechanism and settled law, the present Appeal has been preferred by the Appellant Banks under Section 61 of the Insolvency and Bankruptcy Code, 2016.

Submissions of the Appellants

5. At the outset, Ld. Counsel for the Appellants submits that the present Appeal has been preferred against the impugned order dated 05.02.2024 passed by the Ld. Adjudicating Authority, wherein it has been directed that

Respondent No. 1, being a dissenting secured financial creditor, be paid in proportion to its security interest in one of the Units of the Corporate Debtor, namely the Steel Unit. It is submitted that the said direction travels beyond the express terms of the Resolution Plan approved by the Committee of Creditors and is contrary to the commercial decision taken by the CoC.

6. Ld. Counsel further submits that the Committee of Creditors, in exercise of its commercial wisdom and as specifically clarified in the 20th CoC Meeting dated 07.10.2022, categorically resolved that dissenting secured financial creditors shall be paid strictly in terms of the distribution mechanism proposed under the approved Resolution Plan. It was never resolved that distribution would be linked to or proportionate to the individual security interest of a dissenting secured financial creditor. The Resolution Plan, as approved by the CoC, does not contemplate any distribution based on the extent or nature of the security interest held by any dissenting financial creditor.

7. It is submitted that the Ld. Adjudicating Authority, in the impugned order, has erroneously relied upon the decision recorded in the 19th CoC Meeting, wherein it had been discussed that liquidation proceeds attributable to secured financial creditors shall be distributed in proportion to their respective share in the security interest. He submits that the said reliance is misplaced and legally unsustainable in light of subsequent developments.

8. Learned Counsel submits that the Ld. Adjudicating Authority failed to take into consideration the subsequent and binding decision taken in the

20th CoC Meeting, wherein the CoC consciously and expressly resolved that in the event of approval of the Resolution Plan, dissenting secured financial creditors would be paid strictly in accordance with the distribution mechanism contained in the Resolution Plan. The decision taken in the 20th meeting was a later, deliberate, and conclusive determination of the CoC and necessarily supersedes all earlier deliberations or proposals recorded in prior meetings, including the 19th CoC Meeting.

9. Ld. Counsel further submits that Clause 4.1.5.2 of the Resolution Plan, which was duly approved by the CoC, expressly provides that a dissenting secured financial creditor shall be paid in terms of Section 30(2)(b) read with Section 53 of the Insolvency and Bankruptcy Code, 2016, subject to the maximum consideration agreed to be paid by the Resolution Applicant. The clause clearly limits the entitlement of a dissenting secured financial creditor to the statutory minimum as contemplated under the Code and does not confer any right to claim payment based on the entire realizable value of its security.

10. Further, Clause 4.1.5.3 of the Resolution Plan specifically provides that in respect of the Auto Division of the Corporate Debtor, which was proposed to be sold after implementation of the Plan, the entire sale proceeds shall be distributed exclusively among the Assenting Financial Creditors. This clause unequivocally excludes dissenting secured financial creditors from any entitlement to such proceeds.

11. Ld. Counsel submits that upon a conjoint reading of the decision of the CoC in its 20th meeting and Clauses 4.1.5.2 and 4.1.5.3 of the approved

Resolution Plan, it is manifest that there exists no provision mandating payment to a dissenting financial creditor in proportion to its individual security interest. The impugned direction, therefore, effectively rewrites the Resolution Plan and overrides the commercial wisdom of the CoC, which is impermissible in law.

12. Ld. Counsel reiterates that the CoC, in its 20th meeting, expressly resolved that upon approval of the Resolution Plan, dissenting secured financial creditors would be paid strictly as proposed under the respective Resolution Plan and not on the basis of any independent computation linked to their security interest.

13. He further submitted that Clause 4.1.5.3 of the Resolution Plan clearly stipulates that the Auto Unit of the Corporate Debtor was proposed to be sold after implementation of the Plan and that the entire sale proceeds arising therefrom shall be distributed only among the Assenting Financial Creditors. The language of the clause is explicit and leaves no scope for any alternative interpretation.

14. However, the Ld. Adjudicating Authority, while passing the impugned order, has granted Respondent No. 1 the value of its security interest computed with reference to the liquidation value of both the Steel Unit and the Auto Unit of the Corporate Debtor. By adopting such an approach, the Ld. Adjudicating Authority has effectively permitted Respondent No. 1 to derive benefit not only from the liquidation value of the Steel Unit, but also from the liquidation value attributable to the Auto Unit.

15. Ld. Counsel submits that this direction is directly contrary to Clause 4.1.5.3 of the Resolution Plan, which specifically provides that the sale proceeds of the Auto Unit shall accrue exclusively to the Assenting Financial Creditors. The Resolution Plan does not contemplate any entitlement whatsoever of a dissenting secured financial creditor to the value or proceeds of the Auto Unit. By granting such benefit, the Ld. Adjudicating Authority has altered the distribution mechanism approved by the CoC and disturbed the inter se rights of assenting financial creditors.

16. Ld. Counsel submits that the issue relating to the entitlement of a dissenting financial creditor has been conclusively settled by the Hon'ble Supreme Court in *'India Resurgence ARC Pvt. Ltd. v. Amit Metaliks Ltd.' [(2021) 19 SCC 672]*, wherein, while relying upon the earlier judgment in *Jaypee Kensington Boulevard Apartments Welfare Association vs. NBCC (India) Ltd.,* it has been held that the limitation on the extent of the amount receivable by a dissenting financial creditor is inherent in Section 30(2)(b) of the Code. The Hon'ble Supreme Court has clarified that it was never the legislative intent that a security interest held by a dissenting financial creditor over the assets of the Corporate Debtor should enable such creditor to enforce the entire value of its security independent of the resolution framework and thereby receive an amount exceeding the liquidation value receivable within its class. Such a situation would result in inequity and imbalance among similarly placed creditors.

17. Ld. Counsel further submits that in the present case, there has been no statutory violation whatsoever. The distribution mechanism provided under the Resolution Plan is fully compliant with Section 30(2)(b) read with

Section 53 of the Insolvency and Bankruptcy Code, 2016. The Plan ensures that dissenting secured financial creditors receive at least the amount payable to them in the event of liquidation, as mandated by law. The mechanism adopted is fair, equitable, and in consonance with the binding principles laid down by the Hon'ble Supreme Court in *India Resurgence ARC (Pvt. Ltd.) vs. Amit Metaliks Ltd.*

18. In view of the foregoing submissions, Ld. Counsel submits that the impugned order dated 05.02.2024 is liable to be set aside to the extent it directs payment to Respondent No. 1 in proportion to its security interest, as the same is contrary to the express terms of the approved Resolution Plan, the commercial wisdom of the CoC, and the settled position of law under the Insolvency and Bankruptcy Code, 2016.

Submissions of Respondent No.1/SBI

19. Shri Krishnendu Datta, Ld. Sr. Counsel appearing for Respondent No.1 / State Bank of India submits that the present Appeal filed by the assenting financial creditors is wholly misconceived and deserves to be dismissed. It is submitted that the Impugned Order dated 05.02.2024 passed by the Ld. AA correctly recognizes the legal position that the Monitoring Committee cannot alter the distribution mechanism which had already been deliberated upon and approved by the Committee of Creditors ("CoC") in exercise of its commercial wisdom during the Corporate Insolvency Resolution Process ("CIRP") of OCL Iron and Steel Ltd. ("Corporate Debtor").

20. Learned Sr. Counsel submits that the present Appeal has been filed by the assenting financial creditors namely Indian Bank (A1), UCO Bank (A2), Bank of Baroda (A3), ICICI Bank (A4), and Union Bank of India (A5) who were members of the CoC in the CIRP of the Corporate Debtor. The Appeal challenges the Adjudicating Authority's order dated 05.02.2024 whereby the Adjudicating Authority held that the decision of the Monitoring Committee to pay an amount of Rs. 35.2 crores to Respondent No.1, who is a dissenting financial creditor, was contrary to the distribution mechanism earlier decided by the CoC in the 18th and 19th CoC meetings, and therefore violated Section 30(2)(b) of the Insolvency and Bankruptcy Code, 2016 ("IBC"). The NCLT accordingly directed that the amount payable to Respondent No.1 as determined by the evaluation advisor, namely Rs. 64.56 crores, be paid to Respondent No.1.

21. Learned Sr. Counsel further submits that the Appellants have challenged the Impugned Order on three principal grounds, namely: (i) that the Impugned Order is allegedly contrary to the judgment of the Hon'ble Supreme Court in *'India Resurgence ARC Pvt. Ltd. v. Amit Metaliks Ltd.' [(2021) 19 SCC 672]*; (ii) that the distribution directed to be made to Respondent No.1 allegedly grants a premium to a dissenting financial creditor since the total resolution amount under the plan is lower than the liquidation value; and (iii) that Respondent No.1 allegedly has security interest only in the steel unit and not the auto unit of the Corporate Debtor.

22. Learned Sr. Counsel submits that each of the aforesaid grounds raised by the Appellants is completely misplaced, factually incorrect and legally unsustainable.

23. Learned Sr. Counsel submits that the distribution mechanism which forms the basis of the present dispute was not devised subsequently, but was specifically deliberated upon and approved by the Committee of Creditors during the CIRP process itself. The said distribution mechanism was discussed and finalized during the 18th and 19th CoC meetings, and therefore the same is binding upon all stakeholders including the Monitoring Committee, which was constituted subsequently for implementation of the resolution plan.

24. He submits that during the 18th CoC meeting held on 23.09.2022, the members of the CoC deliberated extensively upon the proposed distribution formula and distribution mechanism in respect of the resolution plan received during the CIRP. After detailed discussions, the CoC approved by e-voting concluded on 28.09.2022 that in the event the amount available under the resolution plan was lower than the liquidation value of the Corporate Debtor, the distribution of the proceeds would be carried out as per the share of liquidation value attributable to each secured financial creditor.

25. Learned Sr. Counsel further submits that during the 19th CoC meeting held on 30.09.2022, the said distribution mechanism was again taken up for discussion. During the said meeting, the CoC reaffirmed the distribution mechanism already approved in the 18th CoC meeting and

further clarified that the distribution among secured financial creditors would be carried out on the basis of the share of liquidation value attributable to each creditor based on the security interest held by such creditor.

26. Learned Sr. Counsel submits that in the said 19th CoC meeting, all members of the CoC including the present Appellants unanimously agreed to appoint M/s KG Somani and Co. LLP as the evaluation advisor for the purpose of calculating and determining the amount payable to each creditor in accordance with the distribution formula approved by the CoC.

27. Pursuant to the aforesaid decision, the evaluation advisor submitted its report dated 07.10.2022 wherein the liquidation value attributable to Respondent No.1 was determined at Rs. 64.56 crores. The said computation was carried out strictly in accordance with the distribution mechanism approved by the CoC.

28. He further submits that during the 20th CoC meeting held on 07.10.2022, the members of the CoC specifically considered the issue of payment to dissenting financial creditors and unanimously agreed that dissenting financial creditors would be paid at least the minimum liquidation value payable to them in terms of Section 30(2)(b) read with Section 53 of the IBC.

29. Learned Sr. Counsel submits that thereafter the resolution plan submitted by M/s Indrani Patnaik came to be approved by the Hon'ble NCLT

by order dated 20.03.2023. Respondent No.1 did not vote in favour of the resolution plan and therefore remained a dissenting financial creditor.

30. He submits that the approved resolution plan itself incorporates the aforesaid distribution mechanism. In particular, Clause 4.1.5.5 of the resolution plan provides that dissenting financial creditors shall be paid in priority to assenting financial creditors as per the distribution decided by the CoC, and Clause 4.1.5.6 provides that dissenting financial creditors are to be paid in accordance with Section 30(2)(b) read with Section 53 of the IBC.

31. Learned Sr. Counsel further submits that in terms of the distribution mechanism approved by the CoC as well as the provisions of the resolution plan, Respondent No.1 was entitled to receive the liquidation value determined by the evaluation advisor, i.e., Rs. 64.56 crores. Respondent No.1 accordingly submitted before the Monitoring Committee that approximately Rs. 64.74 crores was payable to it as a dissenting financial creditor.

32. Learned Sr. Counsel however submits that despite the above binding decisions of the CoC, the Monitoring Committee in its 4th meeting held on 04.05.2023 arbitrarily decided that only Rs. 35.2 crores would be paid to Respondent No.1. This decision of Monitoring Committee was incomplete departure from the distribution mechanism approved by the CoC, and amounted to an impermissible attempt by the Monitoring Committee to alter the decision of the CoC.

33. Learned Sr. Counsel further submits that even the Chairperson of the Monitoring Committee (the Resolution Professional) and the Monitoring Committee's legal counsel recorded in the minutes of the Monitoring Committee meetings that any attempt to modify the distribution mechanism approved by the CoC would be contrary to law. Despite these observations, the Monitoring Committee proceeded to reduce the amount payable to Respondent No.1.

34. Learned Sr. Counsel states that the question as to whether the distribution of proceeds under the resolution plan as approved by the CoC. can subsequently be modified or changed by other members of the CoC after approval of a Resolution plan by the NCLT came up for consideration before this Appellate Tribunal in the matter of '*Bank of Baroda v. IDBI Bank Limited' [2025 SCC OnLine NCLAT 2115]*. In the said case one of the assenting financial creditors sought to alter the distribution mechanism approved by the CoC, after approval of Resolution plan by the NCLT and at the stage of its implementation. This Appellate Tribunal categorically held that the same is not permissible and one or more members of the CoC cannot change the distribution already approved by the majority of CoC, prior to the approval of the Resolution plan by the Hon'ble NCLT. In this regard they have highlighted para 23 and 28 of the said judgment.

35. Ld. Sr. Counsel submits that the Monitoring Committee had no authority to alter the distribution mechanism approved by the CoC, and the Impugned Order merely enforces the decision already taken by the CoC.

36. Regarding the reliance placed by the Appellants on the judgment of the Hon'ble Supreme Court in **India Resurgence ARC Pvt. Ltd. v. Amit Metaliks Ltd. (2021) 19 SCC 672**, the Ld. Sr. Counsel states that the reliance on the said judgement is entirely misplaced, as Hon'ble Supreme Court in *Amit Metaliks* held that a dissenting financial creditor cannot claim the entire value of its security interest and is entitled only to receive its proportionate share of the liquidation value.

37. It is the submission of Learned Sr. Counsel that in the present case, Respondent No.1 has never sought payment beyond the liquidation value attributable to its security interest. The Respondent 1 is not seeking any share from the proceeds of Auto unit in accordance with the resolution plan. Respondent No.1 has merely sought payment of the liquidation value determined by the evaluation advisor appointed by the CoC itself, which amounts to Rs. 64.56 crores.

38. He submits that the dispute in the present case does not concern the entitlement of a dissenting creditor to the value of its security. Rather, the dispute arises because the Monitoring Committee attempted to modify the distribution mechanism approved by the CoC, which is impermissible under the IBC.

39. Learned Sr. Counsel further submits that it is a settled principle of law that the ratio of a judgment must be applied only in the factual context in which it was delivered, and in this regard he placed reliance on the judgment of the Hon'ble Supreme Court in Union of India v. Dhanwanti Devi

(1996) 6 SCC 44. Accordingly, learned Sr. Counsel submits that the reliance placed by the Appellants on *Amit Metaliks* is completely misconceived.

40. Regarding the third issue Learned Sr. Counsel submits that the payment directed to Respondent No.1 is fully consistent with Section 30(2)(b) of the IBC as well as the distribution mechanism approved by the CoC under Section 30(4). The amount payable to Respondent No.1 has been determined by the evaluation advisor appointed by the CoC itself.

41. Learned Sr. Counsel submits that the evaluation advisor calculated the liquidation value attributable to each secured creditor by examining the security interest held by such creditors in the assets of the Corporate Debtor. Based on this analysis, the liquidation value attributable to Respondent No.1, which holds security interest in the steel unit of the Corporate Debtor was determined to be Rs. 64.56 crores.

42. Learned Counsel further submits that the argument raised by the Appellants during oral submissions that Respondent No.1 has also received payment attributable to the auto division of the Corporate Debtor is completely baseless and factually incorrect. The evaluation advisor's report clearly demonstrates that the amount payable to Respondent No.1 was computed solely on the basis of the security interest held by Respondent No.1 in the steel unit.

43. Accordingly, learned Sr. Counsel submits that the payment directed by the NCLT does not grant any undue advantage or premium to

Respondent No.1 and merely ensures compliance with Section 30(2)(b) of the IBC and the distribution mechanism approved by the CoC.

Analysis and findings

44. We have heard the Ld. Counsels from both sides in great detail and have gone through the voluminous records of the case including the written submissions of Appellants and Respondent No. 1. The other respondents are performa respondents.

45. At the outset, it is necessary to briefly note the rival submissions advanced by the parties before proceeding to examine the issue on merits. The Appellants, who are assenting financial creditors, have contended that the Adjudicating Authority has erred in directing payment of a higher amount to Respondent No.1. It is their case that the CoC, in its 20th meeting, had clarified that dissenting secured financial creditors would be paid strictly in terms of the Resolution Plan and not on the basis of security interest. According to them, the Resolution Plan does not contemplate distribution based on security interest, and therefore the reliance placed by the Adjudicating Authority on the 18th and 19th CoC meetings is misplaced. It is further argued that the amount directed to be paid is excessive and contrary to the law laid down by the Hon'ble Supreme Court in *India Resurgence ARC Pvt. Ltd. v. Amit Metaliks Ltd.*, as it allegedly grants a premium to the dissenting financial creditor.

46. Per contra, Respondent No.1 has submitted that the CoC, in its commercial wisdom, had conclusively approved the distribution mechanism in its 18th and 19th meetings, wherein it was clearly resolved that the distribution of resolution proceeds would be based on the liquidation value attributable to each secured financial creditor. It is further submitted that pursuant to such decision, an independent evaluation advisor was appointed, who determined the liquidation value payable to Respondent No.1 at Rs. 64.56 crores. It is contended that this determination formed the basis of the Resolution Plan, which was subsequently approved by the Adjudicating Authority and has attained finality. According to Respondent No.1, the Monitoring Committee had no authority to alter the distribution mechanism at the stage of implementation and its decision to reduce the amount to Rs. 35.2 crores is totally arbitrary and contrary to both the Resolution Plan and the statutory mandate under Section 30(2)(b) of the Code. It is also submitted that the reliance on *Amit Metaliks* is misplaced, as Respondent No.1 is only claiming its liquidation value and nothing beyond.

47. The first and foremost question which arises is whether the distribution of the resolution amount, including to dissenting financial creditors, as decided and approved by the CoC in its commercial wisdom during the 18th and 19th CoC meetings, is valid in law and binding upon the Monitoring Committee.

48. In this regard we take note of the relevant portions of the Resolution Plan, which are extracted below:

*"**4.1.5.2** Resolution Applicant proposes to pay Rs. 150.00 Cr. as upfront cash payment to the Secured Financial Creditors within 45 days from the effective date, in accordance with per Section 30(2)(b) read with Section 53 of the Code. Post the payment of CIRP Costs in the manner set out above in this Resolution Plan and the Liquidation Value or the amount proposed under the Resolution Plan whichever is higher, due to Operational Creditors, Workmen and Employee and Dissenting Financial Creditors as per Section 30(2)(b) read with Section 53 of the Code, the admitted Debt of Financial Creditors shall be paid and the same shall be distributed in the proportion agreeable to the CoC, subject to the maximum consideration agreed to be paid by the Resolution Applicant.*

***4.1.5.3** Additionally, the RA proposes to sell the auto division of the Corporate Debtor after implementation of the Plan. The entire sale proceeds shall be distributed between the assenting financial creditors.*

***4.1.5.5** As per Regulation 38(1)(b) of the (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, the financial creditors, who have a right to vote under sub-section]; (2) of section 21 and did not vote in favour of the resolution plan, shall be paid in priority over financial creditors who voted in favour of the plan.*

***4.1.5.6**. In the event, some of the Financial Creditors out of CoC are dissenting to the proposed Resolution Plan, such Financial Creditors shall be paid in accordance Section 30(2)(b) read with Sub-section (1) of section 53 of the Code."*

(Emphasis supplied)

49. The following points emerge from the aforesaid clauses of the Resolution plan:

i. Out of the amount of Rs. 150 crores paid by the SRA, Payment to be made to the dissenting Financial Creditors in accordance with Section 30(2)(b) of the code read with section 53 of the code;

ii. Dissenting Financial Creditors are to be paid amount provided in the plan or Liqudation value whichever is higher;

iii. Under Regulation 38(1)(b) of the CIRP Regulations 2016, dissenting Financial Creditors to be paid in priority over Financial Creditors who voted in favour of the plan; and

iv. Dissenting Financial Creditors to be paid in accordance with Section 30(2)(b) of the Code read with Section 53(1) of the Code.

v. After implementation of the Resolution Plan the Auto division of the Corporate Debtor would be sold by RA and its proceeds distributed amongst the accenting Financial Creditors only.

50. It is clear from the above that the dissenting financial creditors have to be paid the higher value among the amount provided in Resolution Plan and the liquidation value.

51. We now take a look at the decision taken in the 18th and 19th CoC meetings. The 18th CoC meeting was held on 23.09.2022 and the e-voting for the same was completed on 28.09.2022. The following resolution was passed in the said meeting regarding distribution mechanism/ principles or formulae for payment to creditors proposed in the resolution plan:

Strictly private and confidential

Resolution for the decision taken through e-voting of matters in the 18th meeting of Committee of Creditors of OCL Iron and Steel Limited held on Friday, September 23, 2022 via audio conference & video conference and of the decisions taken by the Committee of Creditors during the e-voting held commencing from 13:00:00 hours (IST, GMT +5:30), Sunday, September 25, 2022 till 18:00:00 hours (IST, GMT +5:30), Wednesday, September 28, 2022.

September 28, 2022

The following resolutions were passed:

RESOLVED THAT approval of the Committee of Creditors is hereby accorded to approve the distribution mechanism/principal or formulae for payment to creditors proposed in the Resolution Plan(s) in the following manner:

The resolution plan proceeds attributable to the financial creditors to be distributed in the following manner:

a) 1.992% shall be payable to the unsecured financial creditor from the upfront amount proposed under the approved resolution plan as the full and final settlement.

b) From the remaining resolution plan proceeds attributable to the financial creditors, the amount shall be distributed within the secured financial creditors in the following manner:
   i) Amount payable up to the liquidation value of the Corporate Debtor, as determined by the valuers, shall be distributed as per the share of liquidation value attributable to each of the secured financial creditors.
   ii) Any amounts over and above the liquidation value of the Corporate Debtor, as determined by the valuers, shall be distributed between the CoC members on the basis of the voting share in the CoC, adjusted for the voting share of the unsecured financial creditor.

Vijaykumar

Thanks & Regards

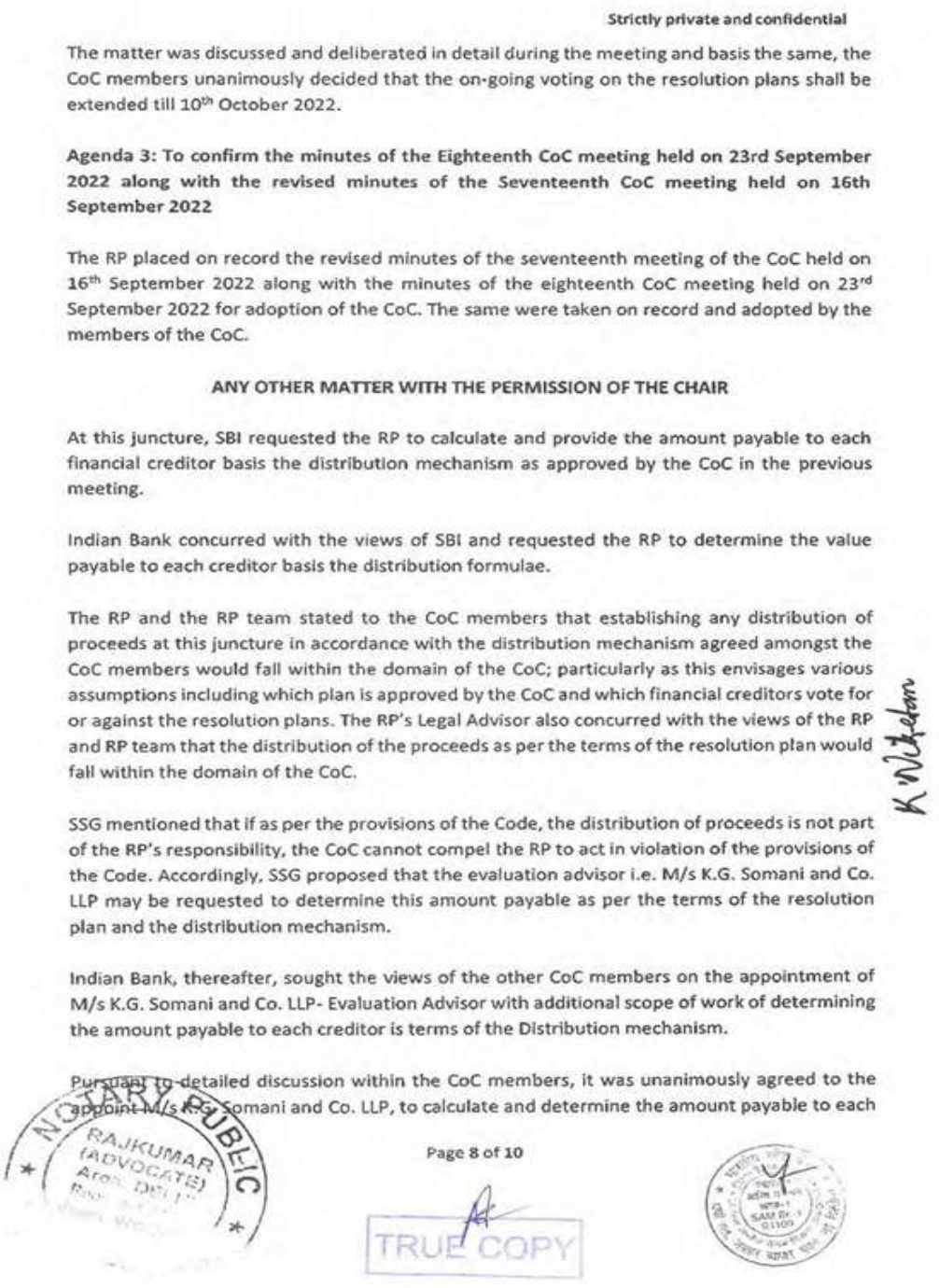
Vijaykumar V. Iyer
Resolution Professional for OCL Iron and Steel Limited
Insolvency Professional - Regn. No.: IBBI/IPA-001/IP-P00261/2017-2018/10490
Authorisation for assignment AA1/10490/02/150323/103976 (valid till 15 March 2023)

NOTARY PUBLIC RAJKUMAR (ADVOCATE)

52. A perusal of the same clearly establishes that in the 18th CoC meeting held on 23.09.2022, the CoC deliberated upon the manner of distribution of the resolution proceeds in a situation, where the resolution value is lower than the liquidation value. After due deliberation, the CoC approved a specific and structured mechanism, namely, that the distribution shall be

made on the basis of the liquidation value attributable to each secured financial creditor. This was a conscious commercial decision taken after evaluating the financial implications and rights of all stakeholders.

53. The relevant extracts of the 19th CoC meeting held on 30.09.2022 are reproduced below:



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The matter was discussed and deliberated in detail during the meeting and basis the same, the CoC members unanimously decided that the on-going voting on the resolution plans shall be extended till 10th October 2022.

Agenda 3: To confirm the minutes of the Eighteenth CoC meeting held on 23rd September 2022 along with the revised minutes of the Seventeenth CoC meeting held on 16th September 2022

The RP placed on record the revised minutes of the seventeenth meeting of the CoC held on 16th September 2022 along with the minutes of the eighteenth CoC meeting held on 23rd September 2022 for adoption of the CoC. The same were taken on record and adopted by the members of the CoC.

ANY OTHER MATTER WITH THE PERMISSION OF THE CHAIR

At this juncture, SBI requested the RP to calculate and provide the amount payable to each financial creditor basis the distribution mechanism as approved by the CoC in the previous meeting.

Indian Bank concurred with the views of SBI and requested the RP to determine the value payable to each creditor basis the distribution formulae.

The RP and the RP team stated to the CoC members that establishing any distribution of proceeds at this juncture in accordance with the distribution mechanism agreed amongst the CoC members would fall within the domain of the CoC; particularly as this envisages various assumptions including which plan is approved by the CoC and which financial creditors vote for or against the resolution plans. The RP's Legal Advisor also concurred with the views of the RP and RP team that the distribution of the proceeds as per the terms of the resolution plan would fall within the domain of the CoC.

SSG mentioned that if as per the provisions of the Code, the distribution of proceeds is not part of the RP's responsibility, the CoC cannot compel the RP to act in violation of the provisions of the Code. Accordingly, SSG proposed that the evaluation advisor i.e. M/s K.G. Somani and Co. LLP may be requested to determine this amount payable as per the terms of the resolution plan and the distribution mechanism.

Indian Bank, thereafter, sought the views of the other CoC members on the appointment of M/s K.G. Somani and Co. LLP- Evaluation Advisor with additional scope of work of determining the amount payable to each creditor is terms of the Distribution mechanism.

Pursuant to detailed discussion within the CoC members, it was unanimously agreed to the appoint M/s K.G. Somani and Co. LLP, to calculate and determine the amount payable to each

NOTARY PUBLIC RAJKUMAR (ADVOCATE)

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creditor basis the distribution mechanism/formulae.

On the issue of providing a clarification to the distribution mechanism, SSG sought the views of the CoC members on a clarification in the approved distribution mechanism/formulae that the amount of 1.992% that is payable to the unsecured financial creditor shall only be applicable in case of an unsecured assenting financial creditor. Further, in case any secured or unsecured financial creditor dissents to the resolution plan, they shall be paid the liquidation value attributable as per the provisions of the Code.

Further, as regards the distribution mechanism already approved by the CoC in its 18th meeting held on 23rd September 2022, the members of the CoC discussed, reiterated and agreed upon as follows:

a) In the scenario of the Corporate Debtor going into liquidation, the liquidation proceeds attributable to the secured financial creditors shall be distributed as per their share in security interest.
b) In case of approval of resolution plan, plan proceeds of the approved Resolution Plan as proposed to Financial Creditors shall be distributed based on the Distribution Mechanism as approved by the CoC in its 18th meeting held on 23.09.2022. Further,

   (i) Amount @ 1.992% payable to the unsecured Financial Creditor from the upfront amount as full and final settlement, shall be payable only in case the unsecured financial creditor is an assenting financial creditor.
   (ii) From the remaining resolution plan proceeds attributable to the financial creditors, amount payable up to the liquidation value of the Corporate Debtor, as determined by the Valuers, shall be distributed among the secured financial creditors as per the share of liquidation value attributable based on the share in security interest. Any amounts over and above the liquidation value of the Corporate Debtor shall be distributed among secured financial creditors based on their voting share in the CoC, adjusted for the voting share of the unsecured Financial Creditor.

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54. We note that in the 19th CoC meeting held on 30.09.2022, the CoC clarified that the distribution among secured financial creditors would be based on their respective share in the security interest and the corresponding liquidation value attributable thereto. Significantly, the CoC also decided to appoint an independent evaluation advisor, M/s K.G. Somani & Co. LLP, to compute the liquidation value attributable to each creditor in accordance with the approved mechanism. The CoC also reconfirmed the distribution mechanism as approved in the 18th CoC

meeting. This demonstrates that the CoC not only approved the principle of distribution, but also ensured its precise implementation through an expert determination.

55. Pursuant to this decision, the evaluation advisor submitted its report determining the liquidation value payable to Respondent No.1 at Rs. 64.56 crores. This quantification was not challenged at the relevant stage and formed an integral part of the framework within which the Resolution Plan was considered and approved.

56. We further note that, in the 20th CoC meeting, the CoC reiterated that dissenting financial creditors would be paid at least the minimum liquidation value in terms of Section 30(2)(b) of the Code, thereby reinforcing rather than diluting the earlier decisions. The relevant portions of the discussion in 20th CoC meeting are extracted below:

> "*Post detailed discussion, it was concluded that the suggestion by ICICI Bank vide email dated 4th October 2022, as regards the proposed distribution mechanism for dissenting financial creditors, the same may be clarified in the following manner:*
>
> ***.....in the event of approval of resolution plan, dissenting secured financial creditors will be paid as proposed under the respective resolution plan."***

57. The evaluation advisor appointed by the CoC had given the estimates of share of each secured financial creditor based on their security interest. The same is extracted below:

Liquidation distribution value

Estimation of Attributable Value in reference to Section 52 of the Code

The details of head wise amount attributable is given hereinafter.

(Rs. In Crores)

Name of Creditor	Security Interest	Liquidation value attributable	Share (%)	Share (Amount) (A)	Liquidation value of SFA (B)	Total (A+B)	IRP and liquidation cost	Attributable to financial creditors
UCO Bank	Steel	284.03	21.28%	60.45	0.55	61.00	4.01	56.99
State Bank of India	Steel	284.03	22.52%	63.97	0.59	64.56	4.25	60.31
Indian Bank	Steel	284.03	22.36%	63.52	0.58	64.10	4.22	59.88
Union Bank	Steel	284.03	15.41%	43.76	0.40	44.17	2.91	41.26
Bank of Baroda	Steel	284.03	17.06%	48.45	0.44	48.89	3.22	45.67
Punjab National Bank	Steel	284.03	1.36%	3.88	0.04	3.91	0.26	3.65
Total Steel Division				284.03	2.61	286.64	18.86	267.78
Asian Opportunities III (Mauritius Limited)	Auto	182.52	74.07%	135.20	2.05	137.24	8.98	128.26
ICICI Bank Limited	Auto	182.52	25.93%	47.32	0.72	48.04	3.14	44.90
Total Auto Division				182.52	2.77	185.28	12.12	173.16
TOTAL				466.55	5.37	471.92	30.98	440.94

1) It may be noted that the estimation of attributable liquidation value has been conducted basis on the information available with us. This is subject to change in case any additional information is made available to us w.r.t. the security interest of the secured creditors in the assets of the company. Also, we do not express any opinion nor provide any warranty and guarantee on the findings. We have identified our procedures & estimation therein to the best of our knowledge and belief in the circumstances.

2) In the absence of Securities and Financial Assets bifurcation into different Division as per the valuation reports, we have apportioned the same in the percentage share of amount admitted for secured creditors by the Resolution Professional.

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Liquidation distribution value

Auto Division - OCL also set up two units in Rajasthan to cater to the automotive sector, catering to both the domestic and the international markets:

- One unit is located at Chopanki, Dist.-Alwar, Rajasthan which specializes in Profile Rolling (Steel Bar) for automotive Ring Gear market. The facility is currently on a production linked lease agreement with Satellite Forging Limited since August 2021.
- Another unit is located at Kaharani, (Bhiwadi Extn.) Rajasthan which is a ferrous foundry and nonoperational since March 2020

The Corporate Debtor also has plant and machinery located in Begumpur, Gurugram, for manufacturing crank case for Railways which is yet to be commissioned.

We have been given to understand by the financial creditors that the

- ICICI Bank Limited and Asian Opportunities III (Mauritius Limited) have security interest in the auto division of the corporate debtor;
- Indian Bank, State Bank of India, UCO Bank, Union Bank, Bank of Baroda, Punjab National Bank have the security interest in the steel division of the corporate debtor.

Basis the above mentioned, we have estimated the value attributable to the secured creditors.

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58. We note from the same that the share proposed for SBI/ Respondent No.1 is Rs.64.56 crores and the same is based on the liquidation value of the steel unit. Contrary to the submission of the Appellants, the liquidation value used for determining SBI's share only relates to the steel unit. The share of Auto unit has not been considered in the computation of the SBI's share of liquidation value.

59. The Resolution Plan, which was subsequently approved by the Adjudicating Authority on 20.03.2023, incorporates this framework and provides that dissenting financial creditors shall be paid in accordance with Section 30(2)(b). Once such a plan is approved under Section 31 of the Code, it becomes binding on all stakeholders, including the CoC itself as well as any committee constituted for its implementation.

60. Another important aspect for consideration is whether the payment directed to Respondent No.1 is in accordance with Section 30(2)(b) of the Code and the distribution decided by the CoC under Section 30(4), and whether such payment is inequitable in any manner. At this stage we take note of relevant portions of Section 30 of the Code, which are extracted below:

> *"**Section 30: Submission of resolution plan.***
>
> **30. (1) ------*
>
> *(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,

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.

(3) The resolution professional shall present to the committee of creditors for its approval such resolution plans which confirm the conditions referred to in sub-section (2).

(4) The committee of creditors may approve a resolution plan by a vote of not less than sixty-six per cent. of voting share of the financial creditors, after considering its feasibility and viability, the manner of distribution proposed, which may take into account the order of priority amongst creditors as laid down in sub-section (1) of section 53, including the priority and value of the security interest of a secured creditor and such other requirements as may be specified by the Board"

[Emphasis supplied]

61. Section 30(2)(b) provides a statutory safeguard to dissenting financial creditors by ensuring that they receive not less than the amount they would have received in liquidation. In the present case, the liquidation value attributable to Respondent No.1 has been determined through an independent and expert evaluation process at Rs. 64.56 crores. Therefore, payment of this amount is not discretionary but mandatory.

62. Further, Section 30(4) vests the CoC with the power to approve the Resolution Plan and determine the manner of distribution in its commercial wisdom. As already discussed, the CoC has exercised this power by

approving a distribution mechanism based on liquidation value attributable to security interest. This decision has been taken after due deliberation and has been consistently applied.

63. The contention of the Appellants that such payment is inequitable or results in granting a premium to the dissenting creditor is untenable. The amount payable to Respondent No.1 is its statutory entitlement and not a premium. The fact that the resolution value is lower than the liquidation value does not permit deviation from the mandate of Section 30(2)(b). The CoC itself, being fully aware of this position, adopted a distribution mechanism that ensures compliance with the statutory requirement.

64. Another provision to be considered in this regard is Regulation 38 of CIRP Regulations. Relevant clauses 38(1) and 38(4) of the same are extracted below:

> *"**Regulation 38: Mandatory contents of the resolution plan.***
>
> *38**.** (1) The amount payable under a resolution plan –*
>
> *(a) to the operational creditors shall be paid in priority over financial creditors; and*
>
> *(b) to the financial creditors, who have a right to vote under sub-section (2) of section 21 and did not vote in favour of the resolution plan, shall be paid in priority over financial creditors who voted in favour of the plan:*
>
> *Provided that where a resolution plan provides for payment in stages, the financial creditors who did not vote in favour of the resolution plan shall be paid at least pro rata and in priority over financial creditors who voted in favour of the plan, in each stage.*
>
> *****
>
> *38. (4) (a) The committee shall consider setting up a monitoring committee for monitoring and supervising the implementation of the resolution plan.*

> *(b) The monitoring committee may consist of the resolution professional or any other insolvency professional, or any other person, including representatives of the committee and representatives of resolution applicant(s), as its members:*
>
> *Provided that where the resolution professional is proposed to be part of the monitoring committee, the monthly fee payable to him shall not exceed the monthly fee received by him during the corporate insolvency resolution process.*
>
> *(c) The monitoring committee shall submit quarterly reports to the Adjudicating Authority regarding the status of implementation of resolution plan."*

65. This Regulation 38(1)(b) stipulates that the dissenting financial creditors will be paid in priority over the financial creditors who voted in favour of the resolution plan in the CoC meeting. Further, Regulation 38(4) provides for setting up of Monitoring Committee for monitoring and supervising the implementation of Resolution Plan. It is to be noted that such a committee is to be setup based on the requirements of the specific resolution plans and is not mandatory to setup a monitoring committee in each and every case. The Monitoring Committee itself is to be setup by the CoC and it has a very limited mandate relating to monitoring and implementation of the resolution plan for which it submits quarterly reports to the Adjudicating Authority.

66. At this juncture, it is also necessary to emphasize that once the CoC, in exercise of its commercial wisdom under Section 30(4), approves a Resolution Plan and the same is thereafter approved by the Adjudicating Authority under Section 31, the plan attains finality and binding force in law. Such approval creates a complete and enforceable framework governing the rights and obligations of all stakeholders. The Monitoring Committee,

which is constituted by the CoC, only for a limited purpose of supervising and facilitating the implementation of the approved plan, cannot assume the role of the CoC or the Adjudicating Authority to revisit or modify the terms of the plan. Any attempt to alter the distribution mechanism at this stage would amount to rewriting the Resolution Plan itself, which is impermissible and contrary to the scheme of the Code. The sanctity and finality attached to an approved Resolution Plan cannot be diluted by subsequent decisions of the Monitoring Committee.

67. We note that the Chairperson of Monitoring Committee (being the RP) and the Monitoring Committee's own legal counsel, were of the view that any attempt to change the distribution approved by the CoC is contrary to the provisions of the Code as borne by the minutes of the 2nd MC meeting held on 02.05.2023 and 3rd MC meeting held on 03.05.2023. In this background, the decision of the Monitoring Committee in its 4th meeting dated 04.05.2023, wherein it reduced the amount payable to Respondent No.1 from Rs. 64.56 crores to Rs. 35.2 crores, is clearly beyond its jurisdiction. The Monitoring Committee is not vested with any power to revisit or alter the commercial decisions of the CoC. Its role is limited to monitoring and implementing the approved Resolution Plan. Any deviation from the distribution mechanism would amount to modifying the Resolution Plan itself, which is impermissible in law.

68. In *'Bank of Baroda v. IDBI Bank Limited' [2025 SCC OnLine NCLAT 2115]*, decided by this Appellate Tribunal, one of the assenting financial creditors sought to alter the distribution mechanism approved by the CoC,

after approval of Resolution plan by the NCLT and at the stage of its implementation. It was categorically held that the commercial wisdom of CoC regarding manner of distribution, once exercised, cannot be changed subsequently even by the CoC. In this case, such a change has been attempted by the Monitoring Committee, which is a creature of CoC itself. The relevant paras of the judgment are extracted below:

> *"23. The further statutory scheme contemplated by the l& B Code is that after approval of the Resolution Plan, the CoC itself is also bound by its finality and cannot be allowed to tinker with or modify the resolution plan including the mechanism of distribution. Thus, the decision of the CoC taken on 27.10.2023 could not be said to be in accordance with the I&B Code and is clearly contrary to the scheme and object of the I&B Code.*
>
> *Furthermore, the resolution plan as was submitted by the Respondent No. 3. without any modification, was approved by the Adjudicating Authority on 19.12.2023. The Adjudicating Authority while approving the plan has also noticed the Clauses of resolution plan where Reliance Bhutan Loan was to be assigned to the Approving Financial Creditors. When in final approval of resolution plan assignment of the Reliance Bhutan Loan was to the Approving Financial Creditor, we fail to see any justification/validity in action of the CoC in reassigning the Reliance Bhutan Loan to the Dissenting Financial Creditors.*
>
> *28. It is true that the CoC with commercial wisdom can take a decision regarding different aspects of the plan including manner of distribution, which is also statutory scheme under section 30(4) but once the commercial wisdom has been exercised by approving the resolution plan in meeting dated 05.08.2021, the modification of the said distribution mechanism, which is impermissible, cannot be saved in the name of commercial wisdom of the CoC."*

69. The next contention of the Appellants is that the Impugned Order is contrary to the judgment of the Hon'ble Supreme Court in *India Resurgence ARC Pvt. Ltd. v. Amit Metaliks Ltd.*.2021 (19) SCC 672. The facts in Amit Metaliks (supra) related to non-consideration of value of the security interest of the appellant by the Committee of Creditors, which has decided to distribute the plan proceeds based on the admitted claims of the secured creditors. The appellant in that case had challenged the commercial wisdom of the CoC. It should be mentioned that the appellant did not raise this issue during the plan approval process at the level of AA. The challenge by the appellant was against the commercial wisdom of the CoC.

70. The ratio of Amit Metaliks does not apply to the present case as the Respondent No.1 is not claiming any amount beyond its liquidation value which has been duly approved by the CoC and AA. The appellant, on the contrary, is seeking a review of the decision of CoC and AA via a decision taken in the Monitoring Committee. Respondent No.1 is seeking enforcement of the liquidation value as determined by the evaluation advisor and accepted within the CoC framework. The amount of Rs. 64.56 crores represent the liquidation value attributable to Respondent No.1 and is therefore fully consistent with Section 30(2)(b).

71. We further note that the Impugned Order does not interfere with or alter the commercial wisdom of the CoC. It merely enforces the very distribution mechanism which was approved by the CoC and incorporated in the Resolution Plan. Hence, it cannot be said that the Impugned Order is contrary to the law laid down by the Hon'ble Supreme Court.

72. It was also contended during the course of oral submissions that Respondent No.1 holds security interest only in the steel unit of the Corporate Debtor and, therefore, ought not to receive any amount relatable to the auto unit. As we have seen earlier in para 57, that the distribution proposed by the evaluation advisor, had only considered the liquidation value of steel unit. The resolution plan clearly states that the proceeds of the Auto Unit would be distributed amongst the assenting Financial Creditors only. The Respondent No.1 has clearly stated that they have no claim in the Auto Unit of the CD. Once liquidation value for secured creditor has been computed on the basis of resolution plan and approved within the CoC framework by the AA, the entitlement of a creditor cannot be re-opened even by the CoC, not to say the Monitoring Committee. The Impugned Order does not confer any undue or additional benefit upon Respondent No.1, but merely enforces the liquidation value already determined and approved. Therefore, this contention is misconceived, contrary to the approved distribution framework, and liable to be rejected.

73. We, therefore, hold that the distribution mechanism approved by the CoC in its commercial wisdom and subsequently by the AA is valid, lawful, and binding, and the Monitoring Committee could not have altered the same. We are of the view that the payment directed to Respondent No.1 is strictly in accordance with Section 30(2)(b), read with Section 53(1) of the Code which has been duly approved by the CoC and thereafter, by the AA, under Section 30(4), does not suffer from any inequity or illegality.

74. In view of the findings above, we hold that the Impugned Order dated 05.02.2024, does not warrant any interference. The Appeal is devoid of merit and is accordingly dismissed. No order as to costs.

[Justice Ashok Bhushan)
Chairperson

[Mr. Indevar Pandey]
Member (Technical)

SA/Pragya (LRA)