

IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH

[Through Physical hearing/ VC Mode (Hybrid)]

ITEM No.04
IA.Nos. 586/2024, 587/2024, 689/2024,
720/2024,735/2024,
IA(IBC) (Plan) 03/2025,
IA Nos.929/2025, 163/2026 in
CP. (IB) No. 32/BB/2023

IN THE MATTER OF:

M/s Religare Finvest Ltd

... Petitioner

Vs

M/s Stellence Pharmscience Pvt Ltd

... Respondent

Petition under Section 7 of I&B Code, 2016

Order delivered on: 27.10.2026

CORAM:

SHRI. SUNIL KUMAR AGGARWAL
HON'BLE MEMBER (JUDICIAL)

SHRI. RADHAKRISHNA SREEPADA
HON'BLE MEMBER (TECHNICAL)

PRESENT:

For the Petitioner : Shri Shashank Nagendran

For Tata Capital Limited : Ms Anuparna Bordoloi

The Resolution Professional: Naveen Kumar Jain

ORDER.

I.A. (IBC) (Plan) No.3/2025:

1. This application has been filed by **Mr. Naveen Kumar Jain** (Resolution Professional of the Corporate Debtor) on 19.05.2025 under Section 30(6) read with Section 31 of the Insolvency and Bankruptcy Code, 2016 and Regulation 39(4) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 seeking approval of the Resolution Plan of the Corporate Debtor submitted by **Dr. Mukesh Kumar Agarwal** (*Successful Resolution*

Applicant/SRA), and approved by the Committee of Creditors in its 19th CoC meeting held on 15.04.2025 with 100% voting share.

2. Post commencement of CIRP, CoC was constituted by the RP. The details of the creditors, the distribution of voting share among them and the position of voting for the Resolution Plan is as under (Para 6 of Form H):

Sl.	Name of Creditor	Voting Share (%)	Voting for Resolution Plan (Voted for/ Dissented/Abstained)
1.	Religare Finvest Limited	54.99	Voted For
2.	Agnus Capital LLP	20.08	Voted For
3.	Tata Capital LLP	18.38	Voted For
4.	Hydra Active Pharma Sciences Private Limited	6.55	Voted For
	Total	100.00	

3. The details of stakeholders and the amounts provided for them under the Resolution Plan is given in Para 7B of Form H, as under:

Stakeholder Type	Amount(s)				Payment schedule
	Amount Claimed (In Rs.)	Amount Admitted (In Rs.)	Realizable Amount under the Plan (In Rs.)	Amount Provided to amount claimed (%)	
Secured Financial Creditors					
Creditors not having a right to vote under sub-section (2) of section 21	Nil	Nil	Nil	Nil	Within 30 days from the effective date.
Dissenting	Nil	Nil	Nil	Nil	
Assenting	35,07,29,329.32	35,07,29,329.32	27,60,00,000	78.69	
Unsecured Financial Creditors					
(a)Creditors not having a right to vote under sub-section (2) of section 21	Nil	Nil	Nil	Nil	Within 15 days from the effective date.
- Dissenting	Nil	Nil	Nil	Nil	
- Assenting	12,73,17,437	12,73,17,437	1,35,00,000	0.60	
Operational Creditors					
(i) Government	70,90,906.00	70,90,906.00	8,70,675.10	12.28	Within 13 days from the
(ii) PF Dues	1.03.22.596	1.03.22.569	1.03.22.596	100	

(iii) Workmen	12,00,938	12,00,938	59,555.42	4.95	effective date.
(iv) Employees	1,57,65,520	1,45,17,306.50	7,19,924.27	4.95	
(v) Other Operational creditors	10,61,97,386.88	8,86,96,550.80	43,98,529.46	4.95	
Other Debts and Dues	34,09,74,869.82	28,58,91,322.00	28,58,913.22	1.0	
Shareholders	Nil	Nil	Nil	Nil	Nil
Total	48,15,52,216.7	40,77,196,19.3	1,92,30,193.49	4.71	-

4. At this juncture it is necessary to refer to sec 30(2). The Provisions of Section 30(2) of the I&B Code, 2016 are as follows:

Section 30(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 3 [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.

Explanation 1. — For removal of doubts, it is hereby clarified that a distribution in accordance with the provisions of this clause shall be fair and equitable to such creditors.

Explanation 2. — For the purpose of this clause, it is hereby declared that on and from the date of commencement of the Insolvency and Bankruptcy Code (Amendment) Act, 2019, the provisions of this clause shall also apply to the corporate insolvency resolution process of a corporate debtor-

- (i) *where a Resolution Plan has not been approved or rejected by the Adjudicating Authority;*
- (ii) *where an appeal has been preferred under section 61 or section 62 or such an appeal is not time barred under any provision of law for the time being in force; or*

- (iii) *where a legal proceeding has been initiated in any court against the decision of the Adjudicating Authority in respect of a Resolution Plan;*
- (c) *provides for the management of the affairs of the Corporate debtor after approval of the Resolution Plan;*
- (d) *The implementation and supervision of the Resolution Plan;*
- (e) *does not contravene any of the provisions of the law for the time being in force*
- (f) *Conforms to such other requirements as may be specified by the Board.”*

5. The SRA at clause 1.7 of the Plan at pg No. 40 of the Plan has stated that

*“1.7 Liquidation Value of the Company is not known to the Resolution Applicant. Based on the description of assets reflected in the Information Memorandum, **the Applicant has assumed that the Liquidation Value of the Company is significantly less than even the Admitted Debt for Financial Creditor. Accordingly, the Liquidation Value is not sufficient to cover the debt of even the Financial Creditors of the Company in full.***

[Emphasis supplied]

6. Further in clause 5.2 of the Plan SRA, at Pg No.10 of the Plan, has stated that

Section 30(2) (b) - Payment of operational creditors shall not be less than liquidation value payable to operational creditors. Liquidation Value of the Company is not known to the Applicant. *Based on the description of assets reflected in the Information Memorandum, the **Applicant has assumed that the Liquidation Value of the Company is significantly less than even the Admitted Debt for Financial Creditors** as tabulated above. Accordingly, the Liquidation Value is not sufficient to cover the debt of even the Financial Creditors of the Company in full.*

*The IM reflects that the claims of operational Creditors including employees and workmen has been admitted to the extent of Rs. 10.35 crores by the Resolution Professional. **The Resolution Applicant offers to make payment equivalent to 5% of the amount admitted by the Resolution Professional for operational creditors whose claims have been admitted by the Resolution Professional, within 13 days from the Effective Date. The said amount is more than amount payable to the operational creditors in the event of a liquidation of the corporate debtor under section 53; however, in the event the Liquidation Value is more than the Admitted Financial Debts by the Resolution Professional, the Resolution Applicant proposes to make the Payment to the Operational Creditors of an amount no less than the amounts which would have been paid to them in the event of Liquidation of the Company. Further, the Resolution Applicant provides for the payment of Income Tax / GST / TDS not***

deducted to the extent of 5% of the amount admitted/to be admitted by the Resolution Professional till Effective date, if any, within 13 days of Effective Date.

[Emphasis supplied]

7. The clause 7.1 of the Plan SRA at Pg No.10 of the Plan states that

7.1 COMPLIANCE WITH REGULATION 38

COMPLIANCE WITH REGULATION 38 (1) (a)

*The Regulation provides that the amount due to the operational creditors under the resolution plan shall be given priority in payment over financial creditors. On approval of the resolution plan by Adjudicating Authority, payment to operational creditors as proposed in this Resolution Plan will be made within 13 days from the Effective Date, in priority to the payments proposed to be made to the financial creditors under this Plan. By way of abundant caution, it is clarified that the same will be paid before the payment will be made to financial creditors. **The said amount is assumed to be more than amount payable to the operational creditors in the event of a liquidation of the corporate debtor under section 53; however, in the event the Liquidation Value is more than the Admitted Financial Debts by the Resolution Professional, the Resolution Applicant proposes to make the Payment to the Operational Creditors of an amount no less than the amounts which would have been paid to them in the Liquidation of the Company.***

[Emphasis supplied]

9.4 Payment to Operational Creditors except Workmen and Employees (Claim Filed and verified and accepted)

*i. According to the information memorandum provided, the amount of claim, Received other than related parties admitted by the Resolution Professional an aggregate liability of the Company is for amount INR 8.86 crs. The Resolution Applicant proposes to make payment to the tune of 5% of the Admitted Claims of Operational Creditors, within 13 days of the Effective date to be distributed proportionally to each Operational Creditor. **The said amount is more than amount payable to the Operational Creditors in the event of a liquidation of the Corporate Debtor under section 53 as there is no value of the security of such creditors; The Resolution Applicant proposes to make the Payment to the Operational Creditors of an amount no less than the amounts which would have been paid to them in the Liquidation of the Company..*** *[Emphasis supplied]*

Resolution plan offers to make payment equivalent to 5% of the amount due to operational creditors Statutory Liabilities, whose claims have not been filed with the Resolution Professional, limiting it to Rs. 10,00,000/-

*(TEN lacs) to be distributed on proportionate basis. **The said amount is more than the amount payable to the operational creditors in the event of a liquidation of the corporate debtor under section 53.***

*In terms of the IBC, the payment due to operational creditors should not be less than the liquidation value payable to the operational creditors in the event of a liquidation of the corporate debtor under Section 53 of the IBC. **The Resolution Applicant understands that the Liquidation Value is not sufficient to cover debt of the Financial Creditors of the Company in full, therefore the Liquidation Value of the Operational Creditors or the other creditors or stakeholders of the Company is NIL.***

[Emphasis supplied]

9.7 Outstanding PF & Gratuity Fund, Govt. Dues, Taxes

*As per IBC, statutory and government liabilities considered to be at par with operational creditors. The Resolution Applicant proposes for the payment of Rs. 8,70,000.00 towards Govt Dues/Income tax/GST/TDS and any dues under this category to be distributed equally within 13 days of the Effective date. Accordingly, the payment due to outstanding govt. dues, taxes, etc. should not be less than the liquidation value Payable to the operational creditors in the event of a liquidation of the corporate debtor under Section 53 of the IBC. **However, in light of the fact that the Liquidation value of the Corporate Debtor is not sufficient to cover the Financial Debts of the Corporate Debtor, the Liquidation value due to the Government Authorities is NIL, Also there is no security attached to such creditors***

[Emphasis supplied]

8. Thus, the abovementioned clauses of the Resolution Plan make it clear that SRA had assumed that the Liquidation Value of the Company is significantly less than even the Admitted Debts of Financial Creditors and consequently also assumed that liquidation value of the claim submitted by Operational Creditors, Employees and Government dues is NIL and accordingly Resolution Applicant proposes to make payment to the tune of 5% of the Admitted Claims of Operational Creditors. However, the CoC and RP knew the Liquidation value Payable to the operational creditors but the material on record including the minutes of the CoC nowhere reflect that the CoC had deliberated on this aspect to ensure that that liquidation value of the claim submitted by Operational Creditors, Employees and Government dues is NIL and as stated by the SRA in the abovementioned clauses that in the event the Liquidation Value being

more than the Admitted Financial Debts by the Resolution Professional, the Resolution Applicant proposes to make the Payment to the Operational Creditors of an amount no less than the amounts which would have been paid to them in the Liquidation of the Corporate Debtor but CoC has not done its duty to certify the same and if the amount payable by the SRA is less than Liquidation value Payable to the operational creditors then the Resolution Plan submitted by the SRA violates Section 30(2) (b) of the Code which states that Resolution Plan 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 the amount to be paid to such creditors in the event of a liquidation of the corporate debtor under section 53; or the amount that would have been paid to such creditors, if the amount to be distributed under the Resolution Plan were distributed in accordance with the order of priority in sub-section (1) of section 53,

9. This Authority vide order dated 27.05.2026 had directed the Applicant to file a Compliance Memo demonstrating compliance of the Resolution Plan with the requirements of Section 30(2) of the Insolvency and Bankruptcy Code, 2016, along with supporting documents. In compliance thereto, the Applicant has filed compliance memo on 05.06.2026 wherein at Para 6, following is stated

“6. Upon consideration of the liquidation analysis, the value of the secured assets, the admitted claims of the Secured Financial Creditors and the priority accorded to CIRP Costs and Liquidation Costs under the Code, it is evident that the liquidation value would be insufficient to satisfy the claims of the Secured Financial Creditors in full at the time of liquidation of the Corporate Debtor. Accordingly, no residual value would remain available for distribution to unsecured Operational Creditors under the waterfall mechanism prescribed under Section 53 of the Code.”

10. The Hon'ble supreme Court in ***Committee of Creditors of Essar Steel India Ltd. v. Satish Kumar Gupta & Ors., (2019) ibclaw.in 07 SC*** has held that

“46. Thus, it is clear that when the Committee of Creditors exercises its commercial wisdom to arrive at a business decision to revive the corporate debtor, it must necessarily take into account these key features of the Code before it arrives at a commercial decision to pay off the dues of

financial and operational creditors. 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 maximising 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]

11. The reasons given by the Applicant are absolutely unconvincing as the material on record nowhere points out that RP and the CoC have deliberated on the issue in CoC meetings because SRA has made proposals based on assumption of liquidation value being significantly lower than Plan Value and therefore amount payable to **Operational Creditors would be NIL is not correct then this Resolution Plan would violate Section 30(2)(b) of the Code and Regulation 38(1A) of the CIRP Regulations, 2016 which states that the SRA has not considered the interest of all the stakeholders:**

12. The 36A(8) of the CIRP Regulations, 2016 is reproduced below:-

36A. Invitation for expression of interest

.....

(8) The resolution professional shall conduct due diligence based on the material on record in order to satisfy that the prospective resolution applicant complies with- (a) the provisions of clause (h) of sub-section (2) of section 25; (b) the applicable provisions of section 29A, and (c) other requirements, as specified in the invitation for expression of interest.

13. The Clause (a) of the Regulation 36A(8) of the CIRP Regulations provides for compliance by the Prospective Resolution Applicant (PRA) of the provisions of Section 25(2) (h) of the IBC. Therefore, the RP has to ascertain that the PRA complies with the conditions laid down by the CoC for submission of the Resolution Plan, having regard to the complexity and scale of operations of the business of the Corporate Debtor and such a due diligence was carried out by the RP should look into the business background, experience and capability of the PRA as per these Regulations. Secondly, under Clause (b) of Regulation 36A(8), the due diligence report of the RP should have covered the applicability of the provisions of Section 29A of the IBC. The relevant extract of the due diligence report is reproduced below:-

Financial Year		Amount (Rs. in Crores)	
FY 2022-23		52.82	

NET WORTH OF DR. MUKESH KUMAR AGARWAL AS ON 31.03.2023				
S. No	Particulars	Amount (RS.)	Amount (Rs. in Lakhs)	Amount (Rs. in Lakhs)
A.	ASSETS			
	fixed Assets			

Due Diligence Report under Section 29A of the IBC, 2016

14. A bare perusal of cryptic Due- Diligence Report of the SRA submitted by the RP shows that net worth of the SRA for the purpose of Due diligence Report

under Section 29A of the Code read with Regulation 36A(8) of the CIRP Regulations, 2016 was taken as on 14.07.2023 even though the Corporate Debtor was admitted into CIRP on 06.03.2024 and Form-G pursuant to which SRA had submitted its Resolution Plan is dated 08.06.2024 due to which Due Diligence Report submitted by the Applicant is defective and violates Regulation 36A(8) of the CIRP Regulations, 2016.

15. We further rely on the Hon'ble Supreme Court in the matter of **K.Sashidhar Vs. Indian Overseas Bank (2019) 12 SCC 150**, wherein the scope and interference of the Adjudicating Authority in the process of the approval of the Resolution Plan is elaborated as follows: -

*“35. 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 percent of voting share of financial creditors. Even in that enquiry, the grounds on which **the adjudicating authority can reject the resolution plan is in reference to matters specified in Section 30(2), when the resolution plan does not conform to the stated requirements. 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.**”*

16. In light of the above discussions and the provisions of law, the Resolution Plan approved by the CoC on 15.04.2025 does not appear to be in compliance of Section 30(2)(b) of the Code and Regulation 36(A)(8) and 38(1A) of the CIRP Regulations, 2016. We therefore deem it appropriate to refer it back to the CoC for its reconsideration and taking requisite remedial action about which this Authority be updated before next date, till when CIRP duration be taken to have been extended hereby.

17. **List on 27.11.2026 for updation.**

-Sd/-

**RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)**

-Sd/-

**SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)**