NATIONAL COMPANY LAW TRIBUNAL
CHANDIGARH BENCH (COURT-II), CHANDIGARH

IA(IBC)/4/(CH)/2025
In
CP(IB) No.32/Chd/Hry/2024
(Admitted)

(An Application under sections 30 (6) of the Insolvency and Bankruptcy Code, 2016 read with Rule 11 of The National Company Law Tribunal Rules, 2016)

IA (IBC)/4/(CH)/2025

Manindra Kumar Tiwari
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...Applicant

In the matter of CP (IB) No. 32/Chd/Hry/2024

(An Application under Section 7 of the Insolvency & Bankruptcy Code, 2016)

IN THE MATTER OF:

Amit Jain

...Financial Creditor

Versus

Paytail Commerce Private Limited

...Corporate Debtor

Order delivered on: 21.07.2026

CORAM: SHRI KAUSHALENDRA KUMAR SINGH, HON'BLE MEMBER (TECHNICAL)
SHRI KHETRABASI BISWAL, HON'BLE MEMBER (JUDICIAL)

Present:-

For the Applicant/RP : Mr. Gurcharan Singh, Mr. Amardeep Singh, Advocates, with
Mr. Manindra Kumar Tiwari, Resolution Professional in person.

ORDER

The present Application has been filed on 01.05.2025 by Mr. Manindra Kumar Tiwari, the Resolution Professional of Paytail Commerce Private Limited (hereinafter referred to as the **"Resolution Professional/Applicant"**) under Section 30(6) of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as the **"Code"** or **"IBC"**), seeking approval of the Resolution Plan of **M/s AKB Ventures Pvt. Ltd.** (hereinafter referred to as the **"Successful Resolution Applicant"** or **"SRA"**), in respect of **Paytail Commerce Private Limited** (hereinafter referred to as the **"Corporate Debtor"**) which has been approved by the Committee of Creditors (hereinafter referred to as the "**COC"**).

Facts and submissions made by the Applicant

2. The averments made by the Applicant/Resolution Professional in the present application and as presented by the Ld. Counsel are summarized as under:-

i. The Corporate Debtor is engaged in the business of revolutionizing the offline commerce by enabling instant paperless EMI's to consumers as well as transforming the selling experience of the merchants through scalable technology solutions, incorporated on 07.09.2020 with CIN U72900HR2020PTC089043, having its registered office at AltF, MPD Tower, 2nd Floor, Golf Course Road, Sector 43, Gurgaon, Gurgaon, Dlf Qe, Haryana. India, 122002. The Corporate Debtor has been enjoying the trade finance facilities from the financial creditors since the year 2020.

ii. The Corporate Debtor was admitted in the Corporate Insolvency Resolution Process (CIRP) under Section 7 of the Code on 12.08.2024. Ms. Manisha Rawat was appointed as Interim Resolution Professional (IRP) for the Corporate Debtor by this Tribunal vide order dated 12.08.2024.

iii. The Constitution of the COC and the voting share of the respective Members has been as under:-

S. No.	Name of Creditor	Claimed Amount (in Rs.)	Admitted Provisionally Amount (in Rs.)	Voting Share (%)
1.	Mr. Hari Shankar Bhartia	4,72,00,000	4,71,45,205	67.18%
2.	Mr. Tejas Goenka	1,17,86,301	1,17,79,726	16.79%
3.	Mr. Amit Jain	1,12,50,000	1,12,50,000	16.03%
Total		**7,02,36,301**	**7,01,7,1,931**	**100.00%**

iv. As against the total claim received at Rs. 20,79,58,299/-, the IRP had admitted the claim to the extent of Rs. 19,97,54,895/-.

v. After constitution of CoC, the IRP conducted conducted 1st CoC meeting on 11.09.2024, whereby the CoC resolved to replacement of IRP with Mr. Manindra Kumar Tiwari as Resolution Professional of Corporate Debtor with 100% voting in favor.

vi. Pursuant to publication of Form G for inviting of Expression of Interest (EOI) on 30.10.2022 in the course of the CIRP from the interested Prospective Resolution Applicant (PRA) by 29.11.2024, the Resolution Professional received 4 (Four) Resolution Plans from Darshna Rani, Standard Capital Market Limited Real Value Infotech Projects Private Limited and AKB Ventures Private Limited.

vii. In the 6th CoC meeting dated 03.03.2025, the CoC members directed all the Resolution Applicants to revise their Resolution Plans according to the discussions and submit the same by within 7 days. In the 7th CoC Meeting dated 21.03.2025, the Resolution Professional has received the revised Resolution Plan from all the PRAs within the time frame. The CoC in its commercial wisdom approved the revised resolution plan submitted by M/s AKB Ventures Pvt. Ltd. (Resolution Applicant) with 83.97% voting share in its 7th Meeting on 21.03.2025.

viii. However, the CIRP period expired on 09.02.2025 and hence, the CoC resolved to file an extension application by 90 days beyond 180 days. In accordance with the same, the Resolution Professional filed an application bearing no. IA (I.B.C)/429/CH/2025 for the extension of the CIRP period by 90 days beyond 180 days on 20.02.2025 which has been granted by this Tribunal vide Order dated 03.06.2025. The extended CIRP period expired on 09.05.2025. The present application seeking approval of the Resolution Plan was filed by the Resolution Professional on 30.04.2025, i.e., prior to the expiry of the extended CIRP period.

ix. On the basis of the Valuation Reports, the fair value and liquidation value of the Corporate Debtor have been arrived at Rs.5,29,83,316 and Rs. 4,47,36,512 respectively.

x. The Resolution Plan value amounts to Rs. 6,67,81,581 (including insolvency resolution process cost, infusion of funds etc.) and the SRA has proposed to pay the total amount to the Stakeholders within 45 days from the approval of this plan by this Tribunal.

xi. The Resolution Plan provides for the payment towards the CIRP cost and to the various Stakeholders as given in the Table below:-

Particulars	Amount Claimed (Rs.)	Amount Admitted (Rs.)	Realizable amount under the plan (Rs.)
CIRP Costs	-	-	20,00,000
Financial Creditors			
(i) Secured Financial Creditors	Nil	Nil	Nil
(ii) Unsecured Financial Creditors (a) Related Party	11,12,50,000	11,12,50,000	1,10,850
Note: With regard to the **Unsecured Financial Creditors (Related Party)**, whose admitted claims aggregate to ₹11,12,50,000/-, the Resolution Plan provides for conversion of debt amounting to ₹11,08,50,000/- into 1,10,850 equity shares of the Corporate Debtor having a face value of ₹10/- each and issued at a premium of ₹990/- per share, carrying an issue value of ₹1,000/- per share. The said shares are proposed to be acquired by the Resolution Applicant or its nominee at a price of ₹1/- per share within 45 days from the Effective Date, resulting in an actual payment of only ₹1,10,850/-.			
(b) Non-Related Party	5,89,86,301	5,89,24,931	5,89,24,931
Note: With regard to the **Unsecured Financial Creditors (Non-Related Parties**), whose admitted claims aggregate to ₹5,89,24,931/-, the Resolution Plan provides for full satisfaction of their claims through a combination of payment by the Resolution Applicant, assignment of debtor recoveries, and assignment of PUFE recoveries. An amount of ₹27,29,645/- is proposed to be paid by the Resolution Applicant, of which ₹27,29,633/- shall be converted into 2,729 CCPS having a face value of ₹10/- each and issued at a premium of ₹990/- per share, aggregating to an issue value of ₹1,000/- per share and acquired by the Resolution Applicant or its nominee at a price of ₹999.87 per share, resulting in payment of ₹27,29,633/-. Further, 100% recovery from receivables of the Corporate Debtor amounting to ₹4,72,70,367/- (including recoveries from Cholamandalam Investment and Finance Company Limited and HDB Financial Services) and 100% recovery from PUFE applications amounting to ₹89,24,919/- have been allocated towards satisfaction of the admitted claims. Accordingly, out of the total realisable amount of ₹5,89,24,931/- of the Unsecured Financial Creditors (Non-Related Parties), **the Resolution Applicant is directly contributing only ₹27,29,645/- (approximately 4.63% of total realisable amount)**			

Operational Creditors			
(a) Supplier of Goods and Services	3,28,24,935	2,74,89,320	37,39,890
Note: With regard to the **Operational Creditors (Goods and Services)**, whose admitted claims aggregate to ₹2,74,89,320/-, the Resolution Plan provides for satisfaction of their claims through a combination of payment by the Resolution Applicant and allocation of recoveries arising from PUFE proceedings. An amount of ₹35,00,000/- from PUFE recoveries has been allocated towards their claims, after settlement of the admitted claims of the Unsecured Financial Creditors (Non-Related Parties). The balance amount of ₹2,39,89,320/- is proposed to be converted into 23,989 Class-A Equity Shares of the Corporate Debtor having a face value of ₹10/- each and issued at a premium of ₹990/- per share, aggregating to an issue value of ₹1,000/- per share., which may thereafter be acquired at ₹10/- per share, resulting in a payment of approximately ₹2,39,890/- by the Resolution Applicant. Accordingly, out of the total realizable amount of ₹37,39,890/-, **the Resolution Applicant is directly contributing only ₹2,39,890/- (approximately 6.41% of the realizable amount)**			
(b) Government Dues/ Regulatory dues	NIL	NIL	NIL
(c) Employees	48,97,063	20,90,644	15,05,910
Note: With regard to the **Operational Creditors (Employees)**, whose admitted claims aggregate to ₹20,90,644/-, the Resolution Plan provides for satisfaction of their claims through a combination of payment by the Resolution Applicant and allocation of recoveries arising from PUFE proceedings. An amount of ₹15,00,000/- from PUFE recoveries has been allocated towards their claims, after settlement of higher-ranking stakeholders. The balance amount of ₹5,90,644/- is proposed to be converted into 591 Class-A Equity Shares of the Corporate Debtor having a face value of ₹10/- each and issued at a premium of ₹990/- per share, aggregating to an issue value of ₹1,000/- per share, which may thereafter be acquired at ₹10/- per share, resulting in a payment of approximately ₹5,910/- by the Resolution Applicant. Accordingly, out of the total realizable amount of ₹15,05,910/-**, the Resolution Applicant is directly contributing only ₹5,910/- (approximately 0.39% of the realizable amount)**			
(d) Workmen	NIL	NIL	NIL
Contingent Fund	_	_	5,00,000
Grand Total	**20,79,58,299**	**19,97,54,895**	**6,67,81,581**

xii. The RP has examined the Resolution Plan and required compliances thereon. For ready reference, the compliance examined by the RP are reproduced in the Table below:-

Section of the Code/Regulation No.	Requirement with respect to the Resolution Plan	Compliance (Yes/No)	Relevant clause of resolution plan
Section 25(2)(h)	The Resolution Applicant meets the criteria approved by the CoC having regard to the complexity and scale of operations of business of the CD	Yes	
Section 29A	The Resolution Applicant is eligible to submit resolution plan as per final list of Resolution Professional or Order, if any, of the Adjudicating Authority	Yes	
Section 30(1)	The Resolution Applicant has submitted an affidavit stating that it is eligible as per Code	Yes	Clause 9.7
Section 30(2)	The Resolution Plan-		Chapter 8
	(a) Provides for the payment of Insolvency Resolution Process Cost	Yes	Clause 8.3.3 (Point 1)
	(b) Provides for the payment to the operational creditors	Yes	Clause 8.3.3 (Point 5,6 & 7)
	(c) Provides for the payment to the Financial Creditors who did not vote in favour of the resolution plan	Yes	Clause 8.3.3 (Point 4)
	(d) Provides for the management of the affairs of the corporate debtor?	Yes	Chapter - 4
	(e) Provides for the implementation and supervision of the Resolution Plan	Yes	Chapter - 5
	(f) Contravenes any of the provisions of the law for the time being in force	No	Clause 8.3.3 (Point 10)
Section 30(4)	The Resolution plan (a) is feasible and viable, according to the CoC (b) has been approved by the CoC with 66% voting share	Yes	Chapter 9 (Clause 9.5)
Section 31(1)	The Resolution Plan has provisions for its effective implementation plan, according to the COC	Yes	Chapter 5
Regulation 38(1)	The amount due to the operational creditors under the resolution plan has been given priority in payment over financial creditors	No	Chapter 8 Clause 8.3.3 (Point 3)
Regulation 38(1A)	The Resolution Plan includes a statement as to how it has dealt with	Yes	Chapter 8 Clause 8.3.3

	the interest of all stakeholders		(Point 10)
Regulation 38(1B)	Neither the Resolution Applicant nor any of its related parties has failed to implement or contributed to the failure of implementation of any resolution plan approved under the Code. If applicable, the Resolution Applicant has submitted a statement giving details of any such non-implementation	No	Chapter 9 Clause 9.10
Regulation 38(2)	The Resolution Plan provides: (a) the term of the plan and its implementation schedule (b) for the management and control of the business of the corporate debtor during its term (c) adequate means for supervising its implementation	 Yes Yes Yes	 Chapter 4,5,8 Chapter 4,5 Chapter 4
Regulation 38(3)	The Resolution Plan demonstrates that- (a) it addresses the cause of default (a) it is feasible and viable (c) it has provisions for its effective implementation (d) it has provisions for approvals required and the timeline of the same (e) the resolution applicant has the capability to implement the resolution plan	Yes	 Chapter 7 Chapter 8,9 (Clause 9.5) Chapter 4,5 Chapter 9 (Clause 9.25) Chapter 4,5
Regulation 39(2)	Whether the RP has filed application in respect of transactions observed, found or determined by him?	Yes	
Regulation 39(4)	Provide details of performance security received as referred to in sub-regulation (4A) of Regulation 36B	No	

3. It is noted that the CoC approved the revised Resolution Plan of M/s AKB Ventures Pvt. Ltd. by 83.97% votes and as such it is not necessary for us to go into details of the commercial wisdom of CoC. We proceed to examine the plan in light of provisions contained in sections 30(2) and 31 of the Code read with Regulation 38 of the IBBI (CIRP of the Corporate Debtor) Regulations, 2016. The Resolution Professional has placed on record the

compliance certificate in Form-H. It is seen that the fair value of the assets of the Corporate Debtor is Rs. 5,29,83,316/- whereas, the liquidation value of the corporate debtor is Rs. 4,47,36,512/-. The Resolution Plan value as proposed by the Successful Resolution Applicant is of Rs. 6,67,81,581/-.

4. Based on Clause 8.3 of the Resolution Plan, the financial treatment proposed for various stakeholders of the Corporate Debtor is summarized hereunder:-

i. The Resolution Applicant has proposed a total resolution outlay of approximately ₹6.68 Crores for settlement of the claims of various stakeholders of the Corporate Debtor. Under the Resolution Plan, the Insolvency Resolution Process Costs have been proposed to be paid in full and in priority to all other debts. The Resolution Applicant has estimated the CIRP costs at ₹20,00,000/-, including the outstanding costs and anticipated expenses till approval of the Resolution Plan, which shall be paid within 45 days from the Effective Date.

ii. In respect of the Unsecured Financial Creditors falling under the Related Party category, against admitted claims of ₹11,12,50,000/-, the Resolution Plan provides for conversion of debt amounting to ₹11,08,50,000/- into 1,10,850 equity shares of the Corporate Debtor having a face value of ₹10/- each and issued at a premium of ₹990/- per share, carrying an issue value of ₹1,000/- per share. The said shares are to be acquired by the Resolution Applicant or its nominee at a price of ₹1/- per share within 45 days from the Effective Date, resulting in a total payment of ₹1,10,850/-. Upon implementation of the Resolution Plan, the claims of the Related Party Financial Creditors shall stand fully settled and extinguished.

iii. With regard to the Unsecured Financial Creditors (Non-Related Parties), whose admitted claims aggregate to ₹5,89,24,931/-, the Resolution Plan provides for allocation of 100% recovery from the receivables of the Corporate Debtor amounting to ₹4,72,70,367/-, comprising ₹1,92,00,000/- recoverable from Cholamandalam Investment and Finance Company Limited and ₹2,80,70,367/- recoverable from HDB Financial Services, towards satisfaction of the admitted claims of such creditors. Further, an amount of ₹27,29,633/- is proposed to be converted into 2,729 Compulsorily Convertible Preference Shares (CCPS) having a face value of ₹10/- each and issued at a premium of ₹990/- per share, aggregating to an issue value of ₹1,000/- per share. The said CCPS are to be acquired by the Resolution Applicant or its nominee at a price of ₹999.87 per share, resulting in payment of ₹27,29,633/-. The Resolution Plan further provides for payment of balance amount of ₹89,24,919/- out of recovery from PUFE applications towards satisfaction of the balance admitted claims of such creditors. Upon implementation of the Resolution Plan, all claims of the Unsecured Financial Creditors (Non-Related Parties) shall stand settled and extinguished.

iv. Insofar as the Operational Creditors (Goods and Services) are concerned, against admitted claims of ₹2,74,89,320/-, the Resolution Plan provides for allocation of ₹35,00,000/- from recoveries arising out of PUFE proceedings after settlement of the admitted claims of Unsecured Financial Creditors (Non-Related Parties). The balance amount of ₹2,39,89,320/- is proposed to be converted into 23,989 Class-A Equity Shares of the Corporate Debtor having a face value of ₹10/- per share and issued at a premium of ₹990/- per share, carrying an issue value of ₹1,000/- per share. The said shares may thereafter be acquired at ₹10/- per share, resulting in a payment of approximately ₹2,39,890/-. Upon completion of the proposed mechanism, all claims of the Operational Creditors (Goods and Services) shall stand fully settled and extinguished.

v. In respect of Operational Creditors (Employees), against admitted claims of ₹20,90,644/-, the Resolution Plan provides for payment of ₹15,00,000/- from recoveries generated through PUFE proceedings after settlement of higher-ranking stakeholders. The remaining amount of ₹5,90,644/- is proposed to be converted into 591 Class-A Equity Shares having a face value of ₹10/- each and issued at a premium of ₹990/- per share, aggregating to an issue value of ₹1,000/- per share. The said shares may thereafter be acquired at ₹10/- per share, resulting in a payment of approximately ₹5,910/-. Upon implementation of the Resolution Plan, the claims of the employees shall stand fully settled and extinguished.

vi. The Resolution Plan records that no admitted claims have been received under the categories of Secured Financial Creditors, Operational Creditors (Statutory Dues) and Operational Creditors

(Workmen), and accordingly provides for nil payment towards these categories. The Resolution Plan further records that no admitted claims exist in respect of any other category of creditors and, therefore, no payment has been provided towards such creditors.

vii. The Resolution Plan also provides for creation of a Contingent Fund of ₹5,00,000/- to meet litigation expenses and implementation-related costs arising in connection with execution of the Resolution Plan.

viii. The following table sets out the admitted claims of various stakeholders and the amount of such claims proposed to be converted into Equity Shares, Class-A Equity Shares and CCPS under the Resolution Plan:

Creditor Category	Name	Amount Admitted	Amount of claim converted into shares	Cash Offered through share purchase
Unsecured FC - Related Party	Amit Jain	1,12,50,000	1,08,50,000 (Equity Shares having a face value of ₹10/- each and issued at a premium of ₹990/- per share, carrying an issue value of ₹1,000/- per share)	10,850 (The said shares are to be acquired by the Resolution Applicant or its nominee at a price of ₹1/- per share)
Unsecured FC - Related Party	Cholamandalam Investment and Finance Company Pvt Ltd	10,00,00,000	10,00,00,000 (Equity Shares having a face value of ₹10/- each and issued at a premium of ₹990/- per share, carrying an issue value of ₹1,000/- per share)	1,00,000 (The said shares are to be acquired by the Resolution Applicant or its nominee at a price of ₹1/- per share)

Unsecured FC - Non Related Party	Tejas Goenka	1,17,79,726	5,46,000 (CCPS having a face value of ₹10/- each and issued at a premium of ₹990/- per share, aggregating to an issue value of ₹1,000/- per share)	5,45,685 (The said CCPS are to be acquired by the Resolution Applicant or its nominee at a price of ₹999.87 per share)
Unsecured FC - Non Related Party	Hari Shanker Bhartia	4,71,45,205	21,84,000 (CCPS having a face value of ₹10/- each and issued at a premium of ₹990/- per share, aggregating to an issue value of ₹1,000/- per share)	21,83,960 (The said CCPS are to be acquired by the Resolution Applicant or its nominee at a price of ₹999.87 per share)
Operational Creditor (G&S)		2,74,95,437	2,39,89,000 (Class A Equity Shares having a face value of ₹10/- each and issued at a premium of ₹990/- per share, aggregating to an issue value of ₹1,000/- per share)	2,39,890 (The said shares are to be acquired by the Resolution Applicant or its nominee at a price of ₹10/- per share)
Operational Creditor (Employee)		20,90,644	5,90,644 (Class A Equity Shares having a face value of ₹10/- each and issued at a premium of ₹990/- per share, aggregating to an issue value of ₹1,000/- per share)	5,910 (The said shares are to be acquired by the Resolution Applicant or its nominee at a price of ₹10/- per share)

ix. The details of the payments envisaged under the Resolution Plan, along with the source and mode of satisfaction thereof, are reproduced in the table hereunder:

Particular	Proposed Amount	Payment by RA	Assignment of Debtor Recovery	Assignment of PUFE Recovery
CIRP Cost	20,00,000	20,00,000	-	-
Unsecured Financial Creditor (Related Party)	1,10,850	1,10,850	-	-
Unsecured Financial Creditor (Non Related Party)	5,89,24,931	27,29,645	4,72,70,367	89,24,919
Operational Creditor Goods & Services	37,39,890	2,39,890	-	35,00,000
Operational Creditor Workmen & Employees	15,05,910	5,910	-	15,00,000
Contingent Fund	5,00,000	5,00,000	-	-
Total	**6,67,81,581**	**55,86,295**	**4,72,70,367**	**1,39,24,919**

5. Upon examining the financial treatment proposed under the Resolution Plan, particularly the conversion of admitted claims into Equity Shares, Class-A Equity Shares and Compulsorily Convertible Preference Shares (CCPS), this Adjudicating Authority, during the course of hearing of the present application on 11.05.2026, asked the Ld. Counsel for RP as well as SRA to explain the nature and purpose of the restructuring proposed by the Successful Resolution Applicant; the basis of the conversion value of ₹1,000/- per share/security; and whether the subsequent acquisition/extinguishment of such shares at ₹1 or ₹10 is permissible under the provisions of the Companies Act, 2013 read with the Insolvency and Bankruptcy Code, 2016.

6. In response thereto, the Successful Resolution Applicant has placed on record its written submissions dated 21.05.2026 to clarify the aforesaid aspects and also indicating certain modifications to the restructuring mechanism proposed under the Resolution Plan. The relevant submissions and proposed modifications are reproduced hereunder:

(i) The restructuring under the Resolution Plan is a composite balance-sheet and capital restructuring. It broadly comprises: (a) cancellation /extinguishment of existing share capital; (b) issuance of fresh equity shares /securities; (c) conversion of unpaid creditor balances into different classes of equity shares / securities at face value plus premium; (d) creation of securities premium/ capital reserve; (e) reduction of capital through set off such securities premium with debit balance of the profit and loss account and (f) subsequent acquisition of such securities by the Resolution Applicant/ its nominees as part of implementation of the Plan.

(ii) The objective of the restructuring is to avoid unintended tax consequences that may arise from write-back of creditor dues as revenue reserves. Accordingly, the Resolution Plan provides for conversion of the unpaid creditor balances into securities carrying a face value of ₹10/- and a premium of ₹990/- per security, thereby crediting the haircut component to the Securities Premium Reserve which is capital reserve instead of being treated as revenue reserve. The Successful Resolution Applicant contended that such treatment preserves the feasibility and viability of the Resolution Plan and prevents the creation of avoidable tax liabilities upon implementation of the CIRP.

(iii) With regard to the conversion value of ₹1,000/- per share/security, it was clarified that the same does not represent the fair market value of the Corporate Debtor but is merely a plan-determined conversion value adopted for implementing the restructuring mechanism. The said value comprises a face value of ₹10/- and a securities premium of ₹990/- per security and has been derived on the basis of the admitted claims proposed to be converted and the restructuring requirements of the Resolution Plan. The Reserves and Surplus Post-CIRP Working shows that this securities premium is set-off against the opening Profit and Loss deficit of ₹34,52,60,683/- as per capital reduction provisions Section 66 of Companies Act, 2013, leaving a closing net negative reserves and surplus balance of ₹7,86,67,933/-, thereby indicating that no unjust enrichment or surplus accrues to the Successful Resolution Applicant. This demonstrates that the ₹1000 /- conversion value is an accounting and restructuring mechanism, and that no surplus or unjust gain accrues to the Resolution Applicant.

(iv) The submissions further state that the proposed restructuring is expressly permissible under the Insolvency and Bankruptcy Code, 2016 and Regulation 37 of the CIRP Regulations, which permit restructuring of the Corporate Debtor, issuance of securities, alteration of share capital, reduction of creditor dues and conversion of claims into securities. Regulation 37(1)(i) specifically permits issuance of securities for cash, property, securities, or in exchange for claims or interests. Conversion of unpaid creditor balances into equity/ securities under the CoC-approved Plan therefore falls directly within Regulation 37. Reliance has also been placed on the Explanation to

Section 5(26) of the Code, which recognises restructuring of the Corporate Debtor as a valid component of a resolution plan.

(v) With respect to the acquisition of the shares/securities by the Successful Resolution Applicant at values such as ₹1/- or ₹10/- per share, it was submitted that the same does not amount to a buy-back under Section 68 of the Companies Act, 2013, as the acquisition is not being undertaken by the Corporate Debtor itself. Rather, the transaction constitutes a secondary acquisition of securities from the concerned creditors by the Successful Resolution Applicant in accordance with the terms approved by the Committee of Creditors. Further, the issuance of securities and their subsequent acquisition form integral components of a single restructuring mechanism approved under the Resolution Plan. The financial workings show that even after this restructuring, the reserves and surplus remain negative by Rs.7,86,67,933/-, meaning the value of the equity shares 'Zero' as per income tax act and the purchase price of Rs 1, Rs 10, & Rs 1000 is justified respectively.

(vi) In short, the share issuance and acquisition mechanism is designed as a tax efficient restructuring tool, not as a device to create hidden value or avoid legitimate tax.

(vii) Reference was also made to the decision of the Hon'ble NCLT, Ahmedabad Bench in **Mr. Chandra Prakash Jain, Resolution Professional of *M/s E-Complex Private Limited, IA/764(AHM)/2021 in CP(IB)/563(AHM)/2018***, wherein the approved Resolution Plan envisaged complete cancellation of the existing share capital of the Corporate Debtor, infusion of fresh equity by the Resolution Applicant, and conversion of the admitted dues of financial creditors into 7,40,000 equity shares of ₹10/- each aggregating to ₹74 lakhs, constituting 74% of the post-resolution shareholding of the Corporate Debtor. The Resolution Plan further provided a put-option in favour of the financial creditors enabling them to transfer such shares to the Resolution Applicant after five years for a total consideration of ₹525 Crores. The Hon'ble NCLT approved the Resolution Plan and held the same to be binding on all stakeholders.

(viii) Relied further on the judgment of the Hon'ble NCLAT in ***Anirudh Agro Farms Limited v. Dr. Govindarajula Venkata Narasimha Rao, Resolution Professional of Viceroy Hotels Limited & Anr., Company Appeal (AT) (CH) (Ins.) No. 166 of 2023***. In the said matter, the Resolution Plan approved by the Committee of Creditors with 95.82% voting share contemplated a total financial outlay of ₹168.50 Crores, comprising payment of ₹150 Crores in cash to the financial creditors and issuance of 4% equity shareholding in the Corporate Debtor to such creditors through conversion of debt. The Plan also contained a buy-back guarantee of ₹17 Crores in respect of the equity shares issued to the financial creditors. While the Adjudicating Authority had rejected the Resolution Plan, the Hon'ble NCLAT set aside the said order and approved the Resolution Plan, holding that the plan had duly secured the requisite CoC majority.

Analysis and Findings

7. We have heard the Learned Counsel for the Resolution Professional and have carefully perused the pleadings and documents placed on record, including the Resolution Plan, the written submissions dated 21.05.2026 filed on behalf of the Successful Resolution Applicant, and the judicial precedents relied upon in support of the proposed restructuring mechanism.

8. It is pertinent to note that the issuance, transfer and ownership of shares are primarily governed by the provisions of the Companies Act, 2013 and the rules framed thereunder. While the Insolvency and Bankruptcy Code, 2016 permits restructuring of the affairs of the Corporate Debtor as part of a resolution plan, such restructuring must nevertheless be implemented in accordance with the applicable provisions of the Companies Act, 2013 and other applicable laws. The Resolution Applicant was therefore required to demonstrate the specific statutory basis under the Companies Act, 2013 that permits the issuance of Equity Shares, Class-A Equity Shares and Compulsorily Convertible Preference Shares at a value of ₹1,000/- per security, followed by their acquisition, transfer or extinguishment at a substantially lower value of ₹1/- or ₹10/- per security.

9. In the present case, apart from making a general reference to the restructuring powers available under the Code and the CIRP Regulations, no provision of the Companies Act, 2013 or the rules framed thereunder has been identified or explained so as to justify the legality of the proposed mechanism. The Successful Resolution Applicant has not been able to demonstrate how the proposed issuance of Equity Shares, Class-A Equity

Shares and Compulsorily Convertible Preference Shares at a value of ₹1,000/- per share, followed by their acquisition at ₹1/- or ₹10/- per share, is permissible under the provisions of the Companies Act, 2013. The submissions made on behalf of the Successful Resolution Applicant primarily seek to justify the commercial rationale and accounting treatment underlying the restructuring mechanism; however, they do not establish its legal permissibility under the applicable statutory framework.

10. The judgments relied upon by the Resolution Applicant are distinguishable on facts. In *Mr. Chandra Prakash Jain, Resolution Professional of M/s E-Complex Private Limited*, the approved Resolution Plan contemplated conversion of creditor dues into equity shares and provided a put-option mechanism exercisable after a period of five years. Similarly, in *Anirudh Agro Farms Limited v. Dr. Govindarajula Venkata Narasimha Rao*, the Resolution Plan envisaged conversion of debt into equity coupled with a buy-back guarantee. However, neither of the aforesaid decisions examined or approved a restructuring mechanism involving issuance of securities at a substantial premium solely for accounting purposes and their near-immediate acquisition at a nominal value as proposed in the present Resolution Plan. Therefore, the said precedents do not conclusively establish the legality of the restructuring mechanism under the Companies Act, 2013.

11. This Adjudicating Authority is conscious of the settled position that the commercial wisdom of the Committee of Creditors is ordinarily not amenable to judicial review. However, the jurisdiction of this Adjudicating Authority under Section 31 of the Insolvency and Bankruptcy Code, 2016 extends to

examining whether the Resolution Plan complies with the requirements of law as mandated under Section 30(2)(e) of the Code. Section 30(2)(e) of the Insolvency and Bankruptcy Code, 2016 mandates that a resolution plan shall be examined by the Resolution Professional to confirm that it "*does not contravene any of the provisions of the law for the time being in force.*" Compliance with applicable law is a statutory prerequisite for approval of a Resolution Plan and cannot be overridden on the basis of commercial wisdom alone.

12. The Resolution Applicant has contended that the proposed mechanism constitutes a permissible restructuring under the Code and has relied upon the Explanation to Section 5(26) of the IBC and Regulation 37 of the CIRP Regulations to submit that a resolution plan may provide for alteration of share capital, issuance of securities, conversion of debt into equity, cancellation of existing share capital and other forms of financial restructuring. There can be no quarrel with the proposition that the Code contemplates such restructuring measures as legitimate components of a resolution plan. However, the mere inclusion of such powers under Regulation 37 cannot be construed to mean that the substantive provisions governing issuance of securities under the Companies Act, 2013 stand dispensed with or overridden.

13. Regulation 37 of IBBI (Resolution Process for Corporate Persons) Regulations, 2016 merely enumerates the measures that may be incorporated in a resolution plan to facilitate revival of the Corporate Debtor which includes conversion of debt into equity. It neither prescribes the

methodology for determination of the issue price of shares nor authorises adoption of an arbitrary conversion value divorced from recognised principles of valuation. Consequently, where a resolution plan proposes conversion of debt into equity or other securities, the Resolution Applicant must nevertheless demonstrate that the issue price has been determined on a legally sustainable basis and in conformity with the applicable provisions of the Companies Act, 2013 and the principles governing valuation of securities.

14. In the present case, the Resolution Applicant has itself admitted in its written submissions that the issue value of ₹1,000/- per share/security does not represent the fair market value of the Corporate Debtor and has merely been adopted as a plan-determined conversion value to facilitate accounting treatment by crediting the haircut component to the Securities Premium Account instead of recognising it as revenue reserve. According to the Resolution Applicant, such a mechanism has been devised primarily to avoid unintended tax consequences and to enable adjustment of the securities premium against the accumulated losses of the Corporate Debtor.

15. This explanation, however, raises serious concerns. The issue price of shares cannot ordinarily be founded merely upon an accounting objective or tax planning consideration. It is noted that as regards the issuance of equity shares, the Companies Act, 2013 provides provisions at Section 62 for issuance of right shares as well as preferential shares, Section 63 for issuance of bonus shares and Section 42 for private placement. This is not a case of allotment of any right shares and bonus shares. The provision as

regards the issuance of preferential shares or private placement requires valuation of shares to arrive at Fair Market Value and accordingly the shares are allotted to. In the present case, RA has proposed first for conversion of the creditor's dues at a value of ₹1,000/- per share having a face value of ₹10/- each and issued at a premium of ₹990/- per share and then to repurchase those shares at nominal value of ₹1/- or ₹10/- per share. This exercise of restructuring has no basis for adoption of premium of ₹990/- as part of restructuring and then for re-purchase and assignment at the nominal value. The material placed on record does not disclose any independent valuation report by a Registered Valuer explaining the basis on which the issue value of ₹1,000/- per share/security has been determined. Equally, no valuation methodology has been placed before this Adjudicating Authority to justify the conversion ratio adopted under the Resolution Plan. In the absence of any objective valuation exercise, the conversion value appears to have been determined arbitrarily and does not appear to be in accordance with the relevant provisions of issuance of shares under Section 42 and 62 of the Companies Act, 2013.

16. Despite specific queries raised by this Adjudicating Authority regarding the legality of the restructuring mechanism, the basis of the conversion value of ₹1,000/- per share/security and the permissibility of the subsequent acquisition of such securities at nominal value, the Successful Resolution Applicant has failed to demonstrate that the proposed arrangement is in conformity with the provisions of the Companies Act, 2013. In the absence of a satisfactory explanation establishing the legality of the restructuring

mechanism under the applicable provisions of law, this Adjudicating Authority is unable to conclude that the Resolution Plan satisfies the requirement contained in Section 30(2)(e) of the Insolvency and Bankruptcy Code, 2016.

17. A perusal of paragraph 4(ix) of the Resolution Plan shows that against aggregate admitted claims of ₹19,97,54,895/-, the Resolution Plan contemplates distributions aggregating to only ₹6,67,81,581/-. More importantly, out of the said amount, the Resolution Applicant is directly contributing only ₹55,86,295/-, which constitutes approximately 2.80% of the total admitted claims and 8.37% of the proposed plan value. The balance amount of ₹6,11,95,286/- is proposed to be satisfied through assignment of receivables of the Corporate Debtor and recoveries arising from PUFE proceedings. This assumes significance because the actual monetary commitment of the Resolution Applicant is minimal and the overwhelming portion of the value attributed to the Resolution Plan does not emanate from any substantial infusion of funds by the Resolution Applicant but from assets, receivables and avoidance recoveries that already vest in or arise for the benefit of the Corporate Debtor. Moreover, the distributions proposed under the Resolution Plan substantially depend upon the operation of the restructuring mechanism involving issuance, conversion and subsequent acquisition/extinguishment of securities. Therefore, the legality and enforceability of such mechanism assume central importance to the implementation of the Resolution Plan. Once the legality of the said mechanism itself remains unsubstantiated, the viability and effective

implementation of the proposed distributions become uncertain. Consequently, the Resolution Applicant has failed to discharge the burden of establishing that the Resolution Plan satisfies the mandate of Section 30(2)(e) of the Insolvency and Bankruptcy Code, 2016.

18. In view of the discussions and findings as made hereinabove, we are not satisfied that the Resolution Plan under consideration complies with the requirements stipulated under Section 30(2)(e) of the Insolvency and Bankruptcy Code, 2016 as it is not in conformity with the provisions of law, specially Companies Act, 2013 for the time being in force.

Conclusion

19. Accordingly, for the reasons recorded hereinabove, this Adjudicating Authority holds that the Resolution Plan, in its present form, does not satisfy the statutory requirement of compliance with applicable law as mandated under Section 30(2)(e) of the Insolvency and Bankruptcy Code, 2016 and, therefore, cannot be approved under Section 31 of the Code. Consequently, the Resolution Plan submitted by M/s AKB Ventures Pvt. Ltd. in respect of the Corporate Debtor stands rejected.

20. In view thereof, and in the absence of an approved Resolution Plan, the Corporate Debtor, **Paytail Commerce Private Limited**, is hereby ordered to undergo liquidation in accordance with the procedure set out in Chapter III of the Code.

21. Accordingly, this Tribunal by exercising its powers under Section 33(2) of the Code pass the following Orders:-

(i) The Corporate Debtor shall be liquidated with immediate effect as on the date of this Order in the manner provided under Chapter III, Part II of the Code and other relevant Rules and Regulations, including Insolvency and Bankruptcy (Liquidation Process) Regulations, 2017, as amended up to date, enjoined upon him.

(ii) The Moratorium declared under Section 14 of the Code shall cease to have effect from the date of the Order of liquidation.

(iii) We appoint Ankur Bansal, having Registration Number – IBBI/IPA-003/ICAI-N-00370/2021-2022/13820, Mobile number: 99882-51003, email: ip.caankur@gmail.com , as a liquidator of the Corporate Debtor, i.e., **Paytail Commerce Private Limited**. The liquidator so appointed shall complete the liquidation process as per the provisions of the Code read with the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016.

(iv) All the powers of the Board of Directors, key managerial persons, and the members /partners of the Corporate Debtor, as the case may be, hereafter cease to exist. All these powers henceforth vest with the liquidator.

(v) The personnel of the Corporate Debtor are directed to extend all cooperation to the liquidator as required by him in managing the liquidation process of the Corporate Debtor.

(vi) The liquidator's fees shall be in accordance with Regulation 4 of the Insolvency and Bankruptcy Board of India (Liquidation Process)

Regulations, 2016. The same shall be paid to the liquidator from the proceeds of the liquidation estate under section 53 of the Code.

(vii) Once the liquidation process is initiated, subject to section 52 of the Code, no suit or other legal proceeding shall be instituted by or against the Corporate Debtor. The liquidator has the liberty to institute a suit and other legal proceedings on behalf of the Corporate Debtor with the prior approval of this Adjudicating Authority, as provided in sub-section (5) of section 33 of the Code.

(vii) This liquidation Order shall be deemed to be notice of discharge to the officers, employees, and workmen of the Corporate Debtor, except to the extent that the business of the Corporate Debtor continued during the liquidation process by the liquidator.

(viii) The liquidator is directed to issue a public announcement stating that the Corporate Debtor is in liquidation. The liquidator shall also serve a copy of this Order to the various Government Departments, namely Income Tax Department, GST, VAT, etc., who are likely to have any claim upon the Corporate Debtor so that the departments concerned are informed of the liquidation Order timely manner. The liquidator shall also provide a copy of this Order to the trade unions/employee associations of the Corporate Debtor so that the workmen/employees shall also be informed of this liquidation Order through their association.

(ix) The Registry is directed to communicate this Order to the concerned Registrar of the Companies, the registered office of the

Corporate Debtor, the Resolution Professional, and the liquidator by speed post as well as e-mail within one week from the date of this Order, after completion of all the formalities.

(x) The present Resolution Professional is directed to hand over the relevant documents and control of the Corporate Debtor to the newly appointed Liquidator forthwith.

22. As a result, the Application bearing **IA (IBC)/4/(CH)/2025 stands rejected and disposed of.**

Sd/-	Sd/-
Khetrabasi Biswal	**Kaushalendra Kumar Singh**
Member (Judicial)	**Member (Technical)**

Inderjeet