



# INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

(Company formed by ICAI under Section 8 of the Companies Act 2013)

## IBC Case Law Capsule

Number 237

(August 18, 2025)



**Masyc Projects Pvt. Ltd. vs. RP of Vadraj Cement Ltd. & Ors., C.R. Patel vs. Vadraj Cement Ltd., and Tushar Engineering vs. Vadraj Cement Ltd.**

**Company Appeal (AT) (Insolvency) No. 831, 855, 856 of 2025**

**Date of NCLAT Judgement: 12<sup>th</sup> August 2025**

### Facts of the Case

The present appeals, Nos. 831, 855 and 856 of 2025, arise out of a common order dated 01.04.2025 passed by the Adjudicating Authority (AA) in I.A. Plan No. 11 of 2025 in CP(IB) No. 3528 (MB) of 2018. By this order the AA approved the Resolution Plan submitted by Nuvoco Vistas Corporation Ltd. the Successful Resolution Applicant (SRA), filed by Resolution Professional (RP) of Vadraj Cement Ltd./CD.

The appellants, who had filed claims in the CIRP process of CD as operational creditors, were proposed NIL payment under the approved Resolution Plan. The appellant in Appeal No. 831/2025, had filed a claim of ₹16,75,11,300/-, which was admitted to the extent of ₹16,72,07,044/- based on a consent award dated 10.09.2013 by an Arbitral Tribunal appointed by the Bombay High Court. In Appeal No. 855/2025, Chhotubhai Ramubhai Patel filed a claim of ₹2,99,87,605/- as an operational creditor for supply of equipment on hire basis, while in Appeal No. 856/2025, Tushar Engineering, represented through Chhotubhai Ramubhai Patel (HUF), filed a claim of ₹1,09,74,486/- for operational dues on account of equipment supplied on hire basis. All these claims were admitted by the RP and reflected in the list of creditors under operational creditors.

The Committee of Creditors (CoC), with 100% voting share, approved the Resolution Plan on 01.04.2025, which proposed NIL payout to operational creditors (other than employees, workmen, and government dues). The AA approved the Resolution Plan, and aggrieved by this, the appellants preferred these appeals before NCLAT.

### NCLAT's Observations

The Appellants argued that the AA erred in approving the Resolution Plan without duly considering the claims of operational creditors. They relied on Regulation 38(1A) of the CIRP Regulations, 2016, contending that although their claims were admitted, the Plan arbitrarily proposed NIL payment and failed to balance stakeholder interests, citing cases of *Hammond Power Solutions (2019)*, and *Essar Steel (2020)*.



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The Respondents maintained that NIL payment was justified under Section 30(2)(b) of the IBC since the liquidation value for operational creditors was NIL. As even secured financial creditors could not be fully discharged, operational creditors were not entitled to any payment. They emphasized that the Plan was approved unanimously by the CoC, and under ***K. Sashidhar (2019)*** and ***Essar Steel***, CoC's commercial wisdom cannot be interfered with unless statutory provisions are breached.

The Tribunal observed that Section 30(2)(b), as amended in 2019, requires operational creditors to receive not less than liquidation value. Since their liquidation value was NIL, the Plan met statutory requirements. The AA had considered all classes of creditors, and under heading "F," it recorded that operational creditors with admitted claims of ₹77,65,00,755/- would stand discharged without payment. Although harsh, the Code does not mandate payment where liquidation value is NIL.

Referring to ***Swiss Ribbons (2019)*** and ***Essar Steel (2020)***, the Tribunal reiterated that financial and operational creditors are not similarly placed, and operational creditors are entitled only to liquidation value. While acknowledging ***Hammond Power***, where plans were rejected for lack of reasoning, the present case was distinguished as the Plan expressly dealt with operational creditors, though proposing NIL payment. It further noted that non-payment is harsh, as observed in ***Damodar Valley Corporation***, but any change lies with Parliament and the IBBI. Since the CoC approved the plan with 100% voting and no breach of statutory provisions was shown, the NCLAT declined interference.

**Order/Judgement:** The NCLAT held that there was no ground to interfere with the order of the AA approving the Resolution Plan of Vadraj Cement Ltd. Accordingly, all the appeals were dismissed, and the Resolution Plan as approved by the AA was upheld.

**Case Review:** All the appeals are dismissed.