

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LT VS MR. RAVI SETHI

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Case Summary

1. Details of the Parties:

- **Appellant:** Rajesh Uttamchandani (Suspended Director of the Corporate Debtor)
- **Respondents:**
 - **Sunstar Industries** (Operational Creditor)
 - **State Bank of India (SBI)** and other Financial Creditors (Intervenors)
 - **Hitech Engineering** (Intervenor)

2. Facts of the Case:

- The Appellant, Rajesh Uttamchandani, has challenged the NCLT order dated 08.10.2024, which admitted a Section 9 application filed by the Operational Creditor, Sunstar Industries.
- Following the order, the Appellant reached a settlement with the Operational Creditor for a total of Rs. 7.8 Crores. As of 11.11.2024, Rs. 4 Crores was already paid, and a Bank Draft for Rs. 1 Crore was to be handed over. The balance amount was to be settled soon.
- An interim order passed on 21.10.2024 restrained the constitution of the Committee of Creditors (CoC) until compliance was made by the Appellant.
- A Section 12A application was filed by the Appellant, seeking the dismissal of the insolvency proceedings, and it was listed for consideration by the NCLT on

22.01.2025.

- Other creditors, including SBI and K.K. International, have filed objections and claims, including a Section 7 application.

3. Issues Involved:

- Whether the appeal should continue or be disposed of in light of the pending Section 12A application.
- Whether the creditors' objections (both financial and operational) should be heard and considered during the Section 12A application process.
- Whether the Adjudicating Authority should dispose of the Section 12A application within a reasonable period.

4. Judgment:

- The Appellate Tribunal observed that the Section 12A application had been filed and is pending before the Adjudicating Authority for consideration.
- The Tribunal directed that the Section 12A application be disposed of within eight weeks from the date of the order.
- All creditors, including both Financial and Operational Creditors, were allowed to file objections during the hearing of the 12A application before the NCLT.
- The Tribunal concluded that the appeal was no longer necessary and disposed of it with the instruction that further steps be taken based on the Adjudicating Authority's decision.

5. Conclusion:

- The appeal was disposed of with a directive for the Adjudicating Authority to resolve the Section 12A application within eight weeks. Creditors were permitted to file objections, and further actions would follow as per the Adjudicating Authority's order. The Appellate Tribunal emphasized an expedited resolution of the

matter.