CIN : L27109TG1989PLC010654

SATHAVAHANA ISPAT LIMITED

Reg. Off: 505, Block 1, Divyashakti Complex, Ameerpet, Hyderabad – 500 016.
Phones: 237330812,3,4 E-mail: info@sathavahana.com web: www.sathavahana.com

March 08, 2022

To,

Bombay Stock Exchange Limited, Corporate Relationship Department, P J Towers, New Trading Ring, Rotunda Building, Dalal Street, Mumbai – 400 001 Stock Code: 526093	**National Stock Exchange of India Limited** Listing Department, Regd. Office: "Exchange Plaza', Bandra Kurla Complex, Mumbai – 400 051 Stock Code: SATHAISPAT

Subject: Disclosure of Minutes of 9th COC Meeting - in accordance with regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir,

As you may be aware, the Company, Sathavahana Ispat Limited, is presently undergoing the corporate insolvency resolution process ("**CIRP**") in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 ("**Code**") under the aegis of the undersigned, Mr. Bhuvan Madan, as the Resolution Professional ("**RP**") of Sathavahana Ispat Limited ("**Corporate Debtor**").

The RP had called and held the 9th meeting of the Committee of Creditors ("**COC**") on March 04, 2022 ("**9th COC Meeting**").

The minutes of the 9th COC Meeting along with the results of the voting are enclosed herewith for your records and ready reference.

This is being disclosed under regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking You

Bhuvan Madan
Resolution Professional
SATHAVAHANA ISPAT LIMITED

Enclosure: Minutes of the 9th COC Meeting and Voting Results

MINUTES OF THE 9TH MEETING OF THE COMMITTEE OF CREDITORS OF SATHAVAHANA ISPAT LIMITED HELD ON MARCH 04, 2022 AT A-103, ASHOK VIHAR, PHASE III, DELHI – 110052, VIDE VIDEO CONFERENCING AT 'MICROSOFT TEAMS' PLATFORM AT 04:30 PM

Time of Commencement: 04:30 P.M.
Time of Conclusion: 06:30 P.M.

Presents:

A. J.C. Flowers Asset Reconstruction (P) Ltd., Financial Creditor

S. No.	Name	Designation	Email
1.	Mr. Mohit Joshi	Finance Controller	Mohit.josh i@jcfarc.com
2.	Mr. Mohit Sachdeva		mohit@jcfarc.com
3.	Ms. Pavethra Ponniah	Managing Director	
5.	Mr. Sandeep Arya	Advisor to COC – Price Waterhouse Coopers	sandeep.arya@pwc.com

B. Members of Suspended Board of Directors and other KMPs

S. No.	Name	Designation	Fmail
1.	Mr. A. Naresh Kumar	Managing Director	Naresh@sathavahana.com
2.	Mr. VSRK Hanuman	CFO	cfo@sathavahana.com

C. Resolution Professional and Team

S. No.	Name	Designation	Email
1.	Mr. Bhuvan Madan	Resolution Professional	Madan.bhuvan@gmail.com Cirp.bm.sil@gmail.com
2.	Mr. Shashank Agarwal	Legal Advisor	Shashank.agwl@yahoo.in
3.	Mr. Ashwani Kumar	Representative from LSI Resolution Pvt Limited	ashwanikumarsaxena1207@yahoo.com
4.	Mr. Vaibhav Jindal	Associate (RP's team)	vaibhav.jindal@rrinsolvency.in

D. Special Invitee – M/s Jindal Saw Limited and team, Resolution Applicant

S. No.	Name	Designation	Email
1.	Mr. Maneesh Kumar	President – Marketing (DI Business)	maneesh.kumar@jindalsaw.com

E. Special Invitee – M/s Vedanta Limited and team, Resolution Applicant

S. No.	Name	Designation	Email
1.	Mr. Jimit Patel	Senior M&A Analyst	JIMIT.PATEL@VEDANTA.CO.IN
2.	Ms. Simran Chaudhary	Deputy Manager – M&A	Simran.Chaudhary@vedanta.co.in
3.	Ms. Mansi Dhiman	Deputy Head – M&A	mansi.dhiman@vedanta.co.in
4.	Ms. Palak Adlakha		Palak.Adlakha@vedanta.co.in

I. MATTERS TO BE DISCUSSED AT THE MEETING:

A. THE RESOLUTION PROFESSIONAL TO TAKE CHAIR

Mr. Bhuvan Madan, the Resolution Professional ("**RP**") in the matter of Sathavahana Ispat Limited, appointed vide order of the Hon'ble National Company Law Tribunal, Hyderabad Bench ("**NCLT**") dated September 08, 2021 (order received on September 15, 2021) took the chair at the start of the meeting and was present throughout the meeting.

B. ROLL CALL AND DETERMINATION OF REQUISITE QUORUM

As per regulation 24(2) of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 ("**CIRP Regulations**"), the RP took roll call of every participant present through video conferencing and after noting the presence of all the participants, declared that necessary quorum was available.

The Chairman further informed that, although, the notice of this meeting was sent to all the directors on the board of directors of the Corporate Debtor, however, other than Mr. A. Naresh Kumar, Managing Director, no other director was present at the meeting.

As the meeting was quorate, the Chairman called the meeting to order.

The members of the COC then informed the Chairman that they were accompanied by their advisors, namely, Mr. Sandeep Arya from M/s Price Waterhouse Coopers and, accordingly, requested the Chairman to consider their attendance as a "*Participant*" authorized by the COC in accordance with the provisions of regulation 2(l) of the CIRP Regulations.

The Chairman took note of the same.

The Chairman then proceeded to take the Agenda items for discussion.

C. **To confirm the revised minutes of the 7th COC meeting held on December 23, 2021**

The Chairman informed that the 7th COC Meeting was held on December 23, 2021, minutes of which were circulated by the RP to all the members of the COC on December 25, 2021.

Thereafter, an email dated December 28, 2021, was received from Mr. Mohit Joshi thereby raising certain observations and concerns on the contents of minutes of 7th COC Meeting with respect to payments to erstwhile Interim Resolution Professional, Mr. Golla Ramakantha Rao.

Upon receipt of the said email, the RP had sent an email clarifying the concerns of Mr. Joshi.

Thereafter, on January 20, 2022, the members of the COC had once again pointed out to the email dated December 28, 2021 and referred to the comments put by them in the minutes of the 7th COC Meeting. The COC members had sought the revised minutes of the 7th COC Meeting from the RP after duly addressing the comments of the COC.

On February 05, 2022, the RP circulated the revised minutes of the 7th COC Meeting after addressing all the comments of the COC members.

Since then no further comments were received by the RP.

As such, the COC members are requested to confirm the revised minutes of the 7th COC Meeting as circulated vide RP's email dated February 05, 2022.

After deliberation, COC confirmed the same.

D. **To confirm the minutes of the 8th COC meeting held on January 14, 2022**

The Chairman informed that the 8th COC Meeting was held on January 14, 2022, minutes of which were circulated by the RP to all the members of the COC on January 16, 2022.

Since then, the RP has not received any comments from any member of the COC.

The COC was requested to confirm the minutes of the 8th meeting of the COC ("**8th COC Meeting**") held on January 14, 2022.

After deliberation, COC confirmed the same.

E. **To discuss the methodology and manner of voting**

The Chairman informed that as per Regulation 25 (3) of the CIRP Regulations, he is required to take a vote of the members of the COC present in the meeting on the items listed for voting after discussion on the same.

The Chairman then suggested that as there is only one member in the COC, the COC may also decide to authorise the RP to seek vote on any voting item which the COC may defer to vote at the meeting for want of any additional information/clarification. The COC agreed and approved the same.

The Chairman then informed the COC that as per Regulation 25(5) of the CIRP Regulations, he shall circulate the minutes of the meeting by electronic means to all members of the COC within 48 hours of the conclusion of the meeting.

F. **To take note of the Insolvency Resolution Process Costs incurred till date in the CIRP and the estimated budget of the expenses that will be incurred henceforth**

The Chairman informed the COC that during the CIRP, he, as the RP of the Corporate Debtor, has incurred various expenses which fall within the meaning of 'insolvency resolution process costs' ("**CIRP Costs**") under section 5(24) of the Code.

The Chairman then proceeded to present the following table containing the details of the CIRP Costs incurred as of February 28, 2022:

(in INR Cr.)

Period	Cost Incurred	Paid	Out-standing	Unpaid since not approved
1st August to 30th November' 2021	6.59	5.79	0.39	0.41
1st December to 29th January'2022	1.17	0.62	0.52	0.03
Interim Finance – Jindal SAW paid to KSPCB *	0.40	-	0.40	-
Repair and Maintenance Contract awarded to Jindal SAW	266.00	-	266.00	-
Total	**274.16**	**6.41**	**267.31**	**0.44**

The Chairman then proceeded to explain that as advised by the COC at the previous meeting of the COC, the CIRP Costs incurred has been bifurcated under two heads, viz. costs incurred till November 30, 2021, and costs incurred post the said date. He further explained that the unpaid costs are the costs that have been accounted for in the accounts books of the Corporate Debtor but have not yet been paid for want of approval of the COC, such as certain related party transactions, including, payments of salaries to Managing Director, CFO, etc.

The members of the COC then pointed out that the amount of Rs.266 Crores towards JSL Contract is excluding GST and suggested that the amount of GST must also be added towards this.

To this, the Chairman explained that all the amounts shown in the table above are excluding GST and that he has already mentioned this fact in a note.

The Chairman then proceeded to show the break-up of the entire costs as per the tables below:

Table A: Details from 1st August to 30th November' 2021

Heads	Incurred	Paid	Outstanding	Payable with COC Approval
Employee Benefit	1.96	1.58	0.05	0.34
Power and Fuel	1.81	1.81	-	-
Legal and Professional	0.48	0.27	0.21	-
RP Team	0.41	0.41	-	-
Transaction Audit	0.09	-	0.09	-
Repair and Maintenance	0.39	0.39	0.01	-
Misc.	0.30	0.30	0.00	-
General Stores	0.30	0.30	-	-
Security Expense	0.29	0.26	0.04	-
Insurance	0.23	0.23	-	-
Equipment Hire	0.21	0.21	-	-
Rent	0.11	0.03	0 - .	0 7
Grand Total	**6.59**	**5.79**	**0.39**	**0.41**

Table B: Details from 1st December'2021to 29th January'2022

KSPCB Fees	0.40	0.40	-	-
RPTeam	0.32	0.03	0.29	-
Employee Benefits	0.17	0.09	0.08	-
Legal and Professional	0.13	0.02	0.11	-

Misc.	0.06	0.06	0.01	-
Rent	0.05	0.00	0.02	0.03
Security	0.02	-	0.02	-
Power and Fuel	0.01	0.01	0.00	-
Insurance	0.01	0.00	0.00	-
Grand Total	**1.17**	**0.62**	**0.52**	**0.03**

The members of the COC took note of the same and requested the Chairman to share the power-point presentation. The Chairman agreed to share the same along with the minutes. The same is annexed with these minutes as **Annexure A**.

G. **To take note of the claims received and the updated list of creditors.**

The Chairman informed the COC that as per section 18(b) of the Code, the RP is duty bound to receive, collate, verify and admit all claims submitted by the creditors of the Corporate Debtor pursuant to the public announcement made under sections 13 and 15 of the Code.

During the CIRP of the Corporate Debtor, the Chairman has received claims from various claimants/creditors of the Corporate Debtor.

Pursuant to receipt of such claims, the Chairman has verified and admitted some of the claims on the basis of the books of accounts of the Corporate Debtor and in accordance with the provisions of the Code and other applicable laws.

The Chairman then presented the Summary of Claims as on February 28, 2022. He apprised the COC that by February 28, 2022, the total value of claims is as per the table below:

Claims Category	Nos.	Received	Admitted	Admitted as Contingent Claim	Not Admitted
Financial Creditor	1	1,747.14	1,747.14	-	-
Workmen	301	5.24	2.72	-	2.52
Employee	273	17.98	6.97	-	11.01
Government Dues	11	22.07	7.46	14.61	-
Operational Creditors	221	151.83	63.85	-	87.98
Total	**807**	**1,944.26**	**1,828.13**	**14.61**	**101.51**

The Chairman then proceeded to explain the claims 'Admitted as Contingent Claim' and the claims 'Not Admitted' and explained that:

- Contingent claims include the claims which have not been crystalized yet and are currently *sub-judice* or are pending for finality at various forums/tribunals.
- PF and gratuity dues of employees and workmen pertaining to prior years have been classified under less than 1 year and 2 years respectively. The Chairman explained that this is in accordance with the provisions of the Code and the guidance notes issued by the IBBI from time to time.
- PF for Employees/ Workmen are admitted on the basis of claims filed by the depts.
- The information in respect of PF dues is also available as per the audited records of the Corporate Debtor/ Company. In an effort to align the claim amount, RP has issued letters to the Depts. to file revised claim in accordance with the balances outstanding as per records of the Company. EPFO Bellari has revised the claim along with penalty and interest for total amounting to Rs. 2.28 crore which has been duly admitted. EPFO Kadapa has not revised/updated the claim till date despite several reminders therefore we are constrained to admit claim filed of Rs 42.07 Lakhs against outstanding liability as per audited books of account of Rs. 3.50 crore.
- Dues towards ESIC was being accrued year on year basis as per audited records of the Corporate Debtor/ Company. In an effort to align the claim amount, RP has issued letters to the Dept. to file revised claim in accordance with the balances outstanding as per records of the Company. ESIC Kudithini dept. has revised its dues and has additionally demanded penalty and interest. Such additional amount has also been admitted. Other depts. i.e. ESIC Hyderabad and Tirupati have not filed the revision and the claim has been admitted as per the balances available in the audited books of accounts. The amount claimed in excess of balance as per books has been admitted as Contingent Claim on the basis of information submitted by the claimant including copy of order/ demand notice/ assessment etc. Note that the penalty and interest are not accounted in the books of accounts and the depts. may additionally file claims for penalty and interest (if revision is made).
- In respect of claim from ESIC Tirupati, payment to the extent of Rs. 23,50,714/- is already made as deposit for filing of appeal. The amount admitted is without reducing such amount paid under protest.

The members of the COC took note of the same.

The members of the COC thereafter requested the Chairman to show the break-up of the amount of contingent claims.

In this regard, the Chairman presented the following table to show the break-up of the Contingent Claims:

Sl.No.	Details of Claimant	Nature of Claim	Admitted as Contingent Claim
1	ESIC-HYDERABAD	ESIC	2,91,787.00
2	ESIC-TIRUPATI (Haresamudaram)	ESIC	53,55,845.95
3	ESIC-Kudithini	ESIC	-
4	CTO(AUDIT 2) BALLARI	Commercial tax	2,01,070.00
5	DC-Commercial Taxes (AUDIT), Ballari	Commercial tax	-

6	CTO(AUDIT 2) BALLARI	Commercial tax	12,85,472.00
7	CTO, Ananthapur-2	Commercial tax	11,21,36,665.00
8	EPFO(RO) BALLARI	EPF	-
9	COMMISSIONER OF CUSTOMS	Customs	
10	Dept. of Revenue	Excise	2,68,64,189.00
11	Asst. Commissioner of Income Tax, Circle-3(1), Hyderabad	Income Tax	-
	Total		**14,61,35,028.95**

After noting the said claims, the members of the COC enquired from Mr. Shashank Agarwal, Advocate, as to what will happen to all these claims once the Resolution Plan is approved by the Adjudicating Authority.

To this, Mr. Agarwal apprised the COC that upon approval of a Resolution Plan all the claims will be dealt in accordance with the provisions of the said Resolution Plan and all the claims that have not been or could not be filed will stand extinguished. He then went on to exemplify that if a particular government department submits a claim of Rs.10 Lakhs and another Rs.10 Lakhs is disputed before the Appellate Authority, whether by that department or by the Corporate Debtor, and the Resolution Plan provides for payment of say Rs.2 Lakhs, then the said department will be given only Rs.2 Lakhs and the remaining will stand extinguished.

The Chairman also supported the same by saying that this is in line with the various judgments/judicial precedents of the Hon'ble Supreme Court, Hon'ble NCLAT and various benches of NCLTs.

The Chairman then proceeded to explain the further break-up of the PF Department's claims as summarized by the table below:

Table: PF Departments claims summary

Ballari	1.22	2.91	2.28	Claim amount breakup: Principal amount – Rs. 1.35 cr. Interest and Penalty– Rs. 0.94 cr. Treatment of Rs. 2.28 cr.: Admitted in Workmen – Rs. 0.84 cr. Admitted in Employees – Rs. 0.51 cr. Admitted in Govt. Dues – Rs. 0.94 cr.
Kadapa	3.50		0.42	The dept. has not revised the claim

				despite several mail communications. Treatment: Admitted in Workmen – Rs. 0.42
Total	**4.72**	**2.91**	**2.70**	

The members of the COC took note of the same.

H. **To take note of the Application filed before the Hon'ble National Company Law Tribunal, Hyderabad Bench, under section 12 of the Code for seeking extension of time beyond 180 days which, as per IBBI, expired on January 24, 2022**

The Chairman requested his counsel, Mr. Shashank Agarwal, to briefly apprise the COC about this agenda item.

Mr. Agarwal informed the COC that as per section 12 of the Code, a CIRP is required to be completed within a period of 180 (one hundred and eighty days) from the date of order of the Adjudicating Authority admitting the application to initiate the CIRP of a corporate debtor.

Mr. Agarwal further informed that the Corporate Debtor was admitted to the CIRP pursuant to the order dated July 28, 2021, passed by the Hon'ble NCLT. Vide the same order, Mr. Golla Ramakantha Rao, the erstwhile Interim Resolution Professional ("IRP") was appointed.

As informed by the said IRP, though the insolvency commencement order was passed on July 28, 2021, however, the said order was made available to him only on August 05, 2021. As such, effectively the CIRP commenced on August 05, 2021. Accordingly, the IRP published the Public Announcement in newspapers on August 07, 2021.

While, in view of the RP, the 180 days' period commencing from August 05, 2021, is due to expire on February 01, 2021, however, from July 28, 2021, the 180 days' period was due to expire on Monday, January 24, 2022.

Mr. Agarwal informed that on January 21, 2022, when the RP was filing certain compliance forms with the Insolvency and Bankruptcy Board of India ("**IBBI**") electronically, the IBBI's compliance reporting system showed that 178 (one hundred and seventy eight) days had already got over, thereby indicating that the CIRP was due to expire on January 23, 2021.

Considering the urgency on this issue and considering that the COC comprises of only one COC member, namely, M/s J. C. Flowers Asset Reconstruction Private Limited, the RP had, by way of an email, sought COC's approval under section 12 of the Code, for filing an application to the Hon'ble NCLT for seeking an extension of 90 days under section 12 of the Code.

Vide email dated January 22, 2022, the COC had approved the said proposal.

Accordingly, pursuant to approval by the COC, on January 24, 2022, the RP filed an Application (being I.A. No.102 of 2022; "**IA 102**") before the Hon'ble NCLT for seeking extension of period for completing the CIRP beyond 180 days, in accordance with the provisions of section 12 of the Code.

Mr. Agarwal then informed that said IA 102 was listed before the Hon'ble NCLT on February 03, 2022, on which date he appeared before the Hon'ble NCLT as RP's Advocate on the said date of hearing.

At the hearing, the Hon'ble NCLT was apprised about the said facts.

After taking note of the said facts, the Hon'ble NCLT though took note of said submissions, however, enquired as to when does the period of 180 days expire from July 28, 2021. To this, it was apprised to the Hon'ble NCLT that the said period expired on January 24, 2022. However, that must not be the case as the said order was not made available.

However, the Hon'ble NCLT expressed that as per section 12(2) they can grant 90 days' time only from the Insolvency Commencement Date which is the date on which the order for commencement of CIRP was passed, i.e. July 28, 2021. The time lost on account of unavailability of the said order can be claimed by way exclusion which is an exception to the rule under section 12(2) of the Code.

Accordingly, with the said observation, the Hon'ble Bench acceded to the prayers, allowed IA 102 and granted 90 days' time effective from January 24, 2022.

Mr. Agarwal then informed that he had circulated an email on February 03, 2022, which was forwarded by the RP to the COC members as well.

The members of the COC then enquired from Mr. Agarwal as to the date when the present CIRP would expire.

Mr. Agarwal informed the COC that the 90 days' period commencing from January 24, 2022, would expire on April 24, 2022. As such, the present CIRP is due for expiration on April 24, 2022.

The members of the COC took note of the same.

I. **To take note of the Application filed under section 66 of the Code in respect of certain fraudulent transactions conducted by the Corporate Debtor the Transaction Audit Report submitted by M/s K. G. Somani & Co., Chartered Accountants**

The Chairman requested Mr. Agarwal to take up this agenda item as well.

Mr. Agarwal informed the COC that as per sections 43 to 66 of the Code read with Regulation 35A of the CIRP Regulations, the RP is duty bound to carry out a transaction audit of the corporate debtor and form an opinion whether the corporate debtor has been subjected to any transaction covered under sections 43, 45, 50 or 66 of the Code. Further, in case the Resolution Professional is of the opinion that the corporate debtor has been subjected to any such transaction, he is required to determine such transactions and apply to the Adjudicating Authority (i.e. NCLT) for appropriate relief along with requisite intimation to the IBBI as per applicable regulations.

Accordingly, during the CIRP of the Corporate Debtor, the RP had, with the approval from the COC, appointed M/s K G Somani & Co. LLP as the Transaction Auditor/Forensic Auditor for conducting the audit of the transactions undertaken by the Corporate Debtor and identifying and determining the transactions that fall under sections 43, 45, 50 and 66 of the Code.

The said Transaction Auditor had submitted its report vide email dated January 08, 2022. The RP reviewed the Transaction Audit Report and had identified certain transactions undertaken by the Corporate Debtor and its personnel which, in view of the RP, were fraudulent in nature.

Accordingly, the RP has filed an Application before the Hon'ble NCLT for declaration of such transactions as fraudulent and for seeking appropriate directions and orders to the appropriate parties.

The said Application was listed for hearing before the Hon'ble NCLT on February 03, 2022.

Mr. Agarwal then informed the COC that he, as RP's Advocate, had appeared before the Hon'ble NCLT on the said date of hearing, i.e. February 03, 2022. At the hearing, Mr. Agarwal briefly apprised the Hon'ble NCLT about the facts of the case and prayed the Hon'ble NCLT to issue notice on the Respondents who are the promoters, directors on the suspended board of directors and CFO of the Corporate Debtor.

After taking note of the same, the Hon'ble NCLT was pleased to issue notice on all the Respondents and posted the matter for further hearing on March 07, 2022, when all the other matters are listed for hearing.

The members of the COC took note of the same.

The members of the COC then enquired about the value of the fraudulent transactions which are being sought to be avoided in this Application.

To this, Mr. Agarwal apprised the COC that in this Application its not exactly the transactions that are being sought to be avoided, but its more of fraudulent conduct of the business and financial affairs by the directors and CFO due to which the balance sheet(s) have been inflated, that have been highlighted in this Application. As such, the amount of fraudulent transactions is currently indeterminable.

The members of the COC then enquired as to the amount that can be claimed back from the promoters/directors or as a matter of directions/orders from the Hon'ble NCLT.

To this, the Chairman informed the COC members that he will share the amount of potential loss after the meeting.

The RP and members of the COC then requested Mr. Agarwal to briefly apprise the COC about all the other applications that are pending before the Hon'ble NCLT.

Mr. Agarwal apprised the COC about the following:

i. I.A. No.(IBC)/791/2021- filed by M/s Trimex Industries Private Limited

Mr. Agarwal apprised the COC that M/s Trimex Industries Private Limited ("**Trimex**") had filed the captioned Application before the Hon'ble National Company Law Tribunal ("**NCLT**"). Vide the said application Trimex has sought certain directions from the Hon'ble NCLT to the members of the COC as well as against M/s Jindal Saw Limited. M/s Trimex has also sought to be appointed as an 'Observer' in the COC.

Mr. Agarwal further apprised the COC that the said Application by Trimex was listed for the first time on January 03, 2021. Thereafter, because of COVID-19

restrictions, the matter was adjourned from time to time and is now posted for hearing on March 07, 2022.

The COC members took note of the same.

ii. I.A. No.717/2021– filed by M/s Maa Tara Enterprises

Mr. Agarwal apprised the COC that, as previously informed, one M/s Maa Tara Enterprises ("**MTE**") has filed an captioned Application before the Hon'ble NCLT thereby seeking directions from the Hon'ble NCLT to the RP to admit its claim for entire sum of Rs.3,97,43,398.50.

He further apprised that the said Application by MTE was first listed on January 06, 2022.

The Chairman then informed that at the hearing, MTE's counsel had apprised the Hon'ble NCLT that MTE has filed an Affidavit whereby MTE has undertaken that it will not be pressing the prayer (a) whereby directions were sought against the "interrogatories" and prayer (c) whereby directions have been sought to change the category from "Operational Creditors (other than workmen and employees and Government dues)" to "Operational Creditors (Workmen)".

As such, the counsel for MTE submitted that MTE would be pressing only the prayer (b) whereby he is seeking only the admission of MTE's claim for entire sum of Rs.3,97,43,398.50. Accordingly, he submitted that MTE's Application may be treated as modified and, accordingly, maintainable.

Mr. Agarwal then informed the COC that, in the meanwhile, the RP has admitted the entire principal amount claimed by MTE, however, rejected the interest component thereupon. Accordingly, the RP has filed his Reply opposing the Application and opposing the claim of about Rs.1.04 Crores towards interest which was never agreed.

The next date in the said matter is March 07, 2022.

The COC members took note of the same.

iii. I.A. No.21/2022 – filed by the RP

Mr. Agarwal apprised the members of the COC that said Application was filed by the RP for seeking directions to be issued to Karnataka State Pollution Control Board ("**KSPCB**") restraining it from cancelling or treating the Consent to Operate granted to the Corporate Debtor in the year 2016 as having been expired on December 31, 2021.

Mr. Agarwal informed the COC members that:

- The Corporate Debtor was issued a 'Consent to Operate' in respect of one of its plants, in the year 2016 which was valid till June 2021;
- The validity of the said 'Consent to Operate' was thereafter extended from time to time vide various office orders of the KSPCB. As such, the said 'Consent to Operate' was valid until December 31, 2021.
- However, no such order for extending the validity of the 'Consent to Operate' beyond December 31, 2021, was issued by KSPCB.
- Accordingly, on December 29, 2021, the Corporate Debtor had submitted a

letter thereby informing KSPCB about the commencement of CIRP of the Corporate Debtor and about imposition of moratorium under section 14 whereby termination or cancellation of any such license/approval is also barred.

- As no response was forthcoming, as a matter of abundant caution, this Application has been filed by the RP.

Mr. Agarwal further apprised that this is the very same 'Consent to Operate' for which the RP had borrowed the sum of about Rs.40 Lakhs.

Mr. Agarwal further informed that the said payment of Rs.40 Lakhs has been made towards renewal of the validity of 'Consent to Operate' as a matter of abundant caution to avoid any unforeseen circumstance from various authorities (including police) that would hamper even the repairs and maintenance activity at the Plant sites.

Mr. Agarwal apprised the COC that the Application was finally listed and heard on February 15, 2022, when the Hon'ble NCLT was pleased to direct the RP to make an application to KSPCB for renewal of Consent to Operate within 7 days and further directed KSPCB to consider the said application within 10 days

At this, the members of the COC enquired from Mr. Agarwal whether the RP has written a letter to KSPCB pursuant to the said order.

To this, Mr. Agarwal affirmed that a letter has been written by the RP to KSPCB.

The members of the COC further inquired if there is any progress. To this, the Chairman informed that till date there has been no response, however, a letter shall be sent in the coming week seeking an update from KSPCB on this issue.

The COC members took note of the same.

iv. New Application (I.A. No.60 of 2022) filed by Mr. Kommineni Venkata Krishna Rao (alias K.V. Krishna Rao)

Mr. Agarwal informed the COC that one Mr. Kommineni Venkata Krishna Rao (alias K.V. Krishna Rao) who was working as a Chief Financial Officer & Company Secretary with the Corporate Debtor until November 30, 2018, has filed an application seeking admission of his claim to the fullest extent of Rs.2,95,33,227/- (Rupees Two Crores Ninety Five Lakhs Thirty Three Thousand Two Hundred and Twenty Seven only).

He informed the COC that a Reply on behalf of the RP has been filed. He further informed that the said Application is also listed before the Hon'ble NCLT on March 07, 2022.

The COC members took note of the same.

J. To present the revised Resolution Plan(s) received by the RP from Vedanta Limited and open the same

AND

K. **To take note of the clarificatory emails sent by Vedanta Limited**

The Chairman informed that pursuant to the receipt of EOIs and issuance of the Request for Resolution Plans ("**RFRP**") to the eligible PRAs, until December 20, 2021 by 11:59 PM, Resolution Plans were received only from the following two PRAs:

i. Jindal Saw Limited ("**JSL**" / "**J-Saw**"); and

ii. Vedanta Limited ("**Vedanta**")

The Chairman informed the COC that he had examined the Resolution Plans of both the said PRAs and had observed certain legal compliance issues in both the Resolution Plans.

Pursuant to such examination, in respect of J-Saw's Resolution Plan, the Chairman had raised his concerns and observations in respect of which J-Saw has agreed to make necessary changes/modification. Pursuant to such agreement, the Chairman had requested J-Saw to submit their duly signed and executed Final Resolution Plan (as amended pursuant to discussions with the RP) in a password protected file with clear indication that the said resolution plan which shall be opened at the ensuing COC Meeting in their presence. Accordingly, J-Saw have submitted their duly executed final Resolution Plan in a password protected file on February 10, 2022, which was duly circulated to the members of the COC on February 11, 2022.

Similarly, the Chairman informed the COC that he had raised various concerns and observations in respect of Vedanta's Resolution Plan. The Chairman had gone through the same and had raised certain observations and concerns pertaining to compliance with applicable laws. All such observations and concerns were duly discussed with Vedanta from time to time. Basis such discussions, Vedanta had carried out the necessary changes. Upon carrying out all such changes to the satisfaction of the Chairman, the Chairman had requested Vedanta to submit their duly signed and executed Final Resolution Plan (as amended pursuant to discussions with the RP) in a password protected file with clear indication that the said resolution plan which shall be opened at the ensuing COC Meeting in their presence. Accordingly, Vedanta have submitted their duly executed final Resolution Plan in a password protected file on February 11, 2022, which was duly circulated to the members of the COC on February 11, 2022.

For fairness and maintaining complete transparency and in accordance with the provisions of the RFRP, the Chairman had proposed to open both the resolution plans before the members of the COC as well as before the respective resolution plans, at the proposed COC Meeting.

Before proceeding to invite representatives of Vedanta or JSL for opening of their respective resolution plans, the COC apprised the COC that, pursuant to simultaneous evaluation of the resolution plans by the COC and their appointed advisors/consultants, the members of the COC had also pointed out to Vedanta about the following concerns in their Resolution Plan:

(a) Regarding JSL Contract for Repairs & Maintenance of SIL's Plant, particularly, with respect to treatment of payments to be made under JSL Contract as CIRP Costs;

(b) Regarding availability of funds for redemption of NCDs.

The Chairman apprised the COC members that, in response to the same, Vedanta has sent their necessary clarifications vide email dated February 22, 2022, and presented the verbatim contents of the said email as follows:

> *"We have taken note of the below observations and please find below our responses/ clarifications to be read along with the Resolution Plan. Trust that satisfies.*
>
> 1. *Payment of CIRP costs and "entering into good faith discussions" with the contractor are 2 independent acts.*
>
> a. *CIRP costs shall be paid in full and in priority as per the code, irrespective of the work done by the contractor.*
>
> b. *In the scenario where the scope of the contract is not met by the contractor, the successful resolution applicant shall get into good faith discussion with the contractor to meet the scope of the contract.*
>
> 2. *Cash balances and cash flows, if any, generated by the Company shall be used to make the NCD payments. In the event of shortfall of funds at the corporate debtor, Resolution Applicant/ Implementing Entity shall infuse funds by way of equity or convertible securities or subordinate convertible loans or any other appropriate means for timely redemption od NCDs."*

The Chairman apprised that with these clarifications, Vedanta has, effectively, agreed on the concerns raised by the COC.

Thereafter, with the permission of the COC members, the Chairman invited the representatives of Vedanta.

On behalf of Vedanta following people were present:

- Ms. Mansi Dhiman, Deputy Head – M&A
- Mr. Jimit Patel, Senior M&A Analyst
- Ms. Simran Chaudhary, Deputy Manager – M&A
- Ms. Palak Adlakha

The Chairman took their roll call, recorded their attendance, welcomed them to the members of the COC and other members attending the COC meeting.

The Chairman informed Vedanta's team that their resolution plan has been received by him as a password protected file on his email. The Chairman further expressed that pursuant to various discussions on the various legal issues of Vedanta's Resolution Plan, he believes that the Resolution Plan last received from Vedanta on February 11, 2022 in a password protected file contains all the changes that were discussed and agreed with Vedanta. Accordingly, the Chairman requested Mr. Patel, from Vedanta's team to share the password to their Resolution Plan.

To this, Mr. Patel enquired and requested the Chairman to confirm that there is no other person representing any other resolution applicant.

To this, the COC members confirmed that only Mr. Mohit Joshi, Mr. Mohit Sachdeva and Ms. Pavethra Ponniah, along with advisor Mr. Sandeep Arya from PWC, were

present. On behalf of the RP/Chairman, Mr. Agarwal confirmed that besides the COC members, members from the suspended management and the RP and his team members and advisors. He further confirmed that there are no representatives of any other PRAs.

After noting this, Mr. Patel informed the Chairman that he has shared the password on the email.

After receiving the password on the email, the Chairman proceeded to open Vedanta's resolution plan in front of Vedanta's team.

The Chairman then requested Mr. Agarwal to quickly run through the Resolution Plan and check if the changes that were last carried out by Vedanta are present in this Resolution Plan.

After going through the Resolution Plan quickly, Mr. Agarwal expressed that while all the changes appear to have been carried out, however, the confirmation on the legal compliance of the Resolution Plan can be given only after going through the Resolution Plan wholly after the COC meeting.

The Chairman then proceeded to discuss with Vedanta their email dated February 22, 2022, and, requested Vedanta's team to elaborate on the same.

Mr. Patel, on behalf of Vedanta, explained that this is only a clarificatory email clarifying that:

- Vedanta will pay all the CIRP Costs that will be incurred by the RP during the CIRP, in priority in full, in accordance with the provisions of section 53 of the Code, irrespective of the work done by the JSL contractor.
- Regarding "good faith discussions" with JSL (as a "**Contractor**" under JSL Contract), such discussions will be had with JSL in case the scope of work is not met by the Contractor during the CIRP.
- These are two independent acts and are unrelated to each other.

For abundant clarification, the Chairman reiterated and sought clarification whether the amount under JSL Contract will become due for payment after successful completion of work by JSL as per the 'Scope of Work' under JSL Contract. However, in the meantime, in order to have a successful closure of the CIRP, the amount towards JSL under the JSL Contract, a strategy will have to be devised for payment of the said amount in a designated or an 'Escrow Account'.

The Chairman then explained that even though the Resolution Applicant would be obligated to pay such amount upon approval, however, the said amount will be released to Contractor only upon successful completion of work.

To this, Mr. Patel from Vedanta disagreed with the said explanation and clarified that:

- they are ready to all the CIRP Costs that have been incurred by the RP during the CIRP.
- However, in respect of the amounts payable to JSL under the JSL Contract the same would be payable upon successful completion of work which cannot be determined today.
- So, whatever amount would be payable to JSL basis the work done as certified

by the RP, will be paid in full as CIRP Costs.

- As regards opening of an Escrow Account or a designated account, no such provisioning has been done by Vedanta as they intend to pay the entire CIRP Costs in full.

The Chairman reiterated the need for opening or creating of an 'Escrow Account' for the eventuality where the resolution plan has been approved but the amount does not become payable to JSL. So, the amount under the resolution plan towards CIRP Costs, to the extent of amount payable to JSL, will have to be parked somewhere so as to be readily available for payment to JSL.

To this, Mr. Patel expressed that, as per his understanding, the work under the JSL Contract was commenced in October 2021 and has to be completed within a period of 7 months. As such, he believes, that much of work would have been completed. Therefore, considering the timelines under the present CIRP and considering the 90 days period between the *'NCLT Approval Date'* and the *'Closing Date'*, there is sufficient time in ascertaining the extent of amount payable to JSL as CIRP Costs. Further, in his understanding, going by the timelines under the JSL Contract, by the *'NCLT Approval Date'*, the RP as well as Vedanta will have the clarity on the extent or the situation of the works done by JSL under the JSL Contract.

Mr. Patel further expressed his understanding that the certification of the works done by JSL will be done by a third party agency (Korus Engineering) and reported to the RP, whatever the amount certified by the RP and the COC as payable to JSL, will be paid by Vedanta as CIRP Costs in priority and in full.

As such, Mr. Patel reiterated that whatever CIRP Costs that will be certified by the RP as such will be paid in priority and in full.

The Chairman then pointed out that its not only completion of the works under the JSL Contract, it would also be important to check the performance parameters of the works done by JSL.

To this, Mr. Patel apprised that said check is to be done within a period of 1 week by Korus, from the completion of the works.

The Chairman agreed to the same and emphasized that if the performance parameters are not met, then JSL will have to carry out the necessary works again. Only then will be payment under JSL Contract will be made to them.

In this regard, Mr. Patel emphasized on the point no.1(b) of their email dated February 22, 2022, regarding "*good faith discussions*" in case the scope of work is not met by the Contractor.

Noting this, the Chairman then clarified that in order to have the clarity on how to ascribe scoring to Vedanta in respect of their Resolution Plan in accordance with the Evaluation Matrix, the COC needs to have the clarity on the amounts that are being paid by Vedanta towards each and every component under the Resolution Plan, including towards the CIRP Costs.

Regarding the said issue, Mr. Patel highlighted the changes made by them regarding CIRP Costs as may be increased over the time until the *'Plan Effective Date'*, will be paid by Vedanta in priority in full. Therefore, even today there is no clarity as to

exactly how much will be the final CIRP Costs payable by Vedanta, however, Vedanta agrees to pay whatever the final CIRP Costs will be after any increase over the time.

Mr. Patel further explained that, similarly, if the works under the JSL Contract are completed to the satisfaction of the RP and if the payment under the JSL Contract becomes due and payable, the same will form part of the CIRP Costs and, accordingly, be payable by Vedanta in full in priority. On the other hand, if the works are not completed and the RP decides that the amount has not become payable to JSL, then the same will not be payable as CIRP Costs.

Noting these, the Chairman then requested Mr. Patel to capture the clarification(s) given by Vedanta over their email dated February 22, 2022, in their Resolution Plan as the same are not there in the Resolution Plan.

Mr. Patel agreed to incorporate the said clarifications in their Resolution Plan.

The Chairman then proceeded to discuss the second point of the email dated February 22, 2022, regarding meeting out the shortfall by Vedanta in case of any shortfall in payment towards NCDs.

To this, Mr. Patel reiterated the point no.2 of Vedanta's email dated February 22, 2022, and clarified that Vedanta will first utilize the cash and bank balances of the Corporate Debtor towards payment, and any shortfall will be met by Vedanta and/or the implementing entity.

Noting this, the Chairman requested Mr. Patel to capture this point also in their Resolution Plan.

The Chairman then invited the members of the COC to seek any clarifications from Vedanta and its team, if they had any.

Mr. Sandeep Arya, PwC, the advisors to the COC, put the following questions to Mr. Patel:

- If in case the technical consultant (Korus Engineering) certifies the successful completion of the works which is also okayed by the RP and the COC, however, Vedanta, as the Resolution Applicant, is not satisfied with the works, then what will happen in such a scenario? How does Vedanta deal with payment under JSL Contract as CIRP Costs?
- Even if Vedanta still agrees to make payment to JSL as CIRP Costs, but is not satisfied with the works, then what will be the relevance or role of Vedanta's satisfaction of the works.

In this regard, it was clarified by Mr. Arya that for COC, Korus Engineering's certificate may be sufficient.

To this, Mr. Patel reiterated and clarified that Vedanta will pay any and all the CIRP Costs as may be certified by the RP as such.

As a matter of abundant clarification, Mr. Arya clarified that payment of CIRP Costs by Vedanta is completely unconditional and is totally dependent upon the RP recognising the CIRP Costs as such.

Mr. Patel agreed to the same, however, once again clarified that once Korus Engineering certifies the completion of works to their satisfaction and to RP's

satisfaction and the RP includes the amount in the CIRP Costs as having become payable to JSL, Vedanta will pay the same as CIRP Costs.

Mr. Mohit Joshi, from J.C. Flowers Asset Reconstruction Private Limited, the COC Member ("**JCFARC**"), then enquired from Mr. Patel, in the event the resolution plan is approved by the Adjudicating Authority, then as on the said date, the RP and the COC have to prepare for the implementation of the Resolution Plan. However, if, until then the works under the JSL Contract is not completed, then as on that date, an assurance has to be given for the RP and the COC to prepare for the implementation of the Resolution Plan, whether in the form of an Escrow Account or bank guarantee to honour the liability of the CIRP Costs.

At this stage, the members of the COC enquired from the RP as to the time within which the works were to be completed by JSL under the JSL Contract and whether such timelines were to be strictly adhered.

To this, the Chairman clarified that, firstly, the works commenced only in the month of December 2021. Secondly, the 7 (seven) month timeframe was not a mandatory timeline, it was, however, desirable that the works were completed within the said 7 months' timeframe. Even the said timeframe was exclusive of time that may be taken on account of testing of the works on certain parameters and on sustainable basis, i.e. the testing was not just one-time testing, but a regular testing feature. The Contractor is required to demonstrate the performance of the machine on pre-determined parameters.

To this, Mr. Patel, from Vedanta, clarified and explained that as per JSL Contract, JSL is required to complete the works within a period of 7 (seven) months and after it has completed, the performance check on all parameters have to be carried out within a period of 1 (one) week. He then read out the clause 2.6 of the Contract which is reproduced hereunder for ready reference:

> *"2.6 Jindal Saw agrees, confirms and undertakes to comply and complete the Scope of Work within 7 (seven) months from the Cut-Off Date."*

As such, Mr. Patel was of the view that the said time period of 7 (seven) months was a definite time period within which JSL is to complete the JSL Contract which is dated November 02, 2021. He further expressed his firm belief that as the JSL Contract is almost over and before the *'NCLT Approval Date'*, all the parties will have the outcome of the contract even after having all the tests done after 1 (one) week of completion of the works.

To this, the Chairman clarified that the JSL Contract needs to be read comprehensively and further clarified that as per the terms of the said contract the handing over of the plant could happen in the month of December 2021 only.

As such, the Chairman reiterated that it is pertinent to discuss the eventuality where though the Resolution Plan has been approved by the Adjudicating Authority, however, the works under the JSL Contract have still not been completed, then how will the closing of the transaction envisaged under Vedanta's Resolution Plan take place.

To this, Mr. Patel reiterated the contents of point no.1(b) of their email dated February 22, 2022.

At this stage, the members of the COC interjected and stated that the amount payable to JSL under the JSL Contract has already been crystallised as CIRP Costs. To this, the Chairman affirmed and confirmed that the said costs has already been taken into consideration as CIRP Costs.

To this, Mr. Patel reiterated that Vedanta has already made a provision for this in their Resolution Plan by amending the clause 3.2.1 by including the following statement:

> *"...To the extent there is any increase in the CIRP Costs (as on the Plan Effective Date), such costs shall be fully settled in accordance with the provisions of the IBC and the CIRP Regulations"*

As such, Vedanta has already covered all such kinds of eventualities and for any increase in the CIRP Costs as on the *'Plan Effective Date'*.

The members of the COC then enquired from Mr. Patel whether Vedanta will have any issue in submitting a Bank Guarantee on the date of closing for securing the payment of CIRP Costs, particularly, to the extent of payment to be made to JSL under the JSL Contract.

At this stage, Ms. Mansi Dhiman intervened on behalf of Vedanta.

Mr. Joshi, on behalf of the COC, explained the entire situation, concerns of the COC and the objective behind all these issues, to Ms. Dhiman and sought her views on behalf of Vedanta.

Adding to this, the Chairman also stated that as an RP, he also needs to fully ensure that the entire CIRP Costs are being paid by the Resolution Applicant.

Ms. Dhiman raised the question as to, before the contract has been completed, how is the costs, i.e. payment to be made to JSL, being accounted for as CIRP Costs. She expressed that these amounts will become payable by the Corporate Debtor only as and when the works under the JS contract has been performed by JSL fully. As such, the amounts cannot be accounted as CIRP Costs before the works are completed.

Mr. Joshi explained that as of today a provision is being made so that the payments are not disrupted. He further expressed that this provision is only being made so that the everything under the JSL Contract is completed smoothly after completion of works to the satisfaction of the RP and third party (Korus Engineering).

Ms. Dhiman expressed that they have made enough provisions in their Resolution Plan and expressed her inability to give any bank guarantee on behalf of Vedanta as sought for by Mr. Joshi, for securing the payments that have not become due and payable during the CIRP and be treated as CIRP Costs.

Mr. Joshi then raised a question that post approval of the Resolution Plan by the Adjudicating Authority, the RP ceases to be in office. As such, post approval of the Resolution Plan by the Adjudicating Authority, who will then verify and confirm the payments to be made by JSL as CIRP Costs.

Ms. Dhiman expressed that, in such a case, the payments do not form part of the CIRP Costs. She further expressed that as the agreement is with the Corporate Debtor, the Corporate Debtor will be liable for making the payment as and when the amount becomes due and payable.

To this effect, the RP clarified that all those costs that are incurred by the RP for and on behalf of the Corporate Debtor during the CIRP for the Corporate Debtor, become part of the CIRP Costs. As this JSL Contract was entered into by the Corporate Debtor (through the RP) during the CIRP, the payments under the JSL Contract will become part of the CIRP Costs. All that the issue being discussed is regarding when will happen if it becomes due and payable post approval of the Resolution Plan and how to secure payment of the same as CIRP Costs.

The Chairman further clarified that, this payment may not be payable immediately upon approval of the Resolution Plan by the Adjudicating Authority and the due date for making payment may come at a later stage, however, it is important to see, in the meanwhile, how to ensure due payment to the Contractor post approval of the Resolution Plan in case JSL performs the works under the JSL Contract to the satisfaction of the parties.

To this, Ms. Dhiman responded that, in her view, the Contractor should be paid as per the terms of the Contract, i.e. at the end of the period and after completion of the works in accordance with the terms of the Contract. As regards inclusion of the said payments in the CIRP Costs, she expressed her view that if the RP treats such costs as CIRP Costs, then the payment shall be made as CIRP Costs.

As regards making a provision for payment of the said CIRP Costs, Ms. Dhiman expressed that Vedanta can mention in its Resolution Plan that necessary funds shall be infused as and when the same becomes payable to JSL. However, Ms. Dhiman expressed her difficulty for giving a bank guarantee for securing the said payment.

Ms. Dhiman reiterated her commitment of payment of CIRP Costs to be paid in full in priority in upfront cash as mentioned in the Resolution Plan.

The COC took note of the same.

The Chairman requested Ms. Dhiman to include the changes as suggested by Vedanta in their email dated February 22, 2022, in their Resolution Plan, while the COC and the RP will discuss the issue amongst themselves.

Ms. Dhiman noted the same.

Ms. Dhiman took leave of the Chairman and the COC members.

L. <u>To present the revised Resolution Plan(s) received by the RP from J-Saw and open the same</u>

With the permission of the COC members, the Chairman invited the representatives of J-Saw.

On behalf of J-Saw Mr. Maneesh Kumar, President – Marketing was present.

The Chairman took his roll call, recorded his attendance, welcomed him to the meeting of the COC.

The Chairman informed Mr. Maneesh that their resolution plan has been received by him as a password protected file on his email. The Chairman further expressed that pursuant to various discussions on the various legal issues of Vedanta's Resolution Plan, he believes that the Resolution Plan last received from J-Saw on February 10, 2022 in a password protected file contains all the changes that were discussed and agreed with J-Saw. Accordingly, the Chairman requested Mr. Manees, from J-Saw to share the password to their Resolution Plan.

To this, Mr. Maneesh shared the password orally at the meeting itself.

After receiving the password, the Chairman proceeded to open J-Saw's resolution plan in front of Mr. Maneesh.

The Chairman then requested Mr. Agarwal to quickly run through the Resolution Plan and check if the changes that were last carried out by J-Saw were present in this Resolution Plan.

After going through the Resolution Plan quickly, Mr. Agarwal expressed that while all the changes appear to have been carried out, however, the confirmation on the legal compliance of the Resolution Plan can be given only after going through the Resolution Plan wholly after the COC meeting.

The COC took note of the same.

The Chairman thereafter invited the members of the COC if they had any query(ies) to be put toJ-Saw's representatives for discussions.

The COC members expressed that they had no queries to be asked from J-Saw's representatives.

Accordingly, Mr. Maneesh took leave of the Chairman and the COC members.

M. <u>To take note of the future timelines and discuss way ahead in the CIRP of the Corporate Debtor including the process to be adopted and followed by the RP and COC for evaluating and approving the final Resolution Plan</u>

➔ <u>On the issue of Vedanta's clarificatory email</u>

Keeping view of the position taken by Vedanta's representatives, the COC and the Chairman continued their discussions on the email sent by Vedanta.

The Chairman then expressed his view that he does not see any harm with what was proposed by Ms. Dhiman whereby she expressed her inability to give any bank guarantee. He further expressed that as long as Korus' report on the completion of works by JSL under the JSL Contract is a clear and positive report, and Vedanta has already undertaken to pay them in full as part of CIRP Costs, there should be no issue.

At this stage, Ms. Ponniah enquired from the Chairman about the relevance of "*discussions in good faith*" which, effectively, negates the whole point of undertaking given by Vedanta in their Resolution Plan.

Mr. Joshi further reiterated that the only objective is that on the closing date, due and necessary payments must be made to the Contractor without any hindrance and without any objection by the Resolution Applicant at a later stage, with the limitation of only one criteria, i.e. KORUS satisfying itself and issuing a certificate of completion of works as per the terms of the Contract. He further expressed that it should not be the scenario that, after approval of Resolution Plan, the Resolution Applicant avoids payment to J-Saw and J-Saw comes after the COC seeking the payment of its dues.

The Chairman expressed that, as a best case scenario, the amounts to be paid to JSL must be parked in a separate bank account from which the payments can be made to JSL as and when the same become payable to them.

As a next best scenario, the Chairman suggested, if Vedanta has any apprehension in submitting a bank guarantee, then Vedanta must give some kind of an undertaking that Vedanta will make immediately make the payment once the works are completed by JSL and Korus Engineering has issued its certificate of completion of works.

At this stage, Mr. Arya enquired from the Chairman as to what will happen in case JSL fails to perform the works to the satisfaction of Korus Engineering and whether is there a provision for appointment of another contractor for completing the works.

To this, the Chairman explained that the works will have to be completed by JSL only and its completion will have to be certified by Korus Engineering. If the works are not completed to the satisfaction of Korus Engineering, then, as per JSL Contract, JSL will be subjected to Liquidated Damages as specified therein.

Mr. Joshi then enquired about the status of the works so far completed by JSL.

To this, the Chairman apprised the COC that the RP himself has not appointed any agency or any personnel to monitor the performance of works on a daily basis. He further clarified that the works will only be considered once all the works are completed at once and all the modules are put to work together and simultaneously. Until they work together, the completion of work cannot be assessed.

At this, Mr. Arya once again suggested parking of funds by the Resolution Applicant(s) in an Escrow Account.

The Chairman also explained that this cost is also CIRP Costs as the costs has already been incurred, it is just the question of when the said payment becomes payable to JSL.

Mr. Joshi also reiterated in reaffirmation that the payments to be made to JSL under the JSL Contract has to be treated as CIRP Costs, the same be paid by the Resolution Applicant as such and the same must be parked in an Escrow Account for when the time comes for payment there are no hindrances in making the payment.

Mr. Hanuman, the CFO of the Corporate Debtor, also suggested that, keeping in line with a judgment of the NCLT Hyderabad in Indu Projects case, if the Resolution Applicant undertakes in writing that they honour the payment to be made to JSL if the works under the JSL Contract is completed, then the same should be sufficient, even if the Resolution Applicant does not show proof of funds. Otherwise, the

Resolution Applicant will be treated as having breached the terms of the Resolution Plan.

The Chairman took note of his suggestion, however, again emphasized that it is also subject to completion of the works to the satisfaction of the parties. The Chairman further expressed his concern that there should be no scope for anybody to dispute the successful completion of the work as per the terms of the JSL Contract.

The members of the COC then enquired whether the term "*completion of works*" has been defined under the JSL Contract and, if yes, what is the definition.

To this, the Chairman explained that it is not particularly defined, however, what it means is completion of works on the basis of certain pre-determined parameters for which Korus Engineering will verify and issue their certificate that the plant is operating on such pre-determined parameters and on sustainable basis.

The COC then enquired whether Korus Engineering is named in the JSL Contract, to which the Chairman informed that though they are not named in the JSL Contract, however, they can be appointed as were appointed earlier.

Mr. Joshi then reiterated and summarized that, in his view, the best case scenario would be:

- The payments to be made to JSL under the JSL Contract be treated as CIRP Costs;
- Vedanta must be asked to pay the same 'Upfront' as CIRP Costs;
- The said sum be parked in an 'Escrow Account';
- The said Escrow Account can be operated jointly by the RP and Vedanta.

The Chairman further suggested that upon approval of the Resolution Plan by the Adjudicating Authority, a Steering Committee could also be formed comprising of the RP, COC and one representative from the Resolution Applicant, who would determine whether the works have been completed as per the scope of work prescribed under the JSL Contract and on the basis of Korus' report. The Steering Committee could also schedule meeting(s) from time to time as may be necessary and may take decisions on majority voting basis.

The COC members agreed to the same.

➔ <u>On way forward in the Resolution Plan approval process</u>

The Chairman then enquired the COC about the way forward on how to go about the bidding/resolution plan evaluation process. The Chairman reiterated that the legal compliance has been done by Shashank and will recheck and confirm in writing on the email.

The Chairman, thereafter, stated that in accordance with the provisions of the RFRP, the COC has the right to discuss, deliberate and negotiate the Resolution Plans with the Resolution Applicants. As such, the Chairman proposed that at the next COC meeting, the COC may discuss and negotiate upon the resolution plans. Simultaneously, the Chairman suggested that an email can be written to the

Resolution Applicants informing them of their respective scores on the current resolution plans (as submitted by December 20, 2021) and calling them to come prepared for negotiations at the next COC meeting.

Accordingly, the Chairman enquired from the COC as to when should he conduct the next COC meeting.

The members of the COC sought some time to go through the resolution plans and the meeting can be held anytime in the coming week.

The Chairman thereafter explained that at the next COC meeting, the revised Resolution Plans (with revised resolution plan values) will be opened and the scoring already done on the qualitative aspects will be informed to the resolution applicants. Basis such scoring, the resolution applicants can be requested to further revise their respective resolution plans in order to improve outbid each other.

The members of the COC took note of the same.

II. MATTERS TO BE VOTED UPON AT THE MEETING:

A. To ratify the approval granted to the RP for obtaining the 'Interim Finance' of Rs.40,18,000/- from the Prospective Resolution Applicant(s) for the purpose of applying for renewal of 'Consent to Operate' issued by the Karnataka State Pollution Control Board

As previously informed, the Corporate Debtor is a public limited company that is engaged in the manufacture and sale of (i) Pig Iron with a rated capacity of 210,000 tpa; (ii) Metallurgical Coke with a rated capacity of 450,000 tpa and (iii) co-generation cum thermal power of 50 MW.

For its plant site situated at 212A/2, 264A/1, 265, 271, Kuduthini Village, Bellary, Karnataka ("**Plant**"), the Corporate Debtor had applied to the Respondent for grant of 'Consent to Operate'/carry out discharge of effluents & emissions under the provisions of the Water (Prevention and Control of Pollution) Act, 1974 ("**Water Act**") and the Air (Prevention and Control of Pollution) Act, 1981 ("**Air Act**").

The said consent was granted by the Respondent vide Combined Consent Order No.AW-302204 dated March 01, 2017 ("**CFO**"/"**Consent to Operate**") which was valid from May 12, 2016 till June 30, 2021.

Thereafter, vide various Office Memoranda issued by the Respondent, lastly vide Office Memorandum bearing no.PCB 04 CC 2020/4376 dated November 30, 2021, the Respondent extended the validity of all such 'Consent to Establish/Consent to Operate/Authorisation/Registration' which were expiring between April 28, 2021 and November 30, 2021, i.e. till December 31, 2021. As such, the Consent to Operate granted to the Corporate Debtor was valid until December 31, 2021. Since then no further Office Memoranda, notifications, circulars, etc. have been issued by KSPCB to extend the validity of such Consents to Operate beyond December 31, 2021.

When the RP was apprised of the due date of expiry of the Consent to Operate, the RP immediately on December 29, 2021, wrote to KSPCB with the request to not terminate or suspend the Consent to Operate granted to the Corporate Debtor until

the conclusion of the CIRP. In the said email/letter, the RP had explained to KSPCB about the provisions of section 14 of the Code as well as the current situation of the Corporate Debtor. However, no response was received from KSPCB in response to the said email dated December 29, 2021.

In view of the said situation, to avoid and obviate any disruption in the operations of the Plant of the Corporate Debtor, the RP had sought approval of the COC to contribute to raising 'Interim Finance' upto the tune of Rs.40,18,000/- (Rupees Forty Lakhs and Eighteen Thousand only). In this regard, the RP had also circulated a brief note to the members of the COC on December 27, 2021.

Thereafter, though the members of the COC had expressed their difficulty in themselves contributing to the said Interim Finance, the members of the COC had accorded their approval to authorize the RP to arrange the required funds as he may deem fit.

Accordingly, the RP had then proposed to raise the Interim Finance from the two PRAs who have submitted their resolution plans, viz. Vedanta and J-Saw.

Pursuant to such approval, the RP had then circulated the brief note explaining the peculiar situation of the Corporate Debtor to both the said PRAs. However, while Vedanta refused to contribute to Interim Finance, J-Saw agreed to the same vide its email dated December 30, 2021, subject to the following terms and conditions:

- Payment to be made directly to KSPCB;
- Approval by COC for considering this payment as CIRP Cost and repayable toJ-Saw along with the payment of repairs and maintenance works under their contract;
- Provision of a document to make this effective and to be honoured by the successful resolution applicant.

Upon receipt of the said email from J-Saw, the RP had forwarded the said email to the COC for their approval.

Vide email dated December 30, 2021 sent at 03:39 PM, the members of the COC approved raising of Interim Finance of Rs.40.18 Lakhs from J-Saw and for treating the same as CIRP Cost.

In accordance with the provisions of section 28(1) of the Code read with regulation 31 of the CIRP Regulations, the RP is required to seek prior approval of the COC prior to raising any interim finance in excess of the amount as may be decided by the COC in their duly held meeting.

However, considering the urgency on this issue and considering that the COC comprises of only one COC member, namely, M/s J. C. Flowers Asset Reconstruction Private Limited, the RP had, by way of an email, sought COC's approval for raising interim finance from J-Saw and for treating the same as CIRP Costs, as narrated above.

Vide email dated December 30, 2021, the COC had approved the said proposal.

Accordingly, the Chairman proposed the following resolution to be passed by the COC for formalization and ratification of the said approval of the COC:

*"**RESOLVED THAT** pursuant to section 28 of the Insolvency and Bankruptcy Code, 2016 read with regulation 31 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 and other applicable provisions, if any, of Insolvency and Bankruptcy Code, 2016 and in accordance with rules and regulations made thereunder, the Committee of Creditors of Sathavahana Ispat Limited ("**Corporate Debtor**") hereby ratify the approval granted to the Resolution Professional for raising of interim finance for an amount of Rs.40,18,000/- (Rupees Forty Lakhs and Eighteen Thousand only) from M/s Jindal Saw Limited, the contractor for carrying out repairs and maintenance of the plant of the Corporate Debtor as well as the resolution applicant in the corporate insolvency resolution process of the Corporate Debtor, for the purposes of making payment to Karnataka State Pollution Control Board towards renewal of 'Consent to Operate' dated March 01, 2017, which expired on December 31, 2021, subject to the condition that the Resolution Professional shall require M/s Jindal Saw Limited to directly pay the said amount to Karnataka State Pollution Control Board.*

***RESOLVED FURTHER THAT** pursuant to section 28 of the Insolvency and Bankruptcy Code, 2016 read with regulation 31 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 and other applicable provisions, if any, of Insolvency and Bankruptcy Code, 2016 and in accordance with rules and regulations made thereunder, the Committee of Creditors of Sathavahana Ispat Limited ("**Corporate Debtor**") hereby ratify the approval for treating the 'interim finance' so raised as 'interim finance' defined under section 5(15) of the Insolvency and Bankruptcy Code, 2016 and further as insolvency resolution process costs as defined under section 5(13) of the Insolvency and Bankruptcy Code, 2016.*

***RESOLVED FURTHER THAT** the Committee of Creditors hereby agrees to repay the said 'interim finance' to M/s Jindal Saw Limited as insolvency resolution process costs at the time of resolution or liquidation by way of resolution proceeds or liquidation proceeds, as the case may be, and authorise Mr. Bhuvan Madan, the Resolution Professional, to approve such expenses to give effect to this resolution.*

***RESOLVED FURTHER THAT** the Committee of Creditors hereby authorize Mr. Bhuvan Madan, Resolution Professional to do all acts, deeds and matters as may be necessary to give effect to this resolution."*

The said resolution was duly approved by the COC with 100% votes in favour of the same.

B. <u>To ratify the approval granted by the members of the COC for filing an application to the NCLT under section 12(2) of the Code for seeking extension of time beyond 180 days which, as per IBBI, expired on January 24, 2022</u>

As per section 12 of the Code, a corporate insolvency resolution process is required to be completed within a period of 180 (one hundred and eighty days) from the date of admission of the application to initiate such process.

The Corporate Debtor was admitted to the CIRP pursuant to the order dated July 28, 2021 passed by the Hon'ble National Company Law Tribunal, Hyderabad Bench ("**NCLT**"). Vide the same order, Mr. Golla Ramakantha Rao, the erstwhile Interim Resolution Professional ("**IRP**") was appointed.

As informed by the said IRP, though the insolvency commencement order was passed on July 28, 2021, however, the said order was made available to him only on August 05, 2021. As such, effectively the CIRP commenced on August 05, 2021. Accordingly, the IRP published the Public Announcement in newspapers on August 07, 2021.

While, in view of the RP, the 180 days' period commencing from August 05, 2021 is due to expire on February 01, 2021, however, from July 28, 2021, the 180 days' period was due to expire on Monday, January 24, 2022.

On January 21, 2022, when the RP was filing certain compliance forms with the IBBI electronically, the IBBI's compliance reporting system showed that 178 (one hundred and seventy eight) days had already got over, thereby indicating that the CIRP was due to expire on January 23, 2021.

Considering the urgency on this issue and considering that the COC comprises of only one COC member, namely, M/s J. C. Flowers Asset Reconstruction Private Limited, the RP had, by way of an email, sought COC's approval under section 12 of the Code, for filing an application to the Hon'ble NCLT for seeking an extension of 90 days under section 12 of the Code, subject to formalisation and ratification at the next COC meeting.

Vide email dated January 22, 2022, the COC had approved the said proposal.

Accordingly, the RP now proposes the following resolution to be passed by the COC for formalisation and ratification of the resolution approved by the COC vide email dated January 22, 2022:

> *"**RESOLVED THAT** in accordance with the provisions of section 12 of the Insolvency and Bankruptcy Code, 2016, the approval of the Committee of Creditors of Satahvahana Ispat Limited, be and is hereby accorded to the Resolution Professional to seek extension of period of the corporate insolvency resolution process by a period of 90 days beyond 180 days.*
>
> ***RESOLVED FURTHER THAT** Mr. Bhuvan Madan, the Resolution Professional, be and is hereby authorised to do the necessary deeds and actions as may required in this regard, including but not limited to, signing, executing and filing of applications, affidavits and such other documents, before the Adjudicating Authority."*

The said resolution was duly approved by the COC with 100% votes in favour of the same.

III. **Any other matter with the permission of the Chairman**

NIL

IV. **Vote of Thanks**

There being no other business to discuss, the Chairman concluded the meeting and thanked everyone for attending this meeting.

A summary of the results of the voting conducted as above is enclosed herewith.

Bhuvan Madan



Resolution Professional
SATHAVAHANA ISPAT LIMITED
CHAIRMAN
Date: March 08, 2022

SUMMARY OF RESULTS OF THE VOTING
on the resolutions proposed at the

9TH MEETING OF THE COMMITTEE OF CREDITORS (COC) OF

SATHAVAHANA ISPAT LIMITED
(Under Corporate Insolvency Resolution Process)
(CIN:L27109TG1989PLC010654)

Day & Date: Friday, the 04th day of March, 2022 Time: 04.30 P.M.

Venue: A-103, Ashok Vihar, Phase III, Delhi-110052 vide Video Conferencing at 'Microsoft Teams' Platform

AGENDA ITEM-A

To ratify the approval granted to the RP for obtaining the 'Interim Finance' of Rs.40,18,000/- from the Prospective Resolution Applicant(s) for the purpose of applying for renewal of 'Consent to Operate' issued by the Karnataka State Pollution Control Board

Resolution

*"**RESOLVED THAT** pursuant to section 28 of the Insolvency and Bankruptcy Code, 2016 read with regulation 31 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 and other applicable provisions, if any, of Insolvency and Bankruptcy Code, 2016 and in accordance with rules and regulations made thereunder, the Committee of Creditors of Sathavahana Ispat Limited ("**Corporate Debtor**") hereby ratify the approval granted to the Resolution Professional for raising of interim finance for an amount of Rs.40,18,000/- (Rupees Forty Lakhs and Eighteen Thousand only) from M/s Jindal Saw Limited, the contractor for carrying out repairs and maintenance of the plant of the Corporate Debtor as well as the resolution applicant in the corporate insolvency resolution process of the Corporate Debtor, for the purposes of making payment to Karnataka State Pollution Control Board towards renewal of 'Consent to Operate' dated March 01, 2017, which expired on December 31, 2021, subject to the condition that the Resolution Professional shall require M/s Jindal Saw Limited to directly pay the said amount to Karnataka State Pollution Control Board.*

***RESOLVED FURTHER THAT** pursuant to section 28 of the Insolvency and Bankruptcy Code, 2016 read with regulation 31 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 and other applicable provisions, if any, of Insolvency and Bankruptcy Code, 2016 and in accordance with rules and regulations made thereunder, the Committee of Creditors of Sathavahana Ispat Limited ("Corporate Debtor") hereby ratify the approval for treating the 'interim finance' so raised as 'interim finance' defined under section 5(15) of the Insolvency and Bankruptcy Code, 2016 and further as insolvency resolution process costs as defined under section 5(13) of the Insolvency and Bankruptcy Code, 2016.*

***RESOLVED FURTHER THAT** the Committee of Creditors hereby agrees to repay the said 'interim finance' to M/s Jindal Saw Limited as insolvency resolution process costs at the time of resolution or liquidation by way of resolution proceeds or liquidation proceeds, as the case may be, and authorise Mr. Bhuvan Madan, the Resolution Professional, to approve such expenses to give effect to this resolution.*

RESOLVED FURTHER THAT *the Committee of Creditors hereby authorize Mr. Bhuvan Madan, Resolution Professional to do all acts, deeds and matters as may be necessary to give effect to this resolution."*

Voting Results

S.No.	COC Member	Votes in favour of the Resolution	Votes against the Resolution	Abstained from voting
1.	J.C. Flowers Asset Reconstruction (P) Ltd.	100%	0.00%	0.00%
Passing of resolution requires 51% of voting in favour of the resolution. Since the votes casted in favour of the resolution are 100%, the resolution is passed.				

AGENDA ITEM- B

To ratify the approval granted by the members of the COC for filing an application to the NCLT under section 12(2) of the Code for seeking extension of time beyond 180 days which, as per IBBI, expired on January 24, 2022

Resolution

*"**RESOLVED THAT** in accordance with the provisions of section 12 of the Insolvency and Bankruptcy Code, 2016, the approval of the Committee of Creditors of Satahvahana Ispat Limited, be and is hereby accorded to the Resolution Professional to seek extension of period of the corporate insolvency resolution process by a period of 90 days beyond 180 days.*

***RESOLVED FURTHER THAT** Mr. Bhuvan Madan, the Resolution Professional, be and is hereby authorised to do the necessary deeds and actions as may required in this regard, including but not limited to, signing, executing and filing of applications, affidavits and such other documents, before the Adjudicating Authority."*

Voting Results

S.No.	COC Member	Votes in favour of the Resolution	Votes against the Resolution	Abstained from voting
1.	J.C. Flowers Asset Reconstruction (P) Ltd.	100%	0.00%	0.00%
Passing of resolution requires 51% of voting in favour of the resolution. Since the votes casted in favour of the resolution are 100%, the resolution is passed.				

Bhuvan Madan

Resolution Professional
SATHAVAHANA ISPAT LIMITED
CHAIRMAN
Date: March 08, 2022