

Ref: SGL/Compliance/2022-23/12

April 22, 2022

National Stock Exchange of India Limited

Surveillance Department

Exchange Plaza, C-1, Block -G,

Bandra Kurla Complex, Bandra (East),

Mumbai – 400 051

Subject : Increase in the Volume of Securities.

Reference : Your Letter bearing reference No. NSE/CM/Surveillance/11889 dated April 21, 2022.

Kind Attn: Mr. Binoy Yohannan (Chief Manager, Surveillance).

Dear Sir,

We are in receipt of your aforementioned letter and have noted the contents of the same.

In this connection, we wish to submit herein as follows;

1. The company was admitted to undergo Corporate Insolvency Resolution Process (CIRP) vide Order dated February 13, 2019 passed by the Hon'ble NCLT, Mumbai bench. Mr. Prashant Jain was appointed as Resolution Professional to administer the day to day affairs of the Company and the powers of the Board of Directors remained suspended since then. Copy of Order dated February 13, 2019 is enclosed herewith for your ready reference.
2. The Committee of Creditors (COC) at its meeting held on November 06, 2019 had approved the Resolution Plan submitted by M/s Dilesh Roadlines Private Limited & ors. being the Successful Resolution Applicants (SRA) with a majority voting of 73.15%. Subsequently the Hon'ble NCLT, vide its Order dated March 26, 2021 accorded the approval to the Resolution Plan submitted by the Successful Resolution Applicants. Copy of Order dated March 26, 2021 is enclosed herewith for your ready reference.

3. In accordance with the approved Resolution Plan, the Company's existing Paid-up Share Capital was reduced from Rs. 33,55,00,000/- (Rupees Thirty Three Crores Fifty Five Lakhs Only) comprising of 3,35,50,000 (Three Crores Thirty five Lakhs Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each to Rs. 10,00,000/- (Rupees Ten Lakhs Only) comprising of 100,000 (One Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each.
4. The Resolution Plan further provided for allotment of 100,00,000 (One Crore) Equity Shares of Rs. 10/- (Ten) each to the Resolution Applicants and/or its affiliated on Preferential basis.
5. Consequent upon the allotment of 100,00,000 Equity Shares, the Promoter and Promoter Group holding went up to 99.51% of the total Paid-up Share Capital of the Company and the Public Shareholding was to the extent of 0.49 %.
6. With purpose of complying with the Minimum Public Shareholding (MPS) norms, one of the Promoter Group Member, Mr. Chandrakant V. Gogri has opted for Offer for Sale (OFS) through the BSE platform on April 06, 2022 and April 07, 2022.
7. Intimation of said OFS was given to the Exchange by the said Promoter Group Member and Notice of which was disseminated by the exchange to its trading Members on April 04, 2022.
8. Subsequent to the conclusion of the OFS, there has been an increase in the Public Shareholding, which please note.

We hereby submit that, our Company has been regularly disclosing all the material and price sensitive information to the Exchanges in accordance with the Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, where the securities of the Company are listed and traded, well within the stipulated time.

While we have shared all the developments in the Company with the Exchanges as aforementioned, the increase in the Volume of our securities is purely due to the market conditions and the Company has no bearing on the same.

Thanking You.

Yours Faithfully,

For Sejal Glass Limited

ASHWIN
SHANKAR
SHETTY

Digitally signed by
ASHWIN SHANKAR
SHETTY
Date: 2022.04.22
18:45:49 +05'30'



Ashwin Shetty

V.P. Operations and Company Secretary – Compliance Office.

Encl: As above

**IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH**

CP (I&B) 1799/NCLT/MB/MAH/2018

Under Section 7 of the I&B Code, 2016

In the matter of

Edelweiss Asset Reconstruction Co. Ltd.

...Financial Creditor/ Petitioner

v/s

Sejal Glass Ltd.

...Corporate Debtor

Order dated 13.02.2019

Coram: Hon'ble Shri V.P. Singh, Member (Judicial)

Hon'ble Shri Ravikumar Duraisamy, Member (Technical)

For the Petitioner: Ms. Suchitra Valjee, Advocate , Prerana Wagh,
Advocate

For the Respondent: Mr. Akshay Puranik, Advocate ,Ms.Henna
Daulat and Ms Anaisha Zachariah, Advocate

Per V.P. Singh, Member (Judicial)

ORDER

1. It is a Petition filed u/s 7 of Insolvency & Bankruptcy Code, 2016 (**I&B Code**) by Edelweiss Asset Reconstruction Co. Limited, Financial Creditor or Petitioner against Sejal Glass Ltd. (earlier known as Sezal Glass Limited), Corporate Debtor to initiate Corporate Insolvency Resolution Process (**CIRP**) against the Corporate Debtor on the ground that as on 10.05.2018, the Corporate Debtor has defaulted in repaying the debt amount i.e. ₹40,49,72,485/-. The date of default in repayment of the debt by the Corporate Debtor as stated by the petitioner is 13.10.2016.



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2. The Petitioner, as Trustee of the Edelweiss Asset Reconstruction Company Trust SC-42, entered into an assignment agreement with State Bank of Patiala on 26.06.2014, wherein it got assigned the impugned loans disbursed by the assignor to the Corporate Debtor. The said assignment agreement is annexed with the petition.
3. The State Bank of Patiala had granted the following loan facilities to the Corporate Debtor:
 - a. Term Loan-1 of ₹7,20,00,000/- vide agreement dated 04.08.2011,
 - b. Cash Credit of ₹10,00,00,000/- vide agreement dated 14.12.2011,
 - c. Letter of Credit of ₹7,00,00,000/-, vide agreement dated 14.12.2011, and
 - d. Bank Guarantee of ₹5,00,00,000/-, vide agreement dated 14.12.2011.

It is stated that the Letter of Credit and Bank Guarantee were later converted to Term Loan-2.

4. The said loan facilities were secured, among other things, by a mortgage, hypothecation and personal guarantee.
5. The Petitioner has annexed to the Petition a copy of Memorandum of Entry dated 04.08.2011, Memorandum of Entry dated 11.12.2011, Letter confirming Deposit of Title Deeds dated 05.08.2011, Agreement of Hypothecation of Goods dated 04.08.2011, Agreement of Hypothecation of Goods dated 14.12.2011, Deed of Guarantee executed by Shri Kanji Valji Gada, Shri Amrut Shavjibhai Gada, Shri Shhanttibhai Shavjjibhai Gada, Shri Dhiraj Shavjjibhai Gada, Shri Mitesh Kanji Gada dated 04.08.2011, Deed of Guarantee executed by Shri Kanji Valji Gada, Shri Amrut Shavjibhai Gada, Shri Shhanttibhai Shavjjibhai Gada, Shri Dhiraj Shavjjibhai Gada, Shri Mitesh Kanji Gada dated

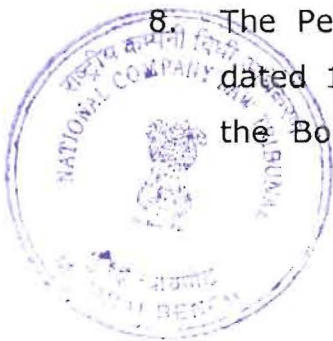


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14.12.2011, Agreement for Grant of Credit Facility dated 04.08.2011, letter regarding Grant of Individual limit within Overall limit dated 04.08.2011, Sanction Letter dated 12.12.2011, Agreement for Grant of Credit Facility dated 14.12.2011, letter regarding Grant of Individual limit within Overall limit dated 14.12.2011, Renewed Sanction Letter dated 16.02.2013 to show the existence of debt. The Petitioner, with its written submissions, has produced Form CHG-1 along with Certificate of Registration for Modification of Charge dated 26.02.2015.

6. The Petitioner in its letter dated 08.01.2016, addressed to the Corporate Debtor, has stated the fact that the State Bank of Patiala has assigned the debt to the Petitioner vide the Assignment Agreement dated 26.06.2014 and that the Petitioner agrees to restructure the Existing Liability as per the terms and conditions mentioned therein. The said restructuring along with all terms and conditions was accepted by the Corporate Debtor and the Letter dated 08.01.2016 was signed by Mr Amrut S. Gada, Chairman & Managing Director of the Corporate Debtor. The terms of the Restructuring provided, among other things, that the crystallised amount is of ₹26,00,00,000/- and on revocation of restructuring, the entire amount of existing liability shall become due and payable to the Petitioner.
7. The said restructuring was revoked by the Petitioner vide its letter dated 13.10.2016 due to default by the Corporate Debtor in repayment as per the terms of restructuring. The Petitioner has annexed with the petition the restructuring Letter dated 08.01.2016 and the Letter of Revocation of Restructuring dated 13.10.2016.
8. The Petitioner has annexed a letter of the Corporate Debtor, dated 14.05.2016, stating that the account of the Petitioner in the Books maintained by the Corporate Debtor has a credit



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balance of ₹26,81,14,141/- as on 31.03.2016 and the same is acknowledged by the Petitioner.

9. The Petitioner has also annexed the Affidavit in Reply dated 06.02.2018 filed on behalf of the Sejal Glass Limited, in Company Petition No. 943 of 2014 in the High Court of Judicature at Bombay. In the said reply the Corporate Debtor has admitted that it had availed the loan facilities and also acknowledged the assignment of the same to the Petitioner.
10. The Petitioner has also annexed the Standalone Financial Statements for the period 01.04.2016 to 31.03.2017 wherein it is stated that *"The Company had defaulted in repayment of Principal and Interest on Term Loan and Interest on Cash Credit facility during FY 2013-14.....State Bank of Patiala(SBP) had assigned the outstanding amount of the credit facility as on 12th June 2014 to Edelweiss Asset Reconstruction Company Limited (EARC)..."*
11. The Petitioner has annexed the Commercial Credit Information Report of the Corporate Debtor as has been collated by TransUnion CIBIL Limited dated 12.04.2018.
12. The Petitioner has annexed the Bank statements of the Corporate Debtor along with Certificate as per the provisions of Bankers Book of Evidence Act, 1891 showing the disbursement of debt.
13. The Petitioner has also annexed the notice dated 27.01.2014 sent by the State Bank of Patiala under section 13(2) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 demanding repayment of ₹22,71,08,937.35/- as the same being outstanding on 17.01.2014.
14. As per the computation of dues attached with the Petition, the default under the Term Loan 1 stands at ₹5,56,39,881/-, Term



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Loan 2 stands at ₹1,62,85,037/- and under Cash Credit Facility at ₹33,30,47,567/- as on 10.05.2018.

15. The Corporate Debtor in its defence has broadly raised two objections; one is about the application under section 7 of I&B Code being incomplete and another on the fact that the three agreements upon which the Petitioner relies to establish debt, are insufficiently stamped .
16. The Corporate Debtor has stated that the Petitioner has wrongfully and incorrectly submitted copies of Certificate of Registration of Charge about unconnected loans that have already been repaid by the Corporate Debtor. It is contended that since the filing of Certificate of Charge is a mandatory requirement under Form-I of I&B Rules, the application, as filed by the Petitioner, under section 7 of I&B Code is incomplete.
17. With respect to the second defence, the Corporate Debtor has argued that the Agreement for Grant of Credit Facility dated 04.08.2011; Agreement for Grant of Credit Facility dated 14.12.2011 and the assignment agreement dated 13.09.2014 are insufficiently stamped and hence are not admissible in evidence and are liable to be impounded under the provisions of Maharashtra Stamp Act, 1958. The Corporate Debtor has relied upon section 19, 33, 34 and 37 of the Stamp Act and the judgment of the Hon'ble Supreme Court in **SMS Tea Estates Pvt. Ltd. vs Chandmari Tea Company Pvt., (2011) 14 SCC 66** and the judgment of Hon'ble Bombay High court in **Asset Reconstruction Company (India) Ltd. vs Alpha and Omega Diagnostics (India) Ltd. and Ors.**
18. The Corporate Debtor has further relied upon the judgment of the Hon'ble Supreme Court in **Innoventive Industries Ltd. vs ICICI Bank, (2018) 1 SCC 407** to state that the Petitioner cannot proceed to recover the debt from the Corporate Debtor on account of the inadequately stamped instruments and thus the



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present Petition cannot be admitted without first impounding the said agreements.

19. With respect to the reliance placed by the Petitioner upon the judgment of Hon'ble NCLAT in Lalan Kumar Singh vs M/s Pheonix ARC Pvt. Ltd. dated 20.12.2018 in Company Appeal (AT)(Insolvency) No. 485 of 2018, the Corporate Debtor has submitted that the judgment is not applicable in the present facts and circumstances as the respondent has not raised a contention that the Assignment Agreement is illegal, but that it cannot be acted upon due to it being not duly stamped.
20. We have heard the arguments of both sides and perused the record. Allegedly, in this case, the Petitioner was assigned the loans granted by the State Bank of Patiala vide the Assignment Agreement Dt.26.06.2014. The present Petition is filed by Ms Aayushi Chaudhary, Law Associate of the Petitioner Company, duly authorised to initiate proceedings under IBC, vide resolution passed in the Operations Committee meeting Dt.07.03.2018. The Petitioner has submitted the requisite fee along with the Petition as evidenced by the supporting document with the Petition.
21. The Petitioner has annexed a statement showing the calculation for an amount of ₹40,49,72,485/- claimed to be in default as on 10.05.2018. The Petitioner has also annexed the updated documents evidencing the sanction of the financial debt and supporting instruments evidencing the creation of security for the same debt.
22. The Corporate Debtor has itself acknowledged in its letter dated 14.05.2016, stating that the account of the Petitioner in the Books maintained by the Corporate Debtor has a credit balance of ₹26,81,14,141/- as on 31.03.2016. The said letter is addressed to the Petitioner.



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23. The Petitioner has also annexed the Bank statement of the Corporate Debtor, along with the Certificate as per the provisions of Bankers Book of Evidence Act, 1891 showing the disbursement of debt and the unpaid balance in the account.
24. The Corporate Debtor has not contended that the debt does not exist or the default has not occurred. The Corporate Debtor has only raised technical defences as to incomplete Form-1 and the validity of documents being not duly stamped.
25. As to the objections raised by the Corporate Debtor regarding the Certificate of registration of Charge, the Petitioner has submitted with its written submissions Form CHG-1 along with Certificate of Registration for Modification of Charge dated 26.02.2015. Therefore, the said objection is not sustainable.
26. With regard to the other objection on the agreements being not duly stamped, it is noted that the Corporate Debtor itself has repeatedly relied and acted upon the said agreements viz. in its Affidavit in Reply dated 06.02.2018 filed on behalf of the Sejal Glass Limited, in Company Petition No. 943 of 2014 in the High Court of Judicature at Bombay and again in its Standalone Financial Statements for the period 01.04.2016 to 31.03.2017.
27. Therefore, even if the agreements, as alleged, are not admissible as an evidence of debt and default, there are several other documents that show the admission by the Corporate Debtor of the debt that it owes to the Petitioner viz. its letter dated 14.05.2016 and its Affidavit in reply dated 06.02.2018 filed in the Hon'ble Bombay High Court.
28. By the above discussion, we are of the considered view that the respondent's contentions raised in the Affidavit in reply are unsustainable. The existence of debt is clear from the Letter of the Corporate Debtor, its affidavit in reply filed in Hon'ble Bombay High Court, loan agreements, various documents



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relating mortgage deed, hypothecation deed, certificate of creation of charge and personal guarantee agreements.

29. The Petitioner has proved the existence of debt as well as the default.
30. The Petitioner has proposed the name of Shri Rajendra Kumar Girdhar, Registration Number [IBBI/IPA-003/IP-N00048/2017-18/10396] as Interim Resolution Professional, to carry out the functions as mentioned under IBC, and given his declaration, no disciplinary proceedings are pending against him.
31. The Application under sub-section (2) of Section 7 of IBC, 2016 is complete. The existing debt of more than one Rs lac against the corporate debtor and its default is also proved. Accordingly, the petition filed U/S 7 of the Insolvency and Bankruptcy Code for initiation of corporate insolvency process against the corporate debtor deserves to be admitted.

ORDER

This petition filed under Section 7 of IBC, 2016, against the Corporate Debtor for initiating corporate insolvency resolution process is at this moment admitted. We further declare moratorium u/s 14 of IBC with consequential directions as mentioned below:

- I. That this Bench as a result of this prohibits:
- a) the institution of suits or continuation of pending suits or proceedings against the corporate debtor including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;
 - b) transferring, encumbering, alienating or disposing of by the corporate debtor any of its assets or any legal right or beneficial interest therein;



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c) any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;

d) the recovery of any property by an owner or lessor where such property is occupied by or in possession of the corporate debtor.

II. That the supply of essential goods or services to the corporate debtor, if continuing, shall not be terminated or suspended or interrupted during the moratorium period.

III. That the provisions of sub-section (1) of Section 14 of IBC shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.

IV. That the order of moratorium shall have effect from 13.02.2019 till the completion of the corporate insolvency resolution process or until this Bench approves the resolution plan under sub-section (1) of section 31 of IBC or passes an order for the liquidation of the corporate debtor under section 33 of IBC, as the case may be.

V. That the public announcement of the corporate insolvency resolution process shall be made immediately as specified under section 13 of IBC.

VI. That this Bench at this moment appoints Shri Rajendra Kumar Girdhar, Registration Number [IBBI/IPA-003/IP-N00048/2017-18/10396] as Interim Resolution Professional to carry out the functions as mentioned under IBC. Fee payable to IRP/RP shall comply with the IBBI Regulations/Circulars/Directions issued in this regard.



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32. The Registry is at this moment directed to immediately communicate this order to the Financial Creditor, the Corporate Debtor and the Interim Resolution Professional even by way of email or WhatsApp.

Sd/-

RAVIKUMAR DURAISAMY
Member (Technical)

Sd/-

V.P. SINGH
Member (Judicial)

13th February, 2019



Certified True Copy
Copy Issued "free of cost"
On 23/4/19

Assistant Registrar
National Company Law Tribunal Mumbai Bench

*NCLT Mumbai Bench, Court No. II
IA No. 3690 of 2019 in
CP (IB) No. 1799/MB/2018*

**IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH, COURT NO. II, SPECIAL BENCH**

*** **

*IA No. 3690 of 2019 in
CP (IB) No. 1799/MB/2018*

**In the matter of an Application under Section 30 (6) of the
Insolvency and Bankruptcy Code, 2016
&
In the matter of Sejal Glass Limited**

Mr. Prashant Jain
Resolution Professional
For Sejal Glass Limited
Registration No. IBBI/IPA-001/IP-P0136/2018-2019/12131.
... Applicant

In the matter:-

Edelweiss Asset Reconstruction Co. Ltd.
... Financial Creditor

vs.

Sejal Glass Limited
... Corporate Debtor

Date of Order: 26.03.2021

CORAM:

Hon'ble Janab Mohammed Ajmal Hon'ble Ravikumar Duraisamy
Member (Judicial) Member (Technical)

Appearance:

For the Applicant: Ms. Rubina Khan, Advocate

Per: Janab Mohammed Ajmal, Hon'ble Member (Judicial)



ORDER

The Resolution Professional (in short, the RP) of Sejal Glass Limited (the CD) seeks approval of the Resolution Plan (in short, the Plan) in this Application under Section 30 (6) of the Insolvency and Bankruptcy Code, 2016 (in short, the Code) read with Regulation 39 (4) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations 2016 (in short, the Regulations).

2. The brief facts leading to the Application are as under.

- i) This Authority vide its order dated 13.02.2019 directed initiation of Corporate Insolvency Resolution Process (CIRP) of the CD and appointed Mr. Rajendra Kumar Girdhar as the Interim Resolution Professional (IRP). The Committee of Creditors (CoC) in its second meeting held on 27.03.2019, resolved to appoint Mr. Prashant Jain, the present Applicant as the Resolution Professional (RP).
- ii) The IRP engaged two registered valuers under Regulation 27 of the Regulations, to determine the fair and liquidation value of the CD in accordance with Regulation 35 of the Regulations. The CoC approved the process and evaluation criteria for evaluating a Plan in accordance with requirements of the Code. The notice seeking Expression of Interest (EoI) was published on 17.05.2019 in the Business Standard, all India Edition, in Navshakti Mumbai Edition and in Jandesh, Silvassa Edition. In response, two (2) Prospective Resolution Applicants (PRAs) furnished EoIs. Last date for submission of Plan was 18.07.2019. The Applicant received request to extend the last date for submission of the Plan. Accordingly, the Applicant sought approval from the CoC and extended



the time line for submission of the Plan till 05.08.2019. On submission of the Plans the CoC evaluated them.

iii) The term of the CIRP (180 days) was due to expire on 12.08.2019. The CoC in its sixth meeting on 07.08.2019 with majority of 77.04% voting share authorised the RP to seek extension of the period of CIRP by 90 days. This Authority by an order dated 26.08.2019 in IA No. 2755 of 2019 extended the period of CIRP by 90 days up to 10.10.2019. The seventh meeting of the CoC held on 16.08.2019 discussed the Plan submitted by Dilesh Roadlines Private Limited and requested them to enhance the bid value as the amount offered was much less than the liquidation value of the CD.

iv) The CoC decided to seek fresh EoI on 16.09.2019 and received two EoIs from (i) Dilesh Roadlines Private Limited jointly with Mr. Surji D. Chheda & Ms. Chhaya S. Chheda; and (ii) Marshal Vinimay Private Limited jointly with Mr. Aashish Karia. The Applicant made necessary observations and asked for the required modifications. The Applicant submitted that the financial offer made by the RAs were not satisfactory and requested them to revise their financial offer. The RAs submitted their revised Resolution Plans and the Applicant after examining both the plans, allotted scores to the Plans of the RAs. The CoC once again requested the RAs to improve upon their financial offer. The RAs however were not interested to revise their plans. Based on the scores allotted to each RA as per the evaluation matrix, Dilesh Roadlines Private Limited jointly with Mr. Surji D. Chheda & Ms. Chhaya S. Chheda were declared as the highest bidder. The RA once again presented the Resolution Plan before the CoC and the CoC negotiated



the Plan. The RA informed the CoC that the Plan cannot be further improved. The Applicant made certain observations and the same were modified by the RA. The Plan submitted by RA namely Dilesh Roadlines Private Limited jointly with Mr. Surji D. Chheda & Ms. Chhaya S. Chheda was placed before the CoC in its 12th meeting on 06.11.2019. The CoC considered the same and with 73.15% voting in favour, approved the Plan.

v) The Applicant submitted that the Compliance Certificate in Form-H under Regulation 39(4) of the Regulations showing the compliances of the Plan as mandatorily required under the Code and Regulations and that the Plan had been approved by the CoC.

vi) The following is the summary of the payment schedule as per the Resolution Plan:

(INR in crores)

Sr. No.	Particulars	Resolution Debt (Rs in Crores)	Final Resolution Amount	Upfront payment within 30 days
1	CIRP Costs	1.00	1.00 Crore	1.00 Crore
2.	Secured Financial Creditors	65.79	25.90 Crores	6.09 Crores
3.	Unsecured Financial Creditors	50.33	1.26 Crores	1.26 Crores
4	Employees/Workmen	0.82	1.25 Lakhs	1.25 Lakhs
5.	Operational Creditors	7.26	0.15 Lakhs	0.14 Lakhs



6.	Statutory Liabilities	25.50	0.51 Lakhs	0.51 Lakhs
	Total	150.7	30.07 Crores	10.25 Crores

vii) It is also submitted by the Applicant that the RA has proposed to raise funds by way of sale of the Non-Core Assets of the CD at about Rs. 12 Crores from which Rs. 6 Crores to be paid within 9 months from the date of the approval of the Resolution Plan and another Rs. 6 Crores within 15 months from the date of the approval of the Resolution Plan. An amount of Rs. 7.81 Crores shall be infused/raised within 21 months from the date of approval of the Resolution Plan towards the balance payment to the Secured Financial Creditors. A further amount of Rs. 5 Crores would be infused/raised towards the working Capital of the CD.

viii) This Bench had sought query for sources of funds of the Resolution Applicant to be infused in the Corporate Debtor especially in respect of stated Rs. 7.81 Crores as above. The Counsel for the Applicant filed an Additional Affidavit dated 08.01.2021 clarifying the query. On perusal of the Audited Financial Statement as on 31.03.2020 the net worth of the Resolution Applicant Dilesh Roadlines Private Limited is Rs. 56 crores and non-current investments of Rs. 19.44 crores (market value of which is Rs. 125 crores). Further as per the provisional Financial Statement as on 30.09.2020 the net worth of the Resolution Applicant has increased to Rs. 168 crores as the Resolution Applicant had encashed its non-core assets at market value and Non-current investments are worth Rs. 113 crores. The clarification is acceptable.



3. We have heard the Applicant and perused the Resolution Plan and related documents submitted along with Application.
4. Section 30 (2) of the Code as amended up to date enjoins upon the Resolution Professional to examine each Resolution Plan received by him to confirm that such plan,
 - a) provides for the payment of insolvency resolution process costs in a manner specified by the Board in priority to the payment of other debts of the corporate debtor;
 - b) provides for the payment of debts of operational creditors in such manner as may be specified by the Board which shall not be less than,
 - i. the amount to be paid to such creditors in the event of a liquidation of the corporate debtor under section 53; or
 - ii. the amount that would have been paid to such creditors, if the amount to be distributed under the resolution plan had been distributed in accordance with the order of priority in sub-section (1) of section 53, whichever is higher, and provides for the payment of debts of financial creditors, who do not vote in favour of the resolution plan, in such manner as may be specified by the Board, which shall not be less than the amount to be paid to such creditors in accordance with sub-section (1) of section 53 in the event of a liquidation of the corporate debtor.

Explanation - For the purpose of this section –



(i) it is hereby clarified that at each stage of the distribution of proceeds in respect of a class of recipients that rank equally, each of the debts will either be paid in full, or will be paid in equal proportion within the same class of recipients if the proceeds are insufficient to meet the debts in full; and

(ii) the term “workmen’s dues” shall have the same meaning as assigned to it in section 326 of the Companies Act, 2013 (18 of 2013).

- c) Provides for the management of the affairs of the Corporate debtor after approval of the resolution plan;
- d) The implementation and supervision of the resolution plan;
- e) Does not contravene any of the provisions of the law for the time being in force;
- f) Confirms to such other requirements as may be specified by the Board.

5. Section 30 (4) of the Code reads as follows:

“(4) The committee of creditors may approve a resolution plan by a vote of not less than sixty-six percent. of voting share of the financial creditors, after considering its feasibility and viability, the manner of distribution proposed, which may take into account the order of priority amongst creditors as laid down in sub-section (1) of section 53, including the priority and value of the security interest of a secured creditor and such other requirements as may be specified by the Board.”

6. Section 30(6) of the Code enjoins the Resolution Professional to submit the Resolution Plan as approved by the CoC to the Adjudicating Authority. Section 31 of the Code deals with the approval of the Resolution Plan by the Authority, if it is satisfied that the Resolution Plan as approved by the CoC under section 30(4) meets the requirements provided under section 30(2) of the Code. Thus, it is the duty of the Adjudicating Authority to satisfy itself that the Resolution Plan as approved by the CoC meets the above requirements.
7. On perusal of the Resolution Plan, it is observed that the Resolution Plan provides for the following:
- a) Payment of CIRP Cost as specified u/s 30(2)(a) of the Code.
 - b) Repayment of Debts of Operational Creditors as specified u/s 30(2)(b) of the Code.
 - c) For management of the affairs of the Corporate Debtor, after the approval of Resolution Plan, as specified U/s 30(2)(c) of the Code.
 - d) The implementation and supervision of Resolution Plan by the RP and the CoC as specified u/s 30(2)(d) of the Code.
 - e) The RP has certified through affidavit that the Resolution Plan is not in contravention to any of the provisions of law, for the time being in force, as specified u/s 30(2)(e) of the Code.



8. In terms of Regulation 27 of the Regulations, Liquidation value was ascertained through two registered valuers. The Liquidation value is Rs. 28.57 Crore and the Resolution Plan offers more than the average liquidation value.
9. The RP has complied with the requirement of the Code in terms of Section 30(2)(a) to 30(2)(f) and Regulations 38(1), 38(1)(a), 38(2)(a), 38(2)(b), 38(2)(c) & 38(3) of the Regulations. The Plan also provides for keeping the Company as a going concern and operate in its normal course of business upon implementation of Resolution Plan. No objection has been filed by any other person in this regard.
10. The RP has filed Compliance Certificate in Form-H along with the Plan. On perusal the same is found to be in order. The Resolution Plan includes a statement under regulation 38(1A) of the Regulations as to how it has dealt with the interest of the stakeholders in compliance with the Code and the Regulations.

Upon perusal of the approved Resolution plan, the Bench has observed that out of Rs.150.70 crores of total Debt amount to various creditors, stakeholders the SRA proposed to pay Rs 30.07 crores as the Final Resolution Amount i.e. approx. 20% of the total Resolution debt amount. Even out of this Rs 12 crores will be generated through sale of assets of Non-Core Business of the CD thereby the SRA will bring in only Rs 18 crores i.e 12% of the total outstanding Resolution Debt amount or approx. 60% of the Resolution Plan value. In case the SRA could not realise, monetise the said amount of Rs 12 crores, how the shortfall will



be met, alternate funding mechanism (time frame within which period the said amount will be paid) etc, are not provided in the CoC approved plan. However, the CoC after exercising its commercial wisdom approved the Resolution plan with requisite majority. The Resolution Plan has been approved by the CoC in the 12th meeting held on 09.11.2019 with 73.15% votes.

11. In ***K Sashidhar v. Indian Overseas Bank & Others*** (in Civil Appeal No. 10673/2018 decided on 05.02.2019) the Hon'ble Apex Court held that if the CoC had approved the Resolution Plan by requisite percent of voting share, then as per section 30(6) of the Code, it is imperative for the Resolution Professional to submit the same to the Adjudicating Authority (NCLT). On receipt of such a proposal, the Adjudicating Authority is required to satisfy itself that the Resolution Plan as approved by CoC meets the requirements specified in Section 30(2). The Hon'ble Court observed that the role of the NCLT is 'no more and no less'. The Hon'ble Court further held that the discretion of the Adjudicating Authority is circumscribed by Section 31 and is limited to scrutiny of the Resolution Plan "as approved" by the requisite percent of voting share of financial creditors. Even in that enquiry, the grounds on which the Adjudicating Authority can reject the Resolution Plan is in reference to matters specified in Section 30(2) when the Resolution Plan does not conform to the stated requirements.
12. In ***CoC of Essar Steel*** (Civil Appeal No. 8766-67 of 2019 decided on 15.11.2019) the Hon'ble Apex Court clearly laid down that the



Adjudicating Authority would not have power to modify the Resolution Plan which the CoC in their commercial wisdom have approved. In para 42 Hon'ble Court observed as under:

"Thus, it is clear that the limited judicial review available, which can in no circumstance trespass upon a business decision of the majority of the Committee of Creditors, has to be within the four corners of section 30(2) of the Code, insofar as the Adjudicating Authority is concerned, and section 32 read with section 61(3) of the Code, insofar as the Appellate Tribunal is concerned, the parameters of such review having been clearly laid down in K. Sashidhar (supra)."

13. In view of the discussions and the law thus settled, the instant Resolution Plan meets the requirements of Section 30(2) of the Code and Regulations 37, 38, 38(1A) and 39 (4) of the Regulations. The Resolution Plan is not in contravention of any of the provisions of Section 29A of the Code and is in accordance with law. The same needs to be approved. Hence ordered.

ORDER

The Application IA No. 3690 of 2019 in CP 1799 of 2019 be and the same is allowed. The Resolution Plan annexed to the Application is hereby approved. It shall become effective from this date and shall form part of this order.

- i. It shall be binding on the Corporate Debtor, its employees, members, creditors, including the Central Government, any State



Government or any local authority to whom a debt in respect of the payment of dues arising under any law for the time being in force is due, guarantors and other stakeholders involved in the Resolution Plan.

- ii. The approval of the Resolution Plan shall not be construed as waiver of any statutory obligations/liabilities of the Corporate Debtor and shall be dealt by the appropriate Authorities in accordance with law. Any waiver sought in the Resolution Plan, shall be subject to approval by the Authorities concerned.
- iii. The Memorandum of Association (MoA) and Articles of Association (AoA) shall accordingly be amended and filed with the Registrar of Companies (RoC), Mumbai, Maharashtra for information and record. The Resolution Applicant, for effective implementation of the Plan, shall obtain all necessary approvals, under any law for the time being in force, within such period as may be prescribed.
- iv. The moratorium under Section 14 of the Code shall cease to have effect from this date.
- v. The Applicant shall supervise the implementation of the Resolution Plan and file status of its implementation before this Authority from time to time, preferably every quarter.



- vi. The Applicant shall forward all records relating to the conduct of the CIRP and the Resolution Plan to the IBBI along with copy of this Order for information.
- vii. The Applicant shall forthwith send a certified copy of this Order to the CoC and the Resolution Applicant, respectively for necessary compliance.

Sd/-
JANAB MOHAMMED AJMAL
MEMBER JUDICIAL

Sd/-
RAVUKUMAR DURASAMY
MEMBER TECHNICAL

Date: 26.03.2021



Certified True Copy
Copy Issued "free of cost"
On 20/03/2021


Joint Registrar
National Company Law Tribunal Mumbai Bench