



IN THE NATIONAL COMPANY LAW TRIBUNAL: NEW DELHI
PRINCIPAL BENCH

Company Petition No. (IB)-182(PB)/2023

IN THE MATTER OF:

M/s LVS Financial Services Private Limited ... Financial Creditor
Vs.
M/s MGI Infra Private Limited ... Corporate Debtor

Interlocutory Application (IBC) (PLAN) No. - 23/2024

Order under Section 30(6) read with Section 31 of Insolvency & Bankruptcy Code, 2016.

IN THE MATTER OF:

Mr. Sunil Kumar Agrawal
Resolution professional of
M/s. MGI Infra Private Limited ... Applicant

CORAM:

CHIEF JUSTICE (RETD.) RAMALINGAM SUDHAKAR
HON'BLE PRESIDENT

SHRI AVINASH K. SRIVASTAVA
HON'BLE MEMBER (TECHNICAL)

PRESENT:

For the Resolution Professional : Mr. Manoj Kumar Garg, Adv. along with
Mr. Sunil Kumar Agrawal, RP

Order pronounced on: 18.10.2024



ORDER

1. Preliminary

- 1.1. The present interlocutory application bearing **IA (IBC) (Plan) No. 23/2024** was moved on 29.05.2024 by Mr. Sunil Kumar Agrawal, Resolution Professional (**RP**) of M/s MGI Infra Private Limited, under the provisions of Sections 30(6) of the Insolvency & Bankruptcy Code, 2016 (**the Code** or **IBC**) read with Regulation 39(4) of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (**CIRP Regulations**) for approval of the Resolution Plan of **M/s Kabra & Associates**, in respect of M/s MGI Infra Private Limited (**Corporate Debtor**).
- 1.2. The Corporate Debtor is a company incorporated in 10.10.2011, having registered office at KH No. – 294/3 G/F, Chattarpur, South West Delhi, New Delhi, 110030. It is engaged in the business of providing solution including Design, Supply and Erection of Structure such as Hospitals, Health Centres, Office Building, Warehouses, Hybrid Building Offices, Site Offices etc. using LGSF (Light Gauge Steel Framing) Technology. As discussed in 1st meeting of the CoC on 08.09.2023, the Corporate Debtor has following eight projects:



S. No.	Customer/Client Name	Work Description	Site Location
1.	Chenab Valley Power Projects Pvt. Ltd.	Construction of Temporary Non-Residential Infrastructure along with approach road and development of Benches near Dam site of Kiru. H.E. Project, Kishtwar	Jammu & Kashmir
2.	Chenab Valley Power Projects Pvt. Ltd.	Construction of Temporary Site office for managers DM AM and engineers near Dam site of Kiru HE project Kishtwar	Jammu & Kashmir
3.	Hindustan Steelworks Construction Limited	Construction of Cook House/Dining Hall, Recreation Room and Family welfare centre for Assam Rifle bn	Lokra, Tezpur, Assam
4.	Indian Oil Corporation Limited	Design, Fabrication, Supply, Transportation, Erection Including Loading & Unloading of LGSF Sales Building and Driver Facility at Indian Oil Retail Outlet across the country	Delhi, Haryana, Punjab
5.	Reliance Industries	Supply and Installation for Pre-fabricated Modular Office and	Jamnagar

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	Limited	MCC building	
6.	Reliance BP Mobility Limited	LGSF (Light Gauge Steel Framed) Building Structure at Bhopal, MP	Bhopal



7.	Reliance BP Mobility Limited	LGSF (Light Gauge Steel Framed) Building Structure at Ranchi	Ranchi
8.	Shankhsen Gupta	Supply and Installation of Tiling, Stone and Painting Work	Noida

1.3. The underlying Company Petition **CP (IB)-182(PB)/2023** was filed by M/s LVS Financial Services Private Limited (**Financial Creditor**), against M/s MGI Infra Private Limited (**Corporate Debtor**) under Section 7 of the Code for initiation of Corporate Insolvency Resolution Process (**CIRP**) of the Corporate Debtor. The Application was admitted by this Adjudicating Authority vide order dated 09.08.2023 (**Admission Order**) and Mr. Sunil Kumar Agrawal was appointed as the Interim Resolution Professional (**IRP**) who was later confirmed as Resolution Professional in the 1st CoC meeting convened on 08.09.2023 and vide order dated 19.09.2023 of this Adjudicating Authority.

2. The RP submits that a total of 10 (Ten) CoC meetings have been held during the CIRP period, as follows:

Particulars	Date of CoC Meeting
1 st CoC Meeting	08.09.2023
2 nd CoC Meeting	04.10.2023
3 rd CoC Meeting	30.10.2023
4 th CoC Meeting	23.11.2023
5 th CoC Meeting	22.12.2023
6 th CoC Meeting	27.01.2024
7 th CoC Meeting	05.03.2024
8 th CoC Meeting	05.04.2024
9 th CoC Meeting	15.04.2024
10 th CoC Meeting	02.05.2024



3. Collation of Claims by RP

- 3.1. The IRP made public announcement in Form A on 11.08.2023 in Financial Express (English) and Jansatta (Hindi) newspapers, calling upon creditors of the Corporate Debtor to submit their claims along with the proof on or before 23.08.2023.
- 3.2. The amounts claimed and admitted and their voting share as finally given in 10th meeting of the CoC held on 02.05.2023 are summarised below:

LIST OF FINANCIAL CREDITOR(S)

Particulars	Number of Claims	Claim Received (Rs.)	Claim Admitted (Rs.)	Voting Share %
Secured Financial Creditor	None			
Unsecured Financial Creditor- LVS Financial Services Private Limited	1	6,00,66,433	5,61,65,577	100
Total	1	6,00,66,433	5,61,65,577	100

LIST OF OPERATIONAL CREDITORS

Particulars	Total No. of Claims	Claim Received (Rs.)	Claim Admitted (Rs.)	Voting Percentage
Government Authorities	6	75,87,36,199	69,25,92,702	Nil
Workmen	None			
Employees (Non-Related Party)	8	13,63,412	13,32,412	Nil



Employees (Related Party- Nikita Jaju)	1	9,60,500	9,60,500	Nil
Other Operational Creditors (Non-Related Party)	7	73,91,069	69,44,636	Nil
Other Operational Creditor (Related Party – A Periwal & Co.)	1	14,69,098	1,12,208	Nil
Total	23	76,99,20,278	70,19,42,458	Nil

3.3. Following Registered Valuers were appointed, as resolved in the 2nd Meeting of CoC convened on 04.10.2023:

S. No.	Name	Assets
A.	M/s G. N. Fair Valuation Pvt. Ltd. Mr. Govind Panchal	Plant & Machinery
B.	Mr. Brahampal Bhardwaj	Plan & Machinery
C.	Gyaneshwar Sahal	Security & Financial Assets
D.	Mr. Chandan Bhatia	Security & Financial Assets

3.4. Valuation of the Corporate Debtor is as follows:

Fair Value	1,18,94,150
Liquidation Value	73,73,898

3.5 The Applicant has filed a Compliance Certificate in prescribed form i.e., **Form H** along with the Resolution Plan, in compliance with regulation 39(4) of the CIRP Regulations, 2016 and the same have been annexed to the application i.e., IA/23/2024 as **ANNEXURE A-19**.



4. Evaluation and Voting

- 4.1 The Applicant submits that in terms of regulation 36A(1) of the CIRP Regulations, 2016 read with section 25(2)(h) of the Code, invitation in **Form G** for Expressions of Interest (**EoI**) from Potential Resolution Applicants (**PRAs**) was issued on 07.10.2023, re-issued on 01.11.2023, again re-issued on 26.11.2023 and 25.12.2023. Form G was also published on the website of the Insolvency and Bankruptcy Board of India (**IBBI**). Request for Resolution Plan (**RFRP**) was issued on 22.12.2024. As per the latest Form G dated 25.12.2023, EOI was to be submitted by 09.01.2024 and Plans by 09.03.2024.
- 4.2 In the meanwhile, since, CIRP period of 180 days were expiring on 05.02.2024, Application bearing IA/282/2024 was filed by the RP for extension of CIRP period by 90 days w.e.f from 06.02.2024 to 06.05.2024 and the same was allowed vide order dated 23.01.2024.
- 4.3 The Applicant submits that in response to the invitation for EoI i.e., Form G dated 25.12.2023, one EOI has been received **from M/s Kabra and Associates, Mumbai** with EMD, upto last date of submission of EoI i.e., 09.01.2024. While one more EoI was received from M/s One City Infrastructure Pvt. Ltd., who subsequently sought refund of EMD and thus RP made refund to M/s One City Infrastructure Pvt. Ltd. Receipt of EoI from M/s Kabra and Associates, Mumbai was discussed in 6th meeting of CoC convened on 27.01.2024.
- 4.4 The Applicant submits that upon receipt of request from single PRA i.e., M/s Kabra and Associates, last date for submission of plan was extended by 20 days i.e., from 09.03.2024 to 29.03.2024 in the 7th



meeting of the CoC convened on 05.03.2024.

- 4.5 The Applicant submits that the Resolution Plan was received from the only PRA i.e., M/s Kabra and Associates via email on 20.03.2024 and hard copy via Bluedart on 30.03.2024 and the same was discussed in the 8th meeting of COC convened on 05.04.2024. The Resolution Professional presented sealed cover containing Resolution Plan to the COC members and it was decided that plan will be presented to the COC for consideration and negotiation with M/s Kabra and Associates / Successful Resolution Applicant (**SRA**) in the next meeting. It was further decided that Resolution Plan will be provided to the CoC only after taking confidential undertaking from the CoC members.
- 4.6 The Applicant submits that in the 9th CoC convened on 15.04.2024, the Resolution plan received was opened by the RP and was placed before COC wherein an Authorized Representative from the only SRA, M/s Kabra and Associates presented the Plan before the CoC. The Resolution Professional apprised the SRA about certain corrections to be carried out in the Plan and further CoC to make remittance of CIRP cost upto closure of CIRP; to improve remittance to Financial Creditors and Workmen & Employees. After carrying out changes and inculcating suggestions, the SRA was asked to submit revised plan on or before 23.04.2024 by 6:00 pm. On request from the SRA, Resolution Professional extended the last date of submission of revised Resolution Plan from 23.04.2024 to 30.04.2024 by 6:00 pm.
- 4.7 In the 10th meeting of CoC convened on 02.05.2024, the RP apprised CoC about receipt of revised Resolution Plan on 02.05.2024 at 1:34 pm via email. The CoC condoned the delay in submission of the revised Resolution Plan. Authorized



Representative from the SRA presented highlights of the revised Resolution Plan to the CoC members and the RP submitted compliance report pursuant to Section 30(2) of the Code read with Regulation 37, 38 and 39 of the CIRP Regulations, to the CoC. The RP further apprised the CoC that he had appointed an independent agency namely Dcirrus for conducting due diligence as per section 29A of the IBC, 2016 and as per report furnished by Dcirrus, the SRA i.e., M/s Kabra and Associates is not barred under any of the clauses of Section 29A of the Code from submitting Resolution Plan for the Corporate Debtor.

4.8 Thereupon, revised Resolution Plan as submitted by M/s Kabra and Associates was put to vote in the 10th meeting of the CoC and the CoC comprising sole Financial Creditor i.e., M/s LVS Financial Services Pvt. Ltd. voted in favor to approve the Plan.

4.9 Therefore, the resolution Plan of of M/s Kabra and Associates was approved with 100% vote in favor in the 10th meeting of the CoC convened on 02.05.2024 and the same is summarized in following manner:

Particulars	Voting Share %	Voting for resolution Plan
Unsecured Financial Creditor- M/s LVS Financial Services Private Limited	100%	Voted for
Total	100	Plan Approved

4.10 Furthermore, RP also presented summary of Valuation Report of Assets before the COC in the 10th Meeting of CoC and undertook to provide the Valuation Report to the CoC members after receiving undertaking on confidentiality.



4.11 Since, the CIRP period after availing extension of 90 days already was expiring on 06.05.2024, it was discussed in the 10th meeting of the CoC that that CIRP period may be extended by 60 more days i.e., uptill 05.07.2024. Application bearing IA-2817/2024 was filed before this Adjudicating Authority seeking extension of 60 days w.e.f 07.05.2024 uptill 05.07.2024 and the same was allowed vide an order dated 29.05.2024.

4.12 The Applicant submits that the value of Plan is INR 93.12 Lacs and SRA has deposited a bid bond of INR 10 lacs.

5 Details of Resolution Plan/Payment Schedule

5.1 The SRA, M/s Kabra and Associates, a certified company under ISO 9001:2008 is engaged in the business of developing, building and managing property and other allied real estate related services, catering to individuals and corporate customers in Mumbai's landscape. The SRA is stated to have experience in turnaround of distressed companies, as described in the Resolution Plan, which is annexed along with Form H in this Application as Annexure A-19.

5.2 The SRA ascertained the cause of default to be shortfall in cash flows from reduction in margins, resulting in sharp decline in level of operations due to covid 19, thereby leading to inadequate cash flows for servicing its liabilities.

5.3 The SRA proposes to address the causes of default with better financial management and reduced debt, by which Corporate Debtor will eventually turn around and get operational synergy as it is backward integration for the SRA. Further, it is estimated by the SRA that capex and working capital of approx. INR 50 lacs over



the next 12 months would be required to scale up the operations of the Corporate Debtor. Further, SRA proposes to use the technology of the Corporate Debtor as a backward integration for its own real estate projects, which will help in maintenance of a healthy margin and continuous work flow for the corporate debtor.

- 5.4 The SRA has put forth the financial proposal to be distributed/ appropriated in the following manner:

The total funding requirement is detailed as under: -

				(Rs. lakh)
Sl. No.	Claim Type	Amount Due/ Admitted	Payment Proposed	Treatment under proposed Resolution Plan
1	Estimated Unpaid CIRP Cost	-	35.00	The proposed amount shall be paid in full in priority to payment for other debts of CD (within 45 days of approval of Scheme by NCLT)
2	Financial Creditors	561.66	25.02	Entire amount payable within 45 days of NCLT approval of Resolution Plan.




3	Non-Related Operational Creditors (statutory dues other than EPFO Dept)	6915.14	8.90	Within 45 days of NCLT approval
4	Non-Related Operational Creditors (statutory dues EPFO Dept)	10.79	10.79	Within 45 days of NCLT approval
5	Non-Related Operational Creditors excluding statutory dues & related parties)	69.44	0.09	Within 45 days of NCLT approval
6	Related Party Operational Creditors	1.12	-	Proposed to be fully waived
7	Operational Creditors (Workmen / Employees)	13.32	0.60	Within 45 days of NCLT approval
8.	Operational Creditors (Workmen / Employees - Related)	9.60	-	Proposed to be fully waived
	Total	7581.07	80.40	
	Funds from Kabra & Associates and/or nominees		80.40	
	TOTAL SOURCES		80.40	

Since in the above layout, payment to workmen / employees is not in accordance with the section 30(2), we vide order dated 02.09.2024 directed RP and SRA to furnish response in this regard. Pursuant to the said order dated 02.09.2024, the RP furnished a clarification dated 23.09.2024 whereby the RP states that the SRA has undertaken to provide full payment i.e., INR 13.32 Lacs.

5.5 In view of the above, **total value of Financial Proposal** stands to to the tune of **INR 93.12 Lacs**.

5.6 Additionally, the SRA has undertaken to incur additional Capital Expenditure and Working Capital to the tune of INR 50 Lacs within next 12-24 months.

5.7 The Resolution Plan defines the Effective Date to be date when



Resolution Plan of the SRA i.e., M/s Kabra and Associates is approved.

6 Compliance of the Resolution Plan with various provisions:

Details of various compliances as envisaged under section 30 of the Code and Regulation 37 and 38 of the CIRP Regulations 2016, which is reproduced hereunder:

Relevant Provision	Provisions of Section 30 of the Code / Regulation	Reference	Whether complied
Sec. 30(2)(a) of the Code	Provides for the payment of insolvency resolution process costs in a manners specified by the Board in priority to the repayment of other debts of the Corporate Debtor	The Resolution Plan provides for payment of unpaid resolution process cost estimated at Rs. 35 lacs within 45 days of NCLT approval	Yes
Sec. 30(2)(b) of the Code	I. Provides for the repayments of the debts of operational creditors in such manner as may be specified by the Board which shall not be less than the amount to be paid to the operational creditors in the event of liquidation of the corporate debtor or under section 53	The claim of the operational creditors to the tune of Rs. 7019.41 lacs have been admitted by the RP. Pursuant to the same an amount of INR 20.38 Lakh was proposed to be paid to all the Operational Creditors. Out of this amount, INR 0.60 Lakh was proposed to be paid to Employees (Non-related Party) whose claim to tune of INR 13.32 Lakh was admitted. Since the proposed payment aforesaid to the Employees, was not in consonance with section 30(2)(b) read with section 53, the RP has furnished clarification dated 23.09.2024, wherein it is stated that SRA has undertaken to pay complete admitted amount to the Employees i.e., INR 13.32 Lakh. With aforesaid additional undertaking by SRA in favour of	Yes



		Employees, now the total payment being proposed to the Operational Creditors (Non – Related Parties) stands at INR 33.1 Lacs . Further also in light of Jet Airways Case, EPFO dues are being proposed to be paid in full.	
Sec. 30(2)(b) of the Code	II. And provides for payment of debts of financial creditors who do not vote in favour of the resolution plan, in such a 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 liquidation of the Corporate Debtor	As of now there is no dissenting Financial Creditor. Nonetheless, SRA has undertaken that in the eventuality of there being any financial creditor who does not vote in favour of the resolution plan, the resolution applicant will make payment as envisaged under this section in accordance with the provisions of the code.	Yes
Sec 30(2)(c)	Provides for the management of the affairs of the corporate debtor after approval of the resolution plan	Kabra & Associates would be having its nominee(s) on the Board to manage the company.	Yes
Sec 30(2)(d) & Regulation 38(2)(c)	Term of the plan, implementation and supervision of the resolution plan	From the date of approval of the plan by Adjudicating Authority till payment of the last instalment as per the Resolution Plan i.e., payment of the committed amount to the Financial Creditors (Lenders), an Implementation and Monitoring Committee (IMC) shall co-ordinate in implementation of the Resolution Plan by the Resolution Applicant. This Committee shall include a total of	YES



		<p>3 members of which 1 nominee from the financial creditors, to safeguard the concern/ interests of the Lenders, 1 nominee from Resolution Applicant and the RP shall be part of the IMC. The fee of RP shall be decided in consultation with the members of the IMC and shall not exceed Rs. 50,000/- per month.</p> <p>The new Board nominated as per Clause 7 of the Plan (<i>Management of Corporate Debtor after approval of the Plan</i>) shall be responsible for the supervision of the day-to-day affairs of the Corporate Debtor including the payment to the Financial Creditors and Board shall keep IMC informed of progress in implementation of plan from time to time. The new board shall take over management control of the Corporate Debtor, immediately upon approval of the Resolution Plan by the Adjudicating Authority ("Take Over Date"). The RP shall handover the management control of the CD within 30 days of approval of the plan by NCLT. The Board shall be responsible for operating the Corporate Debtor as a going concern with responsibility to brief Implementation and Monitoring Committee till the payment as envisaged under the Resolution Plan is made, post which the IMC shall cease to exist.</p>	
Sec. 30(2)(e)	Does not contravene any of the provisions of the law for the time being in force	Kabra & Associates has prepared the Resolution Plan Plan after taking into consideration compliance of all applicable laws and regulations and shall not contravene any of the provisions of the law for the time being in force.	YES
Regulation 37(a) & (b)	Transfer of all or part of the assets of	The Resolution Plan does not envisage transfer or sale of any of	YES



	the corporate debtor to one or more persons; sale of all or part of the assets whether subject to any security interest or not	the assets of the Corporate Debtor.	
Regulation 37(c)	the substantial acquisition of shares of the corporate debtor, or the merger or consolidation of the corporate debtor	The Resolution Applicant proposes to cancel entire existing Paid up share capital of the Corporate Debtor and accordingly, the existing Paid-up equity the share capital of Rs. 150 lacs shall stand reduced to NIL on the Effective Date and all the rights of the existing shareholders shall stand cancelled. Fresh equity shares of Rs. 20 lakhs at par shall be issued to the Resolution Applicant and/or its nominees.	YES
Regulation 37(ca)	Cancellation and delisting of any shares of the Corporate Debtor	The entire existing paid-up share capital of the Corporate Debtor shall stand cancelled as envisaged under the Resolution Plan and pending such cancellation all rights of the existing shareholders shall stand suspended other than that required for the purpose of completing statutory compliances. The Corporate Debtor is not listed on stock exchange and therefore de-listing is not applicable.	YES
Regulation 37(d)	Satisfaction or modification of any security interest	Charge on all the company's assets are proposed to be satisfied upon payment of the amount as envisaged under the Resolution Plan.	YES
Regulation 37(e)	Curing or waiving of any breach of the terms of any debt due from the corporate debtor	The debts of various parties due from the corporate debtor are proposed to be settled / restructured / waived as provided under the Resolution Plan.	YES
Regulation 37(f)	Reduction in the amount payable to the creditors	Amount proposed to be paid to various creditors, is reduced amount from amount of liability, details of which are already given	YES



		above in paragraph 5 above.	
Regulation 37(g)	Extension of a maturity date or a change in interest rate or other terms of a debt due from the Corporate debtor	The Resolution Plan proposes to make payment within 45 days from the date of approval of the Resolution Plan by NCLT and therefore no extension of maturity date or change of interest rate is proposed under the resolution plan.	YES
Regulation 37(h)	Amendment of the constitutional documents of the corporate debtor	No amendment of the constitutional documents of the corporate debtor is proposed under the Resolution Plan.	YES
Regulation 37(i)	Issuance of securities of the corporate debtor, for cash, property, securities, or in exchange for claims or interests or other appropriate purpose.	Fresh equity shares of Rs. 20 lakhs at par shall be issued by the Corporate Debtor to the Resolution Applicant and/or its nominees, for the monies brought in by them to make payments as per the resolution plan, against the cancellation of the existing share capital.	YES
Regulation 37(j)	Change in portfolio of goods or services produced or rendered by the corporate debtor	No amendment or change in the portfolio of goods or services produced or rendered by the corporate debtor is envisaged / proposed at this stage.	YES
Regulation 37(k)	Change in technology used by the Corporate Debtor	There is no change in the technology proposed.	YES
Regulation 37(l)	Obtaining necessary approvals from the Central and State governments and other authorities.	Certain required approvals of the Central and State Governments are already in place for the operation of the business. A prayer has been made in this resolution plan for extending/renewing any expired approval relating to the business of the Corporate Debtor.	YES
Regulation 38(1)	The amount due to the operational creditors under a resolution plan shall be given priority in payment	As per Resolution Plan, the Operational Creditors are being paid within 45 days of the approval of the Resolution Plan and also Financial Creditors are being paid within 45 days from	YES



	over financial creditors	the date of NCLT approval of Resolution Plan, resulting in operational creditors getting priority in payment over financial creditors.	
Regulation 38(1A)	Dealing with interests of all stake holders including financial creditors and operational creditors	<p>I. Financial Creditors are proposed to be paid an amount of Rs. 25.02 Lakhs against admitted claims of Rs. 561.66 Lakhs within 45 days of NCLT approval of Resolution Plan.</p> <p>II. Other stake holders are proposed to be paid / settled as under:</p> <p>III. All Operational Creditors dues (other than related parties) are proposed to be paid Rs. 33.10 lakh including 100% payment towards employees and EPFO dues, within 45 days of approval of the Scheme by NCLT.</p> <p>IV. Operational creditors dues (Statutory Authorities - EPFO) are proposed to be paid Rs. 10.79 Lakhs towards their dues, within 45 days of approval of the Scheme by NCLT which is 100% of their claim.</p> <p>V. Workmen and employee claims are Rs 13.32 lakh. They are being paid in full within 45 days of NCLT approval as a relationship and welfare measure to the unrelated employees.</p> <p>VI. The related operational creditors and related employees will not be paid any amounts under the resolution plan.</p> <p>VII. The entire existing Paid up share capital of the Corporate Debtor shall stand cancelled and the existing Paid-up equity share capital of Rs. 150 lacs shall stand reduced</p>	YES



		<p>to NIL on the date when the resolution plan of the Corporate Debtor is approved ("Effective Date") All the rights of the existing shareholders shall stand suspended till the cancellation of the existing paid-up capital. Fresh equity shares of Rs. 20 Lakhs shall be issued to the Resolution Applicant and/or its nominees.</p> <p>VIII. The amounts due to related parties of the promoters / guarantors of the CD if any are proposed to be waived in full and no payment is envisaged to these related parties.</p>	
Regulation 38(1B)	<p>Whether the Resolution Applicant or any of its related parties has failed to implement or contribute to failure of an implementation of any resolution plan approved under the Code.</p> <p>If so, whether the Resolution Applicant has submitted the statement giving details of such non-implementation</p>	<p>Kabra & Associates (Resolution Applicant) or any of its related parties hasn't failed to implement or contributed to the failure of implementation, in past of any resolution plan approved under the Insolvency and Bankruptcy Code ("Code").</p>	YES
Regulation 38(2)(a)	<p>Term of the Plan and its implementation schedule</p>	<ul style="list-style-type: none">• Resolution applicant proposes to make payments of Rs.25.02 Lakhs to the financial creditors within 45 days of NCLT approval of Resolution Plan.• All Operational Creditors dues (other than related parties) are	YES



		<p>proposed to be paid Rs. 20.38 lacs including 100% payment towards employees and EPFO dues, within 45 days of approval of the Scheme by NCLT.</p> <ul style="list-style-type: none">• The amounts due to related parties of the promoters / guarantors of the CD if any are proposed to be waived.• Unpaid Resolution process cost estimated at Rs. 35 lakhs is proposed to be paid in priority to payment for other debt, within 45 days of NCLT approval, more particularly described in clause 6 of the Resolution Plan. <p>The resolution applicant has undertaken that it will ensure that the resolution plan is implemented and supervised suitably.</p>	
Regulation 38(2)(b)	Management and control of the business of corporate debtor during term of resolution Plan	The Implementation and monitoring committee (IMC) shall supervise the implementation of the Resolution Plan with the help of newly constituted Board or Directors. IMC shall be constituted immediately after the approval of Resolution Plan by the Adjudicating Authority. The appointment to the Board of Directors shall be made within 30 days from the approval of the Resolution Plan.	YES
Regulation 38(3)	A resolution plan shall demonstrate that- (a) It addresses the cause of default; (b) It is feasible and viable; (c) It has provisions	The reason for default / losses can be attributed to shortfall in cash flows and working capital from reduction in margins, resulting in sharp decline in level of operations due to covid, thereby leading to inadequate cash flows for servicing its liabilities.	YES



	<p>for its effective implementation; (d) It has provisions for approvals required and the timelines for the same; and (e) The resolution applicant has the capability to implement the resolution plan</p>	<p>The resolution plan has addressed the causes of default. SRA has proposed, through better management control, infusion of additional funds for working capital, and bringing down the total debt to a sustainable level, endeavoured to turnaround the company by improving its top-line and bottom-line. A viable and workable resolution plan has accordingly been prepared. The resolution applicant, has the capability/ appropriate resources for effective implementation.</p> <p>Further under relief and concession, Six (6) months as grace period have been sought to comply with statutory and regulatory requirements.</p>	
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7 Implementation and Supervision of the Plan:

The Resolution Applicant has proposed that upon approval of the Resolution Plan, the Implementation and Monitoring Committee (**IMC**) shall supervise the implementation of the Resolution Plan with the help of newly constituted board, until the last instalment is paid under the plan.

IMC shall comprise of:

1. One (1) nominee from the Financial Creditor;
2. One (1) nominee from the Resolution Applicant; and
3. Resolution Professional

While, the new board comprising of two (2) directors nominated by the RA shall take over management control of the Corporate Debtor, on the approval of the Resolution Plan by the Adjudicating Authority.



8 Term of the Resolution plan and implementation schedule:

The RA proposes to pay estimated CIRP Cost and all stakeholders within 45 days of the effective date i.e., date of approval of the Resolution by this Adjudicating Authority. Further, Applicant undertakes to bring in INR 20 lacs towards issue of equity capital within 45 days from the effective date. The RA further undertakes to infuse capex and working capital to the tune of INR 50 lacs, as and when required within 12 – 24 months from effective date. Infusion of Funds along with timeline has been already discussed above in paragraph 5.

- 9 The Applicant submits that the SRA has submitted an affidavit with respect to its eligibility under section 29A of the Code as required by Regulation 39(1)(a) and also complies with the requirements under Regulation 39(1)(c) of the CIRP Regulations, which is available at page 276 of this Application.

10 Details On Fraudulent and Avoidance Transaction

- 10.1 No details have been provided with respect to any Preferential, Undervalued, Fraudulent and Extortionate Transactions. No Application for avoidance of such transactions, if any has been filed so far. The Plan however states that in the event an avoidance application be initiated by the SRA, the same be treated in the following manner:



In the event, any transaction is avoided/ set aside by the NCLT in terms of Sections 43, 45, 47, 49, 50 or 66 of the Insolvency and Bankruptcy Code, 2016 and any amount is received by the resolution professional or the corporate debtor in furtherance thereof, such sum shall be deemed to have been received for the benefit of the Financial Creditors and shall be paid to the Financial Creditors ("Pass-Through Amount"). For the avoidance of doubt, the Pass-Through Amount shall be paid to the Financial Creditors in addition to the pay-out envisaged for the Financial Creditors under this Resolution Plan. Further, the RA shall ensure that all the actions initiated pursuant to Sections 43, 45, 47, 49, 50 or 66 of the Insolvency and Bankruptcy Code, 2016 shall be pursued and the Corporate Debtor and the RA shall ensure all cooperation is provided for such actions being pursued, at all times even after the approval of the resolution plan by the Adjudicating Authority. It is to be noted that any such Pass-Through Amount will be allocated to Financial Creditors in proportion of their Admitted Claims to Total Admitted Claims of Financial Creditors.

Be that as it may, we observe that no avoidance application has been filed so far and will be dealt with in accordance with law, as and when filed before this Adjudicating Authority.

11 Infusion of funds

- 11.1. The RA has proposed an amount of **Rs. 93.12 Lacs** out of which INR 20 lacs is proposed to be inducted through equity. Further, the RA has declared that it has a net worth of Rs. 152.23 crores and it has further bank balance to the tune of INR 4.57 crores as on 31.02.2023. Thus, their resources are sufficient to meet the financial obligations under the Resolution Plan.
- 11.2. Apart from the above, the balance shall be introduced from own resources by way of unsecured loans, loans from NBFC, friends and relatives. If required, SRA may also raise secured loans.



3. The RA may raise fresh working capital to ensure regular supply of raw material and also adequate non-fund-based limits to open letter of credit and also issuance of bank guarantees wherever required.

12. Findings

- 12.1 RP has submitted that RP has perused the Resolution Plan and found the same is in compliance with the provisions of section 30 of the Code and Regulations 37, 38, and 39 of the CIRP Regulations. RP has provided necessary details with respect to compliance under these provisions in Form H. Further, satisfaction as to compliance with section 30 of the Code, regulation 37 and 38 of the CIRP Regulations have been recorded above in paragraph 6 above.
- 12.2 We note that no objection has been raised against the proposed Resolution Plan and the same has been approved by the CoC comprising of sole unsecured Financial Creditor i.e., M/s LVS Financial Services Private Limited, with 100% votes in favour of the Resolution Plan.
- 12.3 We are satisfied that the Resolution Plan is in accordance with Sections 30 and 31 of the IBC and also complies with regulations 37, 38 and 39 of the CIRP Regulations, 2016.
- 12.4 The RA has prayed for certain reliefs, waivers and concessions as enumerated under the Resolution Plan approved by the CoC and stated that the Adjudicating Authority's refusal to grant any relief or concession will not affect the terms or implementation of this Resolution Plan. Thus, it is ordered that the reliefs, concessions and waivers sought by the Successful Resolution Applicant will be dealt with strictly as per law.
- 12.5 As far as the question of granting time to comply with the statutory obligations / seeking sanctions from governmental authorities is



concerned, the Resolution Applicant is directed to do the same within one year as prescribed under section 31(4) of the Code.

- 12.6 In case of non-compliance of this order or withdrawal of Resolution Plan within the stipulated time, in addition to other consequences which follow under law, the CoC shall forfeit the Bid Bond paid by the SRA.

13. Order

- 13.1 Subject to the observations made in this Order, the Resolution Plan of **INR 93.12 Lacs (Rupees Ninety-Three Lacs and Twelve Thousand Only)** is hereby **approved. The Resolution Plan along with clarification dated 23.09.2024 furnished by RP shall form part of this Order.**
- 13.2 The Resolution Plan is binding on the Corporate Debtor and other stakeholders involved so that the revival of the Corporate Debtor shall come into force with immediate effect.
- 13.3 Further it is to be noted that Regulation 31A of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 provides that a regulatory fee calculated at the rate of 0.25 per cent of the realisable value to creditors under the resolution plan approved under section 31, shall be payable to the Insolvency and Bankruptcy Board of India, where such realisable value is more than the liquidation value.
- 13.4 In the present case, Liquidation Value is 73,73,898/-, while the value proposed to be distributed is INR 93.12 Lacs. Hence, taking the mandate of Regulation 31A into consideration, the RA is directed to pay the Regulatory fee of an amount of INR 20,100/- (i.e.0.25% of the resolution plan value) in addition to the plan



value to be payable to the Insolvency and Bankruptcy Board of India.

- 13.5 The Moratorium imposed under section 14 of the Code shall cease to have effect from the date of this order.
- 13.6 The Resolution Professional shall submit the records collected during the commencement of the proceedings to the Insolvency & Bankruptcy Board of India for their record and also return to the Resolution Applicant or New Promoters.
- 13.7 **IA (IBC) (Plan) No. 23/2024 filed for approval of Resolution Plan stands approved.**
- 13.8 The liberty is hereby granted for moving any appropriate application, if required in connection with the implementation of this Resolution Plan.
- 13.9 A Certified copy of this Order shall be filed by the Resolution Professional with the Registrar of Companies, NCT of Delhi & Haryana.
- 13.10 The Resolution Professional shall stand discharged from his duties with effect from the date of this Order, save and except those duties that are enjoined upon him for implementation of the approved Resolution Plan.
- 13.11 The Resolution Professional is further directed to hand over all the records, premises/factories/documents available with it to the Resolution Applicant to finalise the further line of action required for starting of the operation. The Resolution Applicant shall have access to all the records, premises/factories/ documents through



the Resolution Professional to finalise the further course of action required for starting of operations of the Corporate Debtor.

- 13.12 The Registry is hereby directed to send e-mail copies of the order forthwith to all the parties and their Ld. Counsel for information and for taking necessary steps.
- 13.13 Certified copy of this order may be issued, if applied for, upon compliance of all requisite formalities.
- 13.14 **Company Petition No. (IB)-182(PB)/2023 is Disposed of, along with all pending IAs, if any.**
- 13.15 File be consigned to record storage (current).

**Sd/-
(RAMALINGAM SUDHAKAR)
PRESIDENT**

**Sd/-
(AVINASH KUMAR SRIVASTAVA)
MEMBER (TECHNICAL)**