

**IN THE NATIONAL COMPANY LAW TRIBUNAL,
MUMBAI BENCH, COURT II**

IA.NO.664/MB/C-II/2021

In

CP(IB)No. 1111/MB/C-II/2019

Application filed under section 30(6) and section of the Insolvency and Bankruptcy Code, 2016 read with Regulation 39(4) of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

Filed by

**Mr. Vijay Pitamber Lulla,
Resolution Professional**

201, Satchitanand Bldg, 2nd Floor, 12th Road,
Khar, Mumbai 400052

...Applicant

Versus

ETCO Industries Private Limited & Ors.

In the matter of

Aries Agro Private Limited

...Operational Creditor

Versus

ETCO Industries Private Limited

S-13 & S-14, 2nd Floor, Pinnacle Business Park,

Shanti Nagar, MIDC Mahakali Caves Road,

Andheri (East), Mumbai – 400093.

...Corporate Debtor

Order Pronounced on :- 01.11.2021

Coram:

Hon'ble Member (Judicial) : Mr. Ashok Kumar Borah
Hon'ble Member (Technical) : Mr. Shyam Babu Gautam

Appearances(through video conferencing)

For the Applicant : Mr. Gaurav Joshi, Senior Counsel

ORDER

Per: Ashok Kumar Borah, Member (Judicial)

1. The present Interlocutory application is filed by **Mr. Vijay Pitamber Lulla** the Applicant, Resolution professional of **ETCO Industries Private Limited**, the Corporate Debtor by submitting a resolution plan under section 30(6) of the Insolvency and Bankruptcy Code, 2016 (Code) read with Regulation 39(4) of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 which was duly approved by the requisite majority of the Committee of Creditors (CoC) seeking approval of this Adjudicating Authority under section 31 of the I&B Code.
2. The Applicant submits that the Aries Argo Limited, Operational Creditor initiated the Corporate Insolvency Resolution process (CIRP) against ETCO Industries Private Limited under Section of the Code and was admitted vide an order dated 26.09.2019 and the Applicant herein was appointed as the Interim Resolution professional (IRP) of the Corporate Debtor.
3. The Applicant further published an Public Announcement in "Form A" on 03.10.2019 thereby inviting claims against the

Corporate Debtor in Free Press Journal & Navshakti (Mumbai). Pursuant to the said publication, the Applicant received two claims from the Financial Creditors viz. Bank of Baroda and Andhra Bank (now Union Bank) and other two claims from the Operational Creditors viz. Aries Agro Limited and Department of Customs. Thereafter, three claims were received from the Operational Creditors.

4. The Applicant constituted the Committee of Creditors (CoC) and compiled the list of claims. IRP's report of Constitution of Committee of Creditors was filed with this Bench on 25.10.2019. Pursuant to the discussions held in the CoC meeting, revised claims were received by the Applicant from the Financial Creditors resulting Andhra bank (now Union Bank) to submit a higher amount of claim after re-verifying the interest calculations.
5. The RP submits the list of COC members with the respective voting shares as per the revised claims received:

SR.NO	FINANCIAL CREDITORS	VOTING SHARE
		%
1	Andhra Bank (now Union Bank)	51.48
2	Bank of Baroda	41.52

6. Further, the appointment of the said was confirmed as Resolution Professional in the second COC meeting. In the third CoC meeting held on 21.12.2019, the CoC approved the net worth of the Prospective Resolution Applicant's (PRA's) and Form G was published. Thereafter to call for the quotations the publication was

made in newspapers namely, Maharashtra & Gujarat Business Standard, Economic Times and Indian Express.

7. In the fourth CoC meeting held on 02.02.2020, the Applicant placed the quotations received from three process Advisors, who were also called upon to give brief introduction as to they will search for more PRA's. The RP issued publication of "**Form G**" on **06-01-2020** in Business Standard newspaper (six editions) namely, Ahmedabad, Pune, Chandigarh, Delhi, Hyderabad & Lucknow. Pursuant to the publication, RP received four EOIs viz. Odyssey Global Private Limited, Breakthrough Millennium Trading and Marketing Private Limited, Refinement Fabrics Private Limited & CFM Asset Reconstruction Private Limited. The EOIs received were informed by the RP to the CoC members in the **5th CoC meeting** held on **11-02-2020**.
8. Further, the RP prepared the Information Memorandum ("IM") & Request for Resolution Plan ("RFRP") and the same was placed before the CoC members in the 5th CoC meeting held on 11.02.2020. Further, it was decided that the EMD/Security Deposit for the PRAs would be **Rs. 50 lakhs**. Also in the CoC meeting, appointment of Transaction Auditor, C.P. Bhatia & Associates was approved.
9. In the **6th CoC meeting** held on **18-02-2020**, RP circulated the IM, RFRP & Evaluation Matrix ("EM") to the CoC members and updated the CoC members on the revised claims received from the Financial Creditors. The RP received 2 EOIs after the last date of submission (as mentioned in Form G). The RP requested the CoC

to consider extending the timeline for submitting EOIs to accept the EOIs received beyond the date. The COC resolved to extend the time limit for submission of EOIs from 21-01-2020 to 20-02-2020 & to revise Form G, however, the last date for submission of Resolution Plan was as the same date.

10. Accordingly, RP issued publication of revised “**Form G**” on **18-02-2020** for extending the date of submission of EOIs. Subsequent to the publication, RP did not receive any new EOIs but received three Resolution Plans from the PRAs namely, Odyssey Global Private Limited (“OGPL”), Breakthrough Millennium Trading and Marketing Private Limited (“BMTMPL”) & Refinement Fabrics Private Limited (“RFPL”). The said Plans was circulated to the COC members & the erstwhile promoter of the Corporate Debtor in the **7th COC meeting** held on **12-03-2020**.

11. The RP called upon the PRAs to present their Resolution Plan in the 7th held COC meeting. The CoC members were briefed about the implementation of the Plan and the COC members made certain observation/remarks of the said Resolution Plans. Subsequently, the RP received revised Resolution Plans from the above-named PRAs which were circulated to the COC members and the erstwhile management of the Corporate Debtor. Further, in the 8th CoC meeting held on 18.03.2020, the revised Resolution Plans were received.

12. Further, RP submits that CIRP of 180 days ended on **24-03-2020** and the RP sought for Extension of CIRP which was approved in the 7th COC meeting. The RP further submits that owing to COVID-19 induced lockdown, Hon'ble NCLT had not been functioning physically and the said Application was filed on **02-07-2020**. The said order was reserved for orders and is yet not made available to the RP. The RP further submits that PRA, OGPL vide email dated **19-03-2020** submitted revised final offer and the same was circulated by the RP to the CoC and the erstwhile promoter of the Company for consideration.
13. In the **9th COC meeting** held on **20-03-2020**, RP informed the CoC about the revised offer received from BMTPL. The COC members observed that OGPL in their revised offer were giving only 30% upfront payment to financial creditors as against 50% of the upfront payment requested. The members of the CoC requested OGPL to give them some amount against the equity held by them in the company as they were taking a huge haircut and further requested them to reduce the time period of payment from 15 months to 12 months.
14. Further, the second PRA i.e., BMTMPL informed the COC that revised offer made by them is final and there was no further scope for negotiations. The CoC took the call of waiting for OGPL since the final offer made by BMTPL was much lower and requested the RP to get a revised complete plan so that the members of the CoC can vote.
15. In the **10th COC meeting** held on **13-05-2020**, the Final Resolution Plan by OGPL was discussed. The Final Plan needed further improvement about the increase in the upfront payment, timeline to make the upfront payment to be reduced and also overall timeline of the Plan to be reduced. It was also observed by one of the Financial Creditor that Balance Sheet of the said PRA was not strong.,

however, OGPL stated that funds will be infused by its parent company. The said PRA on the observations made by the COC stated that they had already given the best plan and so revision thereof would be difficult and also to consider regarding the overall improvement in the upfront payment. The said PRA requested the RP to send an email pertaining to the requests made by the CoC in the said meeting.

16. Further, the RP received a confirmation from OGPL, and submitted final offer wherein they increased the upfront payment from Rs. 9 crores to 11 crores and further reduced the timeline to make the up-front payment from 60 days to 45 days subject to documentation being completed. The same was informed to the CoC members.
17. In the **11th COC meeting** held on **17-06-2020**, RP placed the request of the said PRA which was for approval of the Plan on 07th June, 2020. In this regard, the COC decided to discuss for its approval. However, approval was pending from the COC members as they had not obtained approval from the higher authorities as the amount offered by the PRA was not attractive and requested the PRA to keep an amount of Rs. 5 crores in any Bank so as to prove their financial capability. The PRA did not agree to keep the stated amount and also refused to change the Resolution Plan.
18. The RP submits that Mr. Ramesh Shah, erstwhile promoter of the Corporate Debtor in the aforesaid meeting placed the proposal of submitting a Resolution Plan for the Corporate Debtor. He stated that the erstwhile promoter or any related persons are eligible to submit a Resolution Plan for the Corporate Debtor under Section 240 A of the Code and further informed that the Corporate Debtor will become an MSME as per the new notification dated 1st June, 2020. The COC members requested the RP to examine and revert on the same.

19. Further, on **13-07-2020**, the RP received a letter & email from Mr. Ramesh Shah, the erstwhile promoter of the Corporate Debtor wherein he enclosed copy of the notification dated 01-06-2020, in terms of which, the Corporate Debtor can be classified as an MSME and it is eligible under Section 29A to submit Resolution Plan for the Corporate Debtor and therefore to give an opportunity to submit Resolution Plan for the Corporate Debtor.
20. In the **12th COC meeting** held on **18-07-2020**, RP informed about the email received from the erstwhile promoter. In the said meeting, the RP explained the CoC members about the benefits of MSME registration and sought permission to ratify the Application made for registration of the Company as MSME enterprise by the Company's executive, Mr. Shashi Paul. The CoC ratified registration of the same and allowed the RP to seek registration of the Company as an MSME as it would be beneficial to the Resolution Applicants.
21. Thereafter, the CoC asked RP to examine whether the Resolution Plan received can be legally accepted as the CIRP is at an advanced stage as the voting on the Resolution Plan received from the PRA, Odyssey Global Private Limited was under consideration. The CoC thereafter authorized the RP to get a legal opinion on the same, for it would be beneficial to the Corporate Debtor and also to the COC as it can maximize the value. Mr. Ramesh Shah stated that he would submit a better Resolution Plan in comparison with the above-named Resolution Applicant in terms of money and the timeline and for which he requested the CoC to give him time of 7-10 days.
22. In the **13th COC meeting** held on **31-07-2020**, RP informed the CoC members that the Corporate Debtor had received MSME

Certificate as per the new notification dated 01-06-2020 and that by virtue of this certificate, the Company being an MSME enterprise, the promoter now becomes eligible to submit a Resolution Plan as per law. The RP in the said meeting, circulated and read out the legal opinions received from two advocates on acceptance of the Resolution Plan to be submitted by the promoter. Upon hearing the legal opinions received, the CoC questioned the RP whether there was enough time available to publish EOI and complete the process as enumerated under the Code to which the RP replied that as the subsisting lockdown had been extended till 31.08.2020 and as such this period of lockdown will be excluded from the CIRP period. Hence, it was observed that the period of lockdown would be utilized and the process can be completed well within time to file approval of Resolution Plan before the Adjudicating Authority. The CoC decided to go ahead with the publication of “Form G”.

23. Further representative of the Financial Creditor submitted that the existing Resolution Applicant Odyssey Global Private Limited was required to give NOC to the promoters and only then the promoters will be allowed to give Resolution Plan. The same was concurred by Bank of Baroda and Mr. Ramesh Shah, promoter of the Company.

24. The RP submits that NOC was obtained from the PRA, Odyssey Global Private Limited. Pursuant to the aforesaid resolution, and “**Form G**” was accordingly published on 1st August, 2020 in Free Press Journal newspaper (Mumbai Edition) so as to give an opportunity to the erstwhile promoter for submitting a Resolution Plan for the Corporate Debtor. On 22.08.2020, the RP vide its letter submitted the final list of PRAs to the CoC members in which name of Mr. Ramesh Shah was included.

25. It is submitted that on the last date of receipt of Resolution Plan as stated in Form G i.e., **14th September, 2020**, the RP had received Resolution Plan from Mr. Ramesh Shah, erstwhile promoter of the Corporate Debtor.
26. On **29-09-2020**, RP received an intimation letter and email dated **30-09-2020** from Omkara Assets Reconstruction Private Limited (“OARPL”) wherein they informed that vide assignment agreement dated **28-09-2020**, it had acquired the entire outstanding debt from Bank of Baroda. The RP informed the COC members of the said letter in the subsequent COC meetings and also forwarded the said email to Bank of Baroda.
27. Accordingly, the RP reconstituted the COC to include OARPL instead of Bank of Baroda. The RP intimated about the said change in the RP’s 4th Progress Report filed with Hon’ble NCLT on **10.11.2020**.
28. Pursuant thereto, Mr. Ramesh Shah, in the **14th COC meeting** held on **05-10-2020**, the promoter of the Corporate Debtor was called upon to explain the key features of the Resolution Plan.
29. In the meeting held on **06-10-2020**, the RP informed the COC of the letter received from OGPL which stated that the final offer was not subject to any further changes and requested the COC to arrive at their decision of approving their Plan at the earliest. Thereafter, the erstwhile promoter of the Corporate Debtor, Mr. Ramesh Shah while presenting his Plan stated that he is willing to make total payment of **Rs. 26.50 Crores** to the COC members out of which **Rs. 10.50 Crores** shall be made as upfront and remaining shall be paid over a period of 2 years.

The representative of Union Bank expressed that they want the period of Resolution Plan not more than 6 months and that the amount mentioned therein is also less, considering that the personal guarantees and collateral securities will be released under the Plan.

30. Thereafter, Mr. Ramesh Shah stated that since the unit in Andheri had been given as personal security to the banks, the same will sold and for which he had a ready buyer for it. The RP added a few observations on the Resolution Plan submitted by erstwhile promoter of the Corporate Debtor.

31. In the **15th COC meeting** held on **31-10-2020**, the RP informed the CoC about the revised Resolution Plan received from Mr. Ramesh Shah, promoter of the Corporate Debtor. Mr. Ramesh Shah was called upon to explain the revised Resolution Plan. Mr. Ramesh Shah explained that the timeline for payment was reduced from **36 months** to **15 months** and brought it to the notice of the COC members that the unit (gala) at Andheri whose valuation was done by Union Bank of India is constructed on land which was taken on lease from the Collector and the society had not paid lease rent since many years, thus amounting to a total due of around **Rs. 18 crores** and hence there is ban on registration of property by the Collector and therefore the property is valued at NIL and is not marketable at present. The CoC then requested the RP to collect the notice of the Collector and circulate the same to the CoC members.

32. The CoC members expressed that Mr. Ramesh Shah should increase the amount further and reduced the timeline of payment to 12 months from 15 months to which, Mr. Ramesh Shah stated that since he had already reduced the payment timeline from 36 months to 15

months, the same cannot be reduced any further. The CoC members requested to keep both the Plans for e-voting, i.e., of Odyssey Global Private Limited and Ramesh Shah.

33. In the e-voting held between **12-11-2020 to 05-12-2020**, voting was done only by OARPL having a voting share of 48.52% in favour of Ramesh Shah's Plan and Union Bank of India (erstwhile Andhra Bank) abstained from voting on both the Resolution Plans. OARL rejected the plan of Odyssey Global Private Limited.
34. Further, as per **Regulation 39 of CIRP Regulations 2016**, the Resolution Plan which receives the highest number of votes but not the requisite voting shall be put to vote again. The same was informed by the RP in the **16th COC meeting** held on **09-12-2020** and stated that in case the COC agrees, the Plan submitted by Mr. Ramesh Shah shall be put up for e-voting again.
35. In the said meeting held on **09-12-2020**, Union Bank of India stated that they did not vote as they were having discussion with Mr. Ramesh Shah to give a better plan. Mr. Ramesh Shah stated before the COC that as he had already submitted the best Resolution Plan and that the collateral security had no value today and value for it had been offered in the Resolution Plan.
36. Further, the representative of OARPL stated that there were only two options available, one to consider the Resolution Plan submitted by Mr. Ramesh Shah & and the other liquidation of the Company. However, OARPL stated that the Plan submitted by Mr. Ramesh Shah was much above the liquidation value.

37. The Representative of the OARPL expressed their concern over the CIRP timeline and stated that a date should be fixed for final decision as the CIRP cost is was increasing. Later, it was decided to do an impact study of COVID 19 on the valuation and the representative of Union Bank of India stated that as new valuation report and revised offer will be received from Mr. Ramesh Shah, e-voting on the same would be held between 17-12-2020 to 21-12-2020 and if no voting had been done by the CoC members, then the COC would discuss for Liquidation.
38. The RP received a letter from the erstwhile promoter, Mr. Ramesh Shah, wherein he relied upon the judgement passed in the matter of *Tata Steel Limited Versus Liberty Houses Group Private Limited*". The said letter stated that since only one Creditor i.e., OARCPL had voted in favor of Mr. Ramesh's Resolution Plan and the Financial Creditor, Union Bank of India had not voted, in view of judgement, his Plan has received 100% voting in its favor and the requisite voting as per the Code is 66%.
39. In the **17th COC meeting** held on **30-12-2020**, the RP informed the CoC members about the aforesaid letter dated 16-12-2020 about the Judgment and stated that since the votes were in the favor of the Plan, the Resolution Applicant/ erstwhile promoter did not give a revised plan. The RP informed the COC that he had sought legal opinion in view of the said judgement and it was opined that in the case of *Tata Steel Limited Versus Liberty Houses Group Private Limited*, the COC members having a voting share of 2.88% had remained absent during the process of negotiation/discussions whereas, in the present case of the Corporate Debtor, Union Bank of India, having a voting share of

51.48% were present during the negotiations/discussions of the Plan but did not/could not cast their vote and hence the said judgment does not apply to the present case and so directions from NCLT needs be sought in this regard.

40. Upon hearing the legal opinion given by the Advocate of the RP, representative of Union Bank of India requested the RP to put up the Plan of Mr. Ramesh Shah for e-voting. Therefore, it was agreed by all the CoC members to put up the Plan given by Mr. Ramesh Shah for e-voting to be held between 04-01-2020 to 05-01-2020.

41. Accordingly, in the e-voting held between **04-01-2020 to 05-01-2020**, Resolution Plan of Mr. Ramesh Shah, promoter of the Corporate Debtor was approved by 100% voting majority with a further resolution passed in favor of filing an Application with the Adjudicating Authority (Hon'ble NCLT) for Approval of the Plan submitted by Mr. Ramesh Shah under **Section 30(6) of the Insolvency & Bankruptcy Code**.

42. The RP confirmed that the Resolution Applicant Mr. Ramesh Shah is eligible under **Section 29A** of the Code to submit a Resolution Plan for the Corporate Debtor. In view thereof, RP issued a **Letter of Intent (“LOI”)** dated **07-01-2021** and called for performance guarantee from the successful Resolution Applicant.

43. Further, the RP submits that Mr. Ramesh Shah had also given the Performance Guarantee as required of Rs. **2.65 Crore** by demand drafts dated 07-01-2021. Copy of Demand Drafts towards Performance Guarantee is annexed hereto as **“Annexure-34”**

KEY FEATURES OF THE RESOLUTION PLAN & TIMELINE

PROPOSED FOR ITS IMPLEMENTATION:

44. The RP submits the key features of the Resolution Plan and the timeline proposed by the Applicant to make payment in a tabular chart given below:

AMOUNT PROPOSED UNDER THE PLAN	TOTAL AMOUNT (IN CRORES)
CIRP Costs	0.10
Payment to Secured Financial Creditors	26.50
Payment to Operational Creditors	0.10
Payment to Workmen & Employee Dues	0.00
Startup Expenses & Working Capital	5.50
Total Payment	32.20

Particulars	Upfront	Within T+60 days	Within T+3 months	Within T+6 months	Within T+9 months	Within T+12 months	Within T+15 months	Total Payment	Clause of the Resolution Plan
CIRP Cost	--	0.10	--	--	--	--	--	0.10	<i>Clause 1.0 of Part B in Section G of the Resolution</i>

									<i>Plan at page 41</i>
Secured Financial Creditors	2.65	7.85	--	--	5.25	5.25	5.50	26.50	<i>Clause 2.0 of Part B in Section G of the Resolution Plan at Page 41-43 & Page 2 of Addendum to the Resolution Plan.</i>
Operational Creditors	--	0.10	--	--	---	--		0.10	<i>Clause 3.0 of Part B in Section G of the Resolution Plan at page 43-45</i>
Workmen & Employees	0.00	NA	--	--	NA			0.00	<i>Clause 4.0 of Part B in Section G of the Resolution Plan at page 45</i>
Working Capital & Startup Expenses	--	0.50	1.50	2.00	1.50			5.50	<i>Table 4.0 in Part A of Section G at Page 40 &</i>
Total	2.65	8.55	1.50	2.00	6.75	5.25	5.50	32.20	<i>Clause 3.0 of Part A in Section G of the Resolution Plan at page 38</i>

45. Further, the RP submits that **Section 240 A** of the Code applies to Micro, Small and Medium Enterprises (MSMEs). It states that

provisions of clauses (c)&(h) of Section 29A shall not apply to the Resolution Applicant in respect of the Corporate Debtor which is an MSME undergoing CIRP. Therefore, by way of the above mentioned Section, Mr. Ramesh Shah who is the ex-promoter of the Corporate Debtor is exempt from Section 29A which provides for persons ineligible to submit a Resolution Plan for the Corporate Debtor as the Corporate Debtor is now an MSME bearing UAM No. UDHYAM-MH-18-0000686 vide MSME certificate dated **08-07-2020** and by virtue of it being an MSME, the Resolution Applicant, being an ex-promoter is now eligible to become a Resolution Applicant as per the provisions of the Code.

46. The RP further submits that the Resolution Plan submitted is in compliance **with Section 30 (2) of the Code and Regulation 38 (A) of the CIRP Regulations**. The RP has provided a compliance certificate in “**FORM H**” as mandated under the Code for seeking approval of the Resolution Plan from this Hon’ble Bench is as under :-

**FORM H
COMPLIANCE CERTIFICATE**

(Under Regulation 39(4) of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016)

I, **Vijay Lulla**, Insolvency professional enrolled with **Insolvency and Bankruptcy Board of India (IBBI)** and registered with the Board with registration number **IBBI/IPA-001/IP-P00323/2017-18/10593**, am the resolution professional for the Corporate Insolvency Resolution Process (CIRP) of **ETCO Industries Private Limited**.

2. The details of the CIRP are as under:

Sr. No.	Particulars	Description
1	Name of the CD	ETCO Industries Private Limited
2	Date of Initiation of CIRP	26th September, 2019
3	Date of Appointment of IRP	26th September, 2019
4	Date of Publication of Public Announcement	3rd October 2019
5	Date of Constitution of CoC	23rd October 2019

6	Date of First Meeting of CoC	31st October 2019
7	Date of Appointment of RP	31st October 2019 (e voting on 25.01.2019)
8	Date of Appointment of Registered Valuers	18th November 2019
9	Date of Issue of Invitation for EoI	6th January 2020
10	Date of Final List of Eligible Prospective Resolution Applicants	22nd August 2020
11	Date of Invitation of Resolution Plan	11th February 2020
12	Last Date of Submission of Resolution Plan	14th September 2020 (as per revised Form G)
13	Date of Approval of Resolution Plan by CoC	5th January 2021 (e-voting)
14	Date of Filing of Resolution Plan with Adjudicating Authority	To be filed
15	Date of Expiry of 180 days of CIRP	24th March 2020
16	Date of Order extending the period of CIRP	Application for extension of CIRP by 90 day and exclusion due to COVID-19 has been filed and last hearing was held on 21.09.2020 but it is still “Reserved for Orders”
17	Date of Expiry of Extended Period of CIRP	Orders are reserved by Hon’ble Tribunal
18	Fair Value (INR in crore)	Average of both the Valuers: Rs. 35,32,95,929/- (Pre Covid) and Rs. 31,87,82,600/- (Post Covid)
19	Liquidation value (INR in crore)	Average of both the Valuers: Rs. 18,41,97,594/- (Pre Covid) and Rs. 17,25,45,931/- (Post Covid)
20	Number of Meetings of CoC held	17 COC Meetings

3. I have examined the Resolution Plan received from Resolution Applicant, **Mr. Ramesh D. Shah** and approved by Committee of Creditors (CoC) of **ETCO Industries Private Limited**

4. I hereby certify that-

(i) the said Resolution Plan complies with all the provisions of the Insolvency and Bankruptcy Code 2016 (Code), the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (CIRP Regulations) and does not contravene any of the provisions of the law for the time being in force.

(ii) the provisions of section 29A of IBC, 2016 is not applicable to the Corporate Debtor as it is registered under MSME Act, 2006. The Resolution Applicant is the Director and promoter of the Corporate Debtor i.e. ETCO Industries Private Limited. The Corporate

Debtor is a medium enterprise under MSME, 2006 and therefore section 29A is not applicable to the Directors/Promoters of the Corporate Debtor so they are eligible to submit the Resolution Plan during the course of CIRP of the Corporate Debtor.

(iii) the said Resolution Plan has been approved by the CoC in accordance with the provisions of the Code and the CIRP Regulations made thereunder. The Resolution Plan has been approved by **100 %** of voting share of financial creditors after considering its feasibility and viability and other requirements specified by the CIRP Regulations.

(iv) I sought vote of members of the COC by electronic voting system which was kept open atleast for 24 hours as per the regulation 26.

5. The financial creditors of the Corporate Debtor **ETCO Industries Private Limited** being members of the CoC and distribution of voting share among them is as under:

Sr. No.	Name of Creditor	Voting Share (%)	Voting for Resolution Plan (Voted for / Dissented / Abstained)
1	Union Bank (erstwhile Andhra Bank)	51.48%	Voted for approval of resolution plan in favour of “ Mr. Ramesh D Shah ” amongst all the resolution plans received by COC.
2	Omkara Assets Reconstruction Private Limited	48.52%	Voted for approval of resolution plan in favour of “ Mr. Ramesh D Shah ” amongst all the resolution plans received by COC.

6. The Resolution Plan includes a statement under regulation 38 (1A) of the CIRP Regulations as to how it has dealt with the interests of all stakeholders in compliance with the Code and regulations made thereunder.

7. The amounts provided for the stakeholders under the Resolution Plan is as under:

Sl. No.	Category of Stakeholder *	Sub-Category of Stakeholder	Amount Claimed	Amount Admitted	Amount Provided under the Plan	Amount Provided to the Amount Admitted (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Secured Financial Creditors	(a) Creditors not having a right to vote under sub-section (2) of section 21	-	-	-	-
		(b) Other than (a) above:				

		(i) who did not vote in favour of the resolution Plan	-	-	-	-
		(ii) who voted in favour of the resolution plan	1,05,07,22,607	86,02,99,698	26,50,00,000	30.80%
		Total[(a) + (b)]	1,05,07,22,607	86,02,99,698	26,50,00,000	
2	Unsecured Financial Creditors	(a) Creditors not having a right to vote under sub-section (2) of section 21	-	-	-	-
		(b) Other than (a) above:	-	-	-	-
		(i) who did not vote in favour of the resolution Plan	-	-	-	-
		(ii) who voted in favour of the resolution plan	-	-	-	-
		Total[(a) + (b)]	-	-	-	-
3	Operational Creditors	(a) Related Party of Corporate Debtor	-	-	-	-
		(b) Other than (a) above:				
		(i)Government	6,53,03,657	6,53,03,657	7,70,505	1.18%
		(ii)Workmen	-	-	-	-
		(iii)Employees	1,91,534	-	-	-
	(iv) Others	1,94,50,509	1,94,50,509	2,29,495	1.18%	
	Total[(a) + (b)]	8,49,45,700	8,47,54,166	10,00,000	1.18%	
4	Other debts and dues		-	-	-	-
Grand Total			1,13,56,68,307	94,50,53,864	26,60,00,000	28.14%

8. The interests of existing shareholders have been altered by the Resolution plan as under:

SR. No	Category of Share Holder	No. of Shares held before CIRP	No. of Shares held after the CIRP	Voting Share (%) held before CIRP	Voting Share (%) held after CIRP
1	Equity	1,11,50,000	Nil	100%	NIL
2	Preference				

9. The compliance of the Resolution Plan is as under:

Section of the Code/ Regulation No.	Requirement with respect to Resolution Plan	Clause of Resolution Plan	Compliance (Yes / No)
25(2)(h)	Whether the Resolution Applicant meets the criteria approved by the CoC having regard to the complexity and scale of operations of business of the CD?	NA	Yes
Section 29A	Whether the Resolution Applicant is eligible to submit resolution plan as per final list of Resolution Professional or Order, if any, of the Adjudicating Authority?	NA	Yes as per final list issued on 22.08.2020.
Section 30(1)	Whether the Resolution Applicant has submitted an affidavit stating that it is eligible?	NA	Yes (Copy of eligibility is attached with the Resolution Plan)
Section 30(2)	Whether the Resolution Plan: (a) provides for the payment of insolvency resolution process costs? (b) provides for the payment of the debts of operational creditors? (c) provides for the payment to the financial creditors who did not vote in favour of the resolution plan? (d) provides for the management of the affairs of the Corporate debtor? (e) provides for the implementation and supervision of the resolution plan? (f) contravenes any of the provisions of the law for the time being in force?	Clause 1.0 of Part B Clause 3.0 of Part B Clause 2.9 of Part B Clause 6.0 of Part A Clause 7.0 of Part A Clause 8.0 of Part A	Yes at page 41 Yes at page 43 Yes at page 43 Yes at page 59 Yes at page 60 Yes at page 60
Section 30(4)	Whether the Resolution Plan (a) is feasible and viable, according to the CoC? (b) has been approved by the CoC with 66% voting share?	Clause 2 of Part H NA	Yes at Page 70 Yes with 100% voting share
Section 31(1)	Whether the Resolution Plan has provisions for its effective implementation plan, according to the CoC?	NA	Yes at Page 55

Regulation 35A	Where the resolution professional made a determination if the corporate debtor has been subjected to any transaction of the nature covered under sections 43, 45, 50 or 66, before the one hundred and fifteenth day of the insolvency commencement date, under intimation to the Board	NA	The transaction audit report has been received on 15.05.2019 and it does not show any transactions u/s 43,45,50 or 66 and Board has been intimated on 28.05.2020.
Regulation 38 (1)	Whether the amount due to the Operational Creditors under the Resolution Plan has been given priority in payment over Financial Creditors?	Clause 3.0 of Part A & Clause 5.3 of Part A	Yes at Page 39 & Page 56
Regulation 38(1A)	Whether the resolution plan includes a statement as to how it has dealt with the interests of all stakeholders?	Clause 3.0 of Part A & Part D	Yes at Page 38 & Page 49
Regulation 38(1B)	<p>i. Whether the Resolution Applicant or any of its related parties has failed to implement or contributed to the failure of implementation of any Resolution Plan approved under the Code.</p> <p>ii. If so, whether the Resolution Applicant has submitted the statement giving details of such non-implementations?</p>	<p>Part G</p> <p>NA</p>	<p>Yes at Page 69</p> <p>NA</p>
Regulation 38(2)	Whether the Resolution Plan provides: <p>(a) the term of the plan and its implementation schedule?</p> <p>(b) for the management and control of the business of the corporate debtor during its term?</p> <p>(c) adequate means for supervising its implementation?</p>	<p>Clause 5.0 of Part A</p> <p>Clause 6.0 of Part A</p> <p>Clause 7.0 of Part A</p>	<p>Yes at page 55</p> <p>Yes at Page 59</p> <p>Yes at Page 60</p>
38(3)	Whether the resolution plan demonstrates that – <p>(a) it addresses the cause of default?</p> <p>(b) it is feasible and viable?</p> <p>(c) it has provisions for its effective</p>	<p>Clause 1.0 of Part H</p> <p>Clause 2.0 of Part H</p>	<p>Yes at page 69</p> <p>Yes at page 70</p>

	implementation? (d) it has provisions for approvals required and the timeline for the same? (e) the resolution applicant has the capability to implement the resolution plan?	Clause 5.0 of Part A Clause 3.0 of Part H Clause 4.0 of Part A	Yes at Page 55 Yes at page 71 Yes at page 71
39(2)	Whether the RP has filed applications in respect of transactions observed, found or determined by him?	NA	NO as per transaction audit report there are no transaction to be avoided.
*[Regulation 39 (4)]	Provide details of performance security received, as referred to in sub-regulation 4 (A) of Regulation 36 B.]	NA	Performance Security was received from Successful Resolution Applicant (Mr. Ramesh Shah) on 07.01.2021 by way of DD of Rs. 2.65 crores. (Copy of DD of Rs. 2.65 crores is attached herewith the Resolution Plan)

10. The CIRP has been conducted as per the timeline indicated as under:

Section of the Code / Regulation No.	Description of Activity	Latest Timeline under regulation 40A	Actual Date
Section 16(1)	Commencement of CIRP and Appointment of IRP	T	26 th September 2019 (received on 1 st October 2019)
Regulation 6(1)	Publication of Public Announcement	T+3	3 rd October 2019
Section 15(1)(c) / Regulation 12 (1)	Submission of Claims	T+14	17 th October 2019
Regulation 13(1)	Verification of Claims	T+21	23 rd October 2019
Section 26(6A) / Regulation 15A	Application for Appointment of Authorized Representative, if necessary	T+23	Not applicable
Regulation 17(1)	Filing of Report Certifying Constitution of CoC	T+23	25 th October 2019

Section 22(1) and regulation 17(2)	First Meeting of the CoC	T+30	31 st October 2019
Regulation 35A	Determination of fraudulent and other transactions	T+115	Not Applicable. The RP appointed Transaction Auditor in the in accordance with the provisions of the Code. However, no such avoidance transactions were found and so the Application to set aside avoidance transactions has not been filed with Hon'ble NCLT.
Regulation 27	Appointment of two Registered Valuers	T+47	18 th November 2019
Regulation 36 (1)	Submission of Information Memorandum to CoC	T+57	20 th December 2019
Regulation 36A	Invitation of EoI	T+75	6 th January 2020
	Publication of Form G	T+75	6 th January 2020
	Provisional List of Resolution Applicants	T+100	14 th August 2020
	Final List of Resolution Applicants	T+115	22 nd August 2020
Regulation 36B	Issue of Request for Resolution Plan, which includes Evaluation Matrix and Information Memorandum to Resolution Applicants	T+105	11 th February 2020
Section 30(6) / Regulation 39(4)	Submission of CoC approved Resolution Plan	T+165	Meeting was held on 30.12.2020 and the same was approved on 05.01.2021 through (e-voting) and application for approval of Resolution Plan yet to be submitted with Hon'ble Tribunal.
Section 31(1)	Approval of Resolution Plan	T=180	Not yet concluded

11. The time frame proposed for obtaining relevant approvals is as under:

Sr. No.	Nature of Approval	Name of applicable Law	Name of Authority who will grant	When to be obtained
---------	--------------------	------------------------	----------------------------------	---------------------

			Approval	
1	Resolution Plan	Section 30(6) of the Insolvency and Bankruptcy Code, 2016	NCLT, Mumbai Bench	Applications pending before NCLT

12. The Resolution Plan is not subject to any contingency.

13. Following are the deviations / non-compliances of the provisions of the Insolvency and Bankruptcy Code, 2016, regulations made or circulars issued thereunder (If any deviation/ non-compliances were observed, please state the details and reasons for the same):

Due to Pandemic situation in the country due to spread of Novel Coronavirus, there were delays in following model timeline as per the IBC regulations, but the same was permitted/extended by COC/LAW Authorities from time to time.

14. The Resolution Plan is being filed **before** the expiry of the period of CIRP provided in section 12 of the Code.

Note: The Application for Extension u/s 12(2) was heard on 21.09.2020 but the Final order is "Reserved".

15. Provide details of section 66 or avoidance application filed / pending. - **NA**

Sr. No.	Type of Transaction	Date of Filing with Adjudicating Authority	Date of Order of the Adjudicating Authority	Brief of the Order
1	Preferential transactions under section 43	-	-	-
2	Undervalued transactions under section 45	-	-	-
3	Extortionate credit transactions under section 50	-	-	-
4	Fraudulent transactions under section 66	-	-	-

15A. The committee has approved a plan providing for contribution under regulation 39B as under: **NA**

a. Estimated liquidation cost: Rs

- b. Estimated liquid assets available: Rs
 c. Contributions required to be made: Rs
 d. Financial creditor wise contribution is as under:

Sl. No.	Name of financial creditor	Amount to be contributed (Rs.)
1		
2		
Total		

15B. The committee has recommended under regulation 39C as under: **NA**

- a. Sale of corporate debtor as a going concern: Yes / No
 b. Sale of business of corporate debtor as a going concern: Yes / No

The details of recommendation are available with the resolution professional.

15C. The committee has fixed, in consultation with the resolution professional, the fee payable to the liquidator during the liquidation period under regulation 39D. - **NA**

16. I Mr. Vijay Lulla hereby certify that the contents of this certificate are true and correct to the best of my knowledge and belief, and nothing material has been concealed therefrom.

Name of the Resolution Professional: Mr. Vijay Lulla

IP Registration No: IBBI/IPA-001/IP-P00323/2017-18/10593.

Address as registered with the Board: 201, Satchitanand Bldg., 12th Road, Khar (W), Mumbai - 400052

Email id as registered with the Board: vijayplulla@rediffmail.com

Date: 12.01.2021

Place: Mumbai

47. The Resolution Plan as approved by CoC is incorporated herein below:

THE RESOLUTION PLAN FOR ETCO INDUSTRIES PRIVATE LIMITED & ORS.

SUBMITTED BY:

Mr. RAMESH SHAH

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VERSION HISTORY OF VOLUME-1

S.No.	Version	Date	Particulars	Impact	Comments
1	1.0	14-Sep-2020	Original submission	N/A	None
2	2.0 (including Addendum-1)	26-Oct-2020	(i) Term of Plan decreased from 36 months to 15 months. (ii) P&L Projections updated & Balance Sheet Projections inserted (iii) Feasibility & Viability of Resolution Plan (iv) CIRP Cost	(i) Paras 3.0 & 4.0 Part-A of Section G, Para 2.0 Part-B of Section G, Part-C of Section G, Part-D of Section H (iii) Paras 2.0 & 6.0 Part-F of Section G (iii) Para 2.0 Part-H of Section H (iv) Para 1.0 Part-A of Section G	(i), (ii) & (iii) Consequent to CoC MoM dated 6 th Oct 2020 (iv) CIRP cost at actuals to be borne by RA

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	ITR 2017-18 & Computation	8-10
	ITR 2016-17 & Computation	11-13
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CHECKLIST

S.N	Format No.	Submission of Resolution Plan Requirements	Response (Y/N)
1.	I	Covering Letter for submission of Resolution Plan	Y (Section A)
2.	II	Power of Attorney	Not applicable
3.	III	Composition and Ownership Structure of the Resolution Applicant	Y (Section B)
4.	IIIA	Undertaking u/s 29A IBC by Resolution Applicant	Y (Section D)
5.	IV	Authorization to RP	Y (Section E)
6.	V	Financial Plan	Y (Section G)
7.	VA	Resolution Plan	Y (Section H)
8.	VI	Undertaking by the Resolution Applicant	Y (Section F)
9.	VII	Board Resolutions	Not applicable
11.	VIII	Performance Bank Guarantee	Not applicable at present
12.	IX	Bid Bond Amount Payment by an Associate Company	Not applicable
13.	IXA	PBG Amount Payment by an Associate Company	Not applicable at present
14.	X	Checklist for submission of Resolution Plan	Y (This list)
15.	XI	Format for seeking clarification	Not applicable
16.	XII	Certificate for Corporate structure of the Resolution Applicant, and Group Companies, affiliates, Parent company and the Ultimate Parent Company of the Resolution Applicant	Y (Section C)
17.	XIII	Track record in M&A of the Resolution Applicant	Y (Section I)

SECTION-A

RAMESH D. SHAH

Unit Nos. S13/S14, 2nd Floor, Pinnacle Business Park, Mahakali Caves Road, Andheri (East), Mumbai – 400093
Mobile: +91 88504 25818 Email: cmd@etco.in

COVERING LETTER

To^[SEP]

Mr. Vijay Pitamber Lulla
Resolution Professional – ETCO Industries Private Ltd.
2038, Arcadia Building,
2nd Floor, NCPA Marg, ^[SEP]
Nariman Point, ^[SEP]
Mumbai 400 021

Sub: Submission of Resolution Plan for ETCO Industries Private Limited (“EIPL”)

Ref: Request for Resolution Plan dated 23-Jan-2020 (“RFRP”)^[SEP]

Dear Sir,

1. We, the undersigned Resolution Applicant having read and examined in detail the RFRP and the Information Memorandum, set out the offer by way of a Resolution Plan in relation to ETCO Industries Private Limited. ^[SEP]
2. We enclose herewith the said Resolution Plan with duly signed and / or certified forms / documents / authorizations as mandated by RP, on behalf of the Committee of Creditors, in the RFRP, for your consideration. ^[SEP]
3. We have submitted all the requisite documents as per the prescribed formats set out in the RFRP, without any deviations, conditions and without any assumptions or notes. ^[SEP]
4. We further represent and confirm as follows:
 - a. **Bid Bond:** ^[SEP]In relation to the Bid Bond required to be submitted as per clause 1.9 of the RFRP, we have provided Banker’s Cheque no. 000437 dated 09-09-2020 amounting to INR 50,00,000 (Rupees Fifty Lakh Only), drawn from ICICI Bank.
 - b. **Acceptance:** ^[SEP]We hereby unconditionally and irrevocably agree and accept the terms of the RFRP and that the decision made by the Resolution Professional (as per the instructions of the CoC), CoC and/or the Adjudicating Authority in respect of any matter with respect to, or ^[SEP] arising out of, the RFRP and the Resolution Plan Submission Process shall be binding on us. We here by expressly waive any and all claims in respect of the Resolution Plan Submission Process.

i. Litigation/ Proceedings:

We confirm that there is no litigation / disputes / proceedings pending or threatened against us, which materially affects our ability to fulfill our obligations under the RFRP

ii. Conflict of Interest:

We hereby confirm that there is no Conflict of Interest that subsists or will occur as a result of submission of a Resolution Plan under the RFRP.

iii. Familiarity with Relevant Indian Laws and Regulations and Authorizations:

We confirm that we have studied the provisions of the IB Code, the CIRP Regulations and other relevant laws and regulations to enable us to submit our Resolution Plan along with required documents and execute the other required documents in the event of our selection as the Successful Resolution Applicant. We have obtained the necessary corporate and regulatory approvals required to participate in the Resolution Plan.

We further confirm that our Resolution Plan is not in contravention of the provisions of the Applicable Law for the time being in force, and is in strict compliance with the IBC and the CIRP Regulation.

iv. Contact person: The details of the contact person for the purposes of this Resolution Plan are provided below:

Name : Ramesh D. Shah
Unit Nos. S13/S14, 2nd Floor,
Office Address : Pinnacle Business Park, Mahakali
Caves Road, Andheri (East), Mumbai
– 400093
Phone Nos : +91 88504 25818
Fax Nos. : None
E-mail address : cmd@etco.in

5. We are enclosing herewith the Resolution Plan containing duly signed forms / documents / authorizations, each one duly closed separately, with 1 (one) original copy as mandated in the RFRP, for your consideration.
6. We confirm that the Resolution Plan submitted by us is consistent with all the requirements of submission as stated in the RFRP, the IB Code, the CIRP Regulations and subsequent communications / amendments from PA and / or the Resolution Professional (as per the instructions of the CoC) and/or the CoC.
7. The information submitted by us is complete, strictly as per the requirements stipulated in the RFRP and is true and correct to the best of our knowledge and understanding. We acknowledge that we shall be solely responsible for any errors or omissions in our Resolution Plan.
8. We confirm that all the terms and conditions of our Resolution Plan are valid for acceptance for a period of 6 (six) months from the Resolution Plan Submission Date (including the revised Resolution Plan Submission Date).
9. We confirm that we have not taken any deviations so as to be deemed non-responsive with respect to the provisions of the RFRP.

10. Confidentiality:

- a. We confirm that we and our Representatives will keep all information set out in the RFRP and/or furnished pursuant to the same as confidential. ^{[]}_{SEP}
- b. We confirm that we and our Representatives shall not use any such information to cause an undue gain or undue loss to the Company or any other person. ^{[]}_{SEP}
- c. We and our Representatives will comply with the requirements under section 29(2) of the

IB Code. [SEP]

- d. We and our Representatives will protect the intellectual property rights of the Company in relation all such information. [SEP]
 - e. We and our Representatives will not share any such information with any third party including any Representatives, without first ensuring that our obligations under the Non-Disclosure Agreement entered into with the Company are complied with. [SEP]
 - f. We and our Representatives will comply with all the terms and conditions of the RFRP and the Non-Disclosure Agreement.
 - g. We acknowledge that we are aware that applicable securities laws prohibit any person having unpublished price sensitive information about a company from dealing with the securities of that company and we agree to abide by and cause our Representatives to abide by the terms of such securities laws, including without limitation, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
 - h. The above obligations are in addition to the obligation under the Confidentiality Undertaking.
11. Capitalized terms shall have the meaning given to them in the RFRP.

Thanking you,

Yours faithfully,

(RAMESH D. SHAH)

SECTION B

RAMESH D. SHAH

Unit Nos. S13/S14, 2nd Floor, Pinnacle Business Park, Mahakali Caves Road, Andheri (East), Mumbai – 400093
Mobile: +91 88504 25818 Email: cmd@etco.in

COMPOSITION AND OWNERSHIP STRUCTURE OF RESOLUTION APPLICANT

DETAILS OF CONSORTIUM: NOT APPLICABLE

No consortium for the purpose of submission of this Resolution Plan has been formed

Following documents are attached:

- a) Copy of the memorandum and articles of association and certificate of incorporation or other equivalent organizational document (as applicable in the case of the jurisdiction of

incorporation) of the Resolution Applicant and all Connected Persons, including amendments, if any, certified by the company secretary, or equivalent or a director of the Resolution Applicant, as follows:

KYC documents of Ramesh D. Shah (PRA) - Exhibit 02, Volume 2

MCA Master Data of Connected Persons of PRA - Exhibit 05, Volume 2

b) Authority letter in favor of the Resolution Professional from the Resolution Applicant (as per Format IV) authorizing PA or the Resolution Professional to seek reference from their respective bankers, lenders, financing institutions of the Resolution Applicant and any other person, as set out in Format IV (Authorization). YES

c) Annual report or audited financials of the Resolution Applicant and its group companies for the preceding 3 (three) years whose revenue and net worth numbers have been submitted as part of the Expression of Interest. In case of a financial investor / fund, in addition to the above, statutory auditor's certificate for committed funds as of March 31, 2018 and/or March 31, 2019 shall be provided.

Net-worth Certificate, ITRs & Computations of PRA are available as Exhibit 01, Volume 2

d) If the Shortlisted Applicant is a consortium, then copy of the Memorandum and Articles of Association and certificate of incorporation or other equivalent organizational document (as applicable in the case of a foreign company), including their amendments of each of the consortium member (certified by the company secretary or a director) (as attachment to this document). – NOT APPLICABLE

e) Copy of permanent account number card of the Company (or equivalent identification for an overseas entity); - Please see Exhibit -2 Volume 2 for KYC documents of PRA

f) Credit opinion report from the principal Bank of the Resolution Applicant and its Parent company; – NOT APPLICABLE

f) External rating report if available, for the Resolution Applicant and the Parent Company; - NOT APPLICABLE

g) Names and Details of the directors of the Resolution Applicant, all Connected Persons and the Parent Company as per format below:

Directors of Resolution Applicant – Not Applicable

Parent Company - Not Applicable

Connected Persons - Detailed below:

**ETCO INDUSTRIES PVT. LTD. ,
ETCO DENIM PVT. LTD.,
ETCO BUILDERS PVT. LTD. &
MASITIA CAPITAL SERVICES PVT. LTD.**

NAME OF DIRECTOR	DESIG.	IDENTIFICATION			DIRECTORSHIPS
		DIN	PAN	AAD HAR	

RAMESH DAHYALAL SHAH	Director	00297557	AACPS9 581N	2371 9286 1762	1. ETCO Industries Pvt. Ltd. 2. ETCO Denim Pvt. Ltd. 3. ETCO Builders Pvt. Ltd. 4 Masitia Capital Services PL
GAJENDRA SARTANPARA	Director	03116698	ABAPS3 877L	9664 7934 6110	1. ETCO Industries Pvt. Ltd. 2. ETCO Denim Pvt. Ltd. 3. ETCO Builders Pvt. Ltd. 4 Masitia Capital Services PL 5. ETCO Health Pvt. Ltd.

ETCO TEXTILES PVT. LTD.

NAME OF DIRECTOR	DESIG.	IDENTIFICATION			DIRECTORSHIPS
		DIN	PAN	AAD HAR	
MONICA SHAH	Director	00310366	ADYPJ9 288J	9188 5373 1725	1. ETCO Textiles Pvt. Ltd. 2. Abhar Properties Pvt. Ltd. 3. Maredia Resorts Pvt. Ltd.
RAMESH J. LALWANI	Director	01984476			1. ETCO Textiles Pvt. Ltd. 2. Abhar Properties Pvt. Ltd. 3. Western India Floriculture A 4. World Flower Vision PL

S.P. ERECTORS & DEVELOPERS PVT. LTD. ,

MOOLSONS HOLDINGS PVT. LTD. &

ETCO PROPERTIES PVT. LTD.

NAME OF DIRECTOR	DESIG.	IDENTIFICATION			DIRECTORSHIPS
		DIN	PAN	AAD HAR	
DEEPAK VAISHNAV	Director	08551402			1. ENSO Realtors Pvt. Ltd. 2. SP Erectors & Developers PL 3. Moolsons Holdings Pvt. Ltd. 4. ETCO Properties Pvt. Ltd.
SURENDRA D. DAS	Director	00310417			1. SP Erectors & Developers PL 2. Moolsons Holdings Pvt. Ltd. 3. ETCO Properties Pvt. Ltd. 4. ENSO Realtors Pvt. Ltd. 5. Shree-Vandan Constructions PL 6. ETCO Health Pvt. Ltd.

MAREIDIA RESORTS PVT. LTD.

NAME OF DIRECTOR	DESIG.	IDENTIFICATION			DIRECTORSHIPS
		DIN	PAN	AAD HAR	
MONICA SHAH	Director	Details already mentioned above			

HITENDRA MOTA	Director	00032828			1. Maredia Resorts Pvt. Ltd. 2. Urvasi Mercantile Pvt. Ltd. 3. Linton Engineering Services PL 4. Manichandan Barter Pvt. Ltd. 5. Global Mercantile Pvt. Ltd. 6. Akshat Vinimay Pvt. Ltd. 7. VMS Global Commodities PL 8. VKC Global Food Park PL
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ETCO DIGITAL PVT. LTD.

NAME OF DIRECTOR	DESIG.	IDENTIFICATION			DIRECTORSHIPS
		DIN	PAN	AAD HAR	
SHAHI PAUL LAKHWARA	Director	02595778	AALPL1316M	5441 1113 1877	1. ETCO Telecom Pvt. Ltd. 2. ETCO Digital Pvt. Ltd. 3. Napashavya Trading Pvt. Ltd.
MANSI SHRIVASTAV HIMANSU	Director	08607775			ETCO Digital Pvt. Ltd.

ETCO TELECOM PVT. LTD.

NAME OF DIRECTOR	DESIG.	IDENTIFICATION			DIRECTORSHIPS
		DIN	PAN	AAD HAR	
SHAHI PAUL LAKHWARA	Director	Details already mentioned above			
SURENDRA D. DAS	Director	Details already mentioned above			

ETCO HEALTH PVT. LTD.

NAME OF DIRECTOR	DESIG.	IDENTIFICATION			DIRECTORSHIPS
		DIN	PAN	AAD HAR	
GAJENDRA SARTANPARA	Director	Details already mentioned above			
SURENDRA D. DAS	Director	Details already mentioned above			

h) Details of Ownership Structure of the Resolution Applicant and its relationship with all Connected Persons:

Ownership Structure of PRA – Not Applicable

Nature of connection of PRA with various “Connection Persons” is detailed in Section-C

i) Details of transactions, if any, of the Resolution Applicant and/or any Connected Persons with the Company in the preceding two years; As per annual Statutory Audit Reports

j) Please clarify if the Resolution Applicant and/or any Connected Person has been convicted of any offence in the preceding five years, and if so, please share all relevant details of the same; NONE

k) Please clarify if there are any criminal proceedings, investigations, enquiries etc. commenced or pending against the Resolution Applicant and/or any Connected Person, and if so, please share all relevant details of the same; NONE

l) Please clarify if any of the promoters, shareholders, directors and/or key managerial personnel of the Resolution Applicant and/or any Connected Person have been disqualified to act as a director under the provisions of the Companies Act, 2013, and if so, please share all relevant details of the same; NONE

m) Please clarify if the Resolution Applicant and/or any Connected Person has been identified as a willful defaulter by any bank or financial institution or consortium thereof in accordance with the guidelines of the RBI, and if so, please share all relevant information and details in relation to the same; NONE

n) Please clarify if the Resolution Applicant and/or any Connected Person has been disqualified or debarred from accessing to or trading in the securities markets under any order of the Securities and Exchange Board of India and/or any other such judicial authority. NONE

Thanking you,

Yours faithfully,

(RAMESH D. SHAH)

SECTION-C

RAMESH D. SHAH

Unit Nos. S13/S14, 2nd Floor, Pinnacle Business Park, Mahakali Caves Road, Andheri (East), Mumbai – 400093
Mobile: +91 88504 25818 Email: cmd@etco.in

CERTIFICATE REG. STRUCTURE OF RESOLUTION APPLICANT

To^[1]_{SEP}

Mr. Vijay Pitamber Lulla
Resolution Professional – ETCO Industries Private Ltd.
203B, Arcadia Building,
2nd Floor, NCPA Marg,^[1]_{SEP}
Nariman Point, Mumbai 400 021

Sub: Corporate structure of the Resolution Applicant and the Group Companies, Affiliates, Parent Company and the Ultimate Parent Company of the Resolution Applicant

Dear Sir,

In relation to the resolution plan submitted for ETCO Industries Private Limited (“EIPL”), I, Ramesh D. Shah hereby certify that:

- i. The following entities are the Group Companies: *NOT APPLICABLE*

Name of Shareholder ¹	No. of equity shares held by [*]	Percentage of equity shares held by [*]
<i>[insert name]</i>	<i>[insert number of shares]</i>	<i>[insert percentage]</i>
Total	[*]	[*]

- ii. Affiliates/ Related Parties/ Connected Persons

Ownership of Mr. Ramesh D. Shah alongwith his related parties in “Connected Persons” is given below:

01. ETCO INDUSTRIES PVT. LTD.

Total outstanding fully-paid up equity shares 10,80,63,265

Name of Shareholder/ Partner/ Person having beneficial interest	No. of fully paid up equity shares held	Percentage of equity shares held/ % of voting rights held
Ramesh D. Shah	3,14,14,760	29%
Monica Shah	100	0%
Masitia Capital Services Pvt. Ltd.	3,00,000	0%
ETCO Telecom Pvt. Ltd.	1,09,00,000	10%

39%

02. ETCO DENIM PVT. LTD.

Total outstanding fully-paid up equity shares 17,55,10,204

Name of Shareholder/ Partner/ Person having beneficial interest	No. of fully paid up equity shares held	Percentage of equity shares held/ % of voting rights held
Ramesh D. Shah	6,55,49,999	37%
ETCO Digital Pvt Ltd	2,04,00,000	12%

49%

03. ETCO BUILDERS PVT. LTD.

Total outstanding fully-paid up equity shares 10,000

Name of Shareholder/ Partner/ Person having beneficial interest	No. of fully paid up equity shares held	Percentage of equity shares held/ % of voting rights held
Monica Shah	9,900	99%

99%

04. MASITIA CAPITAL SERVICES PVT. LTD.

Total outstanding fully-paid up equity shares 28,99,408

Name of Shareholder/ Partner/ Person having beneficial interest	No. of fully paid up equity shares held	Percentage of equity shares held/ % of voting rights held
Ramesh D. Shah	3,04,359	10%
Monica Shah	5,400	0%
ETCO Telecom Pvt. Ltd.	1,00,000	3%
Moolsons Holdings Pvt. Ltd.	4,01,000	14%

28%

05. ETCO TEXTILES PVT. LTD.

Total outstanding fully-paid up equity shares 10,000

Name of Shareholder/ Partner/ Person having beneficial interest	No. of fully paid up equity shares held	Percentage of equity shares held/ % of voting rights held
Monica Shah	9,000	90%

90%

06. S.P. ERECTORS PVT. LTD.

Total outstanding fully-paid up equity shares 1,00,000

Name of Shareholder/ Partner/ Person having beneficial interest	No. of fully paid up equity shares held	Percentage of equity shares held/ % of voting rights held
ETCO Telecom Pvt. Limited	199	0%
Masitia Capital Service Limited	199	0%
Moolsons Holding Private Limited	199	0%
Ramesh Shah	99,094	99%
Monica Shah	110	0%

100%

07. MOOLSONS HOLDINGS PVT. LTD.

Total outstanding fully-paid up equity shares 5,00,000

Name of Shareholder/ Partner/ Person having beneficial interest	No. of fully paid up equity shares held	Percentage of equity shares held/ % of voting rights held
Ramesh D. Shah	10,000	2%
Monica Shah	4,23,000	85%
Masitia Capital Services Pvt. Ltd.	35,000	7%

94%

08. ETCO PROPERTIES PVT. LTD.

Total outstanding fully-paid up equity shares 1,00,000

Name of Shareholder/ Partner/ Person having beneficial interest	No. of fully paid up equity shares held	Percentage of equity shares held/ % of voting rights held
Ramesh D. Shah	99,900	100%

Monica Shah	100	0%
100%		

09. MAREDIA RESORTS PVT. LTD.

Total outstanding fully-paid up equity shares 9,600

Name of Shareholder/ Partner/ Person having beneficial interest	No. of fully paid up equity shares held	Percentage of equity shares held/ % of voting rights held
Ramesh D. Shah	480	5%
Monica Shah	4,310	45%
50%		

10. ETCO DIGITAL PVT. LTD.

Total outstanding fully-paid up equity shares 42,50,000

Name of Shareholder/ Partner/ Person having beneficial interest	No. of fully paid up equity shares held	Percentage of equity shares held/ % of voting rights held
Ramesh D Shah	14,27,400	34%
Masitia Capital Service Private Limited	4,72,500	11%
ETCO Telecom Pvt Limited	20,00,000	47%
92%		

11. ETCO TELECOM PVT. LTD.

Total outstanding fully-paid up equity shares 93,08,000

Name of Shareholder/ Partner/ Person having beneficial interest	No. of fully paid up equity shares held	Percentage of equity shares held/ % of voting rights held
Ramesh Shah	26,21,273	28%
Monica Shah	20,378	0%
28%		

12. ETCO HEALTH PVT. LTD.

Total outstanding fully-paid up equity shares 19,650

Name of Shareholder/ Partner/ Person having beneficial interest	No. of fully paid up equity shares held	Percentage of equity shares held/ % of voting rights held
Ramesh D. Shah	19,450	99%
Monica Shah	200	1%
100%		

iii. Parent Company: *NOT APPLICABLE*

Name of Shareholder/ Partner/ Person having beneficial interest	No. of equity shares held by Parent	Percentage of equity shares held/ % of voting rights held/ % of profit share held by
---	-------------------------------------	--

		Parent
Total	[●]	[●]

iv. Ultimate Parent: NOT APPLICABLE

Name of Shareholder	No. of equity shares held by ...	Percentage of equity shares held by [●]
[insert name]	[insert number of shares]	[insert percentage]
Total	[●]	[●]

v. Related parties in relation to Sec 29A:

(a) Relatives of Mr. Ramesh D. Shah

S. No.	Relation	Name
1	Wife	Monica R. Shah
2	Father	Dahyalal Z. Shah (Late)
3	Mother	Prabhabhen D Shah (Late)
4	Son & daughter	Arav & Khushalli (both minor)
5	Brother & his spouse	Mr. Kirti D Shah Mrs. Sangeeta K Shah (spouse)
6	1)Sister & her spouse	Mrs. Saroj Sharad Shah Mr. Sharad Shah (spouse)
	2)Sister & her spouse	Mrs. Ramila Dhiren Mehta Mr. Dhiren Mehta (spouse)
	3)Sister & her spouse	Mrs. Aruna Nimesh Gandhi Mr. Nimesh Gandhi (spouse)
7	Brother's children	Mr. Kushal Kirti Shah Ms. Disha Kirti Shah
8	Sister's children	1)Mr. Sameer S Shah & Yogi S Shah 2)Mr. Yogi D Mehta & Ami D Mehta 3)Mr. Bhavik N Gandhi & Hetal N Gandhi
9	Father's brothers & sisters	1)Mr. Ambalal Shah (Late) 2)Mr. Hargovindas Shah (Late) 3)Mr. Pitamber Shah (Late) 4)Mr. Chinubhai Shah (Late)
10	Mother's brothers and sisters	1)Mr. Bapulal Sheth (Late) 2)Mr. Ramniklal Sheth (Late) 3) Mr. Mansukhlal Sheth (Late)

Relatives of Ms. Monica R. Shah (spouse)

S. No.	Relation	Name
1	Husband	Ramesh D. Shah

2	Father	Sajjan Raj Jain
3	Mother	Kanta Jain
4	Son	Arav
5	Daughter	Khushalli
6	Sister	1) Madhu Saklecha 2) Sanjay Saklecha (Spouse of sister)
7	Sister's son and daughter	1) Pranav Saklecha 2) Shivek Saklecha
8	Mother's brother and sister	1) Priyadarshni Bhandari 2) Bindu Lalwani 3) Rajni Jain 4) Renuka Bhandari 5) Rajesh Lodha

(b) Partnership firm/ LLP in which hold partner position:

S. No.	Name of the LLP/ Partnership firm	Names of all Partners
1	NONE	

(c) trustee of a trust in which the beneficiary of the trust includes the individual, or the terms of the trust confers a power on the trustee which may be exercised for the benefit of the individual:

S. No.	Name of the Trust
1	NONE

(d) Private companies in which hold director position and >2% share capital alongwith relatives:

S. No.	Name of the Company	Names of the all Directors
1	Masitia Capital Services Pvt Ltd	Ramesh D Shah and Gajendra Sartanpara
2	ETCO Denim Pvt Ltd	Ramesh Shah and Gajendra Sartanpara
3	ETCO Builders Pvt Ltd	Ramesh Shah and Gajendra Sartanpara
4	ETCO Industries Pvt Ltd	Ramesh Shah and Gajendra Sartanpara

(e) Public companies in which hold director position and >2% paid-up share capital alongwith relatives:

S. No.	Name of the Company	Names of all Directors
1	NONE	

(f) Body corporates whose BoD, MD or manager, in the ordinary course of business, acts on the advice, directions or instructions of the individual

S. No.	Name of the Body Corporate
1	NONE

(g) LLP or a partnership firm whose partners or employees in the ordinary course of business, act on the advice, directions or instructions of the individual

S. No.	Name of LLP/ Partnership	Names of all Partners
1	NONE	

(h) a person on whose advice, directions or instructions, the individual is accustomed to act

S. No.	Name of the Person
1	NONE

(i) Companies in which own >50% share capital alongwith related parties, or controls the appointment of BoD:

S. No.	Name of the Company	Names of all Directors
1	Maredia Resorts Pvt Ltd	Monica Shah and Hitendra Mota
2	ETCO Properties Pvt Ltd	Deepak Vaishnav and Surendra Das
3	ETCO Builders Pvt Ltd	Ramesh Shah and Gajendra Sartanpara
4	ETCO Textiles Pvt Ltd	Monica Shah and Ramesh Lalwani
5	S.P. Erectors And Developers Private Limited	Deepak Vaishnav and Surendra Das
6	ETCO Health Pvt Ltd	Gajendra Sartanpara and Surendra Das
7	ETCO Digital Pvt. Ltd.	Shashi Lakhwara and Mansi Srivastav
8	ETCO Telecom Pvt. Ltd.	Shashi Lakhwara and Surendra Das
9	Moolsons Holdings Pvt. Ltd.	Deepak Vaishnav and Surendra Das

Yours sincerely,

RAMESH D. SHAH

SECTION-D

PLEASE REFER ORIGINAL SUBMISSION FOR
SIGNED DOCUMENT

UNDERTAKING U/S 29A IBC BY RESOLUTION APPLICANT

To^[1]_{SEP}

Mr. Vijay Pitamber Lulla
Resolution Professional – ETCO Industries Private Ltd.

203B, Arcadia Building,
2nd Floor, NCPA Marg, [REDACTED]
Nariman Point, [REDACTED] Mumbai 400 021

Dear Sir,

Sub: Resolution Applicants' undertaking under section 29A of the Insolvency and Bankruptcy Code 2016 ("IB Code") [REDACTED]

In furtherance of the Request for Resolution Plan dated 23-Jan-2020 and in view of the IB Code, I ("Resolution Applicant") state, submit and confirm as follows:-

1. We hereby unconditionally state, submit and confirm that We are not disqualified from submitting a Resolution Plan in respect of ETCO Industries Private Limited, pursuant to the provisions of the IB Code and/or otherwise. [REDACTED]
2. We hereby state, submit and declare that none of (a) us being the Resolution Applicant; (b) any other person acting jointly or in concert with us; (c) any person who is a promoter and/or in the management and/or control of the Resolution Applicant; (d) any person who shall be the promoter and/or in management and/or control of the business of ETCO Industries Private Limited during implementation of the Resolution Plan; and/or (e) the holding company, subsidiary company, associate company or related party of any person referred to in (c) and/or (d)
 - 1.1. is an undischarged insolvent; [REDACTED]
 - 1.2. has been identified as a willful defaulter in accordance with the guidelines of the Reserve Bank of India issued under the Banking Regulation Act, 1949; [REDACTED]
 - 1.3. has an account, or an account of a ETCO Industries Private Limited under my management or control or of whom I/us is/are a promoter, classified as non-performing asset in accordance with the guidelines of the Reserve Bank of India issued under the Banking Regulation Act, 1949;; [REDACTED]
 - 1.4. has been convicted for any offence punishable with imprisonment for two years or more; [REDACTED]
 - 1.5. has been disqualified to act as a director under the Companies Act, 2013; [REDACTED]
 - 1.6. has been prohibited by the Securities and Exchange Board of India from trading in securities or assessing the securities market; [REDACTED]
 - 1.7. has been has been a promoter or in the management or control of a corporate debtor in which a preferential transaction, undervalued transaction, extortionate credit transaction or fraudulent transaction has taken place and in respect of which an order has been made by the Adjudicating Authority under IBC Code [REDACTED]
 - 1.8. has executed an enforceable guarantee in favour of a creditor in respect of a corporate debtor against which an application for insolvency resolution made by such creditor has been admitted under this IBC Code; and/or [REDACTED]
 - 1.9. has been subject to any disability corresponding to (a) to (h) above under any law in a jurisdiction outside India. [REDACTED]
 - 1.10. has a connected person not eligible under clauses (a) to (i). The expression "connected person" means— (i) any person who is the promoter or in the management or control of the resolution applicant; or (ii) any person who shall be the promoter or in management or control of the business of the corporate debtor during the implementation of the resolution plan; or (iii) the holding company, subsidiary

company, associate company or related party of a person referred to in clauses (i) and (ii): [SEP]

(RAMESH D. SHAH)

Address: Unit Nos. S13/S14, 2nd Floor, Pinnacle Business Park, Mahakali Caves Road, Andheri (East), Mumbai – 400093

[To be notarized by a notary public]

AFFIDAVIT

I, RAMESH D. SHAH (“**Resolution Applicant**”) currently residing at Flat No. 701, Jai Maharashtra, Vastu Vikas CHSL, Survey No. 278, Road No. 5, Vile Parle West, Mumbai 400 049, do solemnly state on oath, declare and affirm that all that is stated in undertaking and details submitted are true and correct including but not limited to that required under the Section 29A of the IB Code and other provisions is true, correct and complete to my personal knowledge.

Solemnly, affirmed at MUMBAI on the day of 2020

Before me,

Notary / Oath Commissioner

Deponent’s Signature

SECTION-E

**PLEASE REFER ORIGINAL SUBMISSION FOR
SIGNED DOCUMENT**

AUTHORIZATION BY RESOLUTION APPLICANT TO RP

Sub: Submission of Resolution Plan for ETCO Industries Private Limited (“EIPL”)

The undersigned hereby authorize(s) and request(s) all the financial institutions, Banks, multilateral lending agencies, public trusts, funds (which are registered with the SEBI) of the

Resolution Applicant, as per the list set out as ‘Annexure A – List of Bankers’ in the RFRP, including subsidiaries and branches of the aforementioned, to furnish pertinent information deemed necessary and requested by the Resolution Professional, to verify the authenticity of the documents / information submitted by the Resolution Applicant and/ or regarding the financial standing and general reputation of the Resolution Applicant, in respect of the Resolution Plan under the request for proposal dated 23-Jan-2020 (“**RFRP**”) issued by RP.

Capitalized terms shall have the meaning given to such terms in the RFRP.

(Ramesh D. Shah)

Address: Unit Nos. S13/S14, 2nd Floor, Pinnacle Business Park, Mahakali Caves Road, Andheri (East), Mumbai – 400093

.....
(Signature of Notary Public)

Annexure-A to Authorization by Resolution Applicant to RP

List of Bankers of Mr. Ramesh D. Shah

Name of Bank/Financial Institution	Address of the Branch	Name of the Contact Person of Bank/ FI	Email id of Bank/ FI official	Designation	Type of Account (Current/ Loan/ CC/ SB)	Account No.	Number of the Contact Person (Mobile/ Landline)
Andhra Bank	33 Atlanta Bldg. Nariman Point Mumbai 400021	Murali Mohan	acca1@etco.in		SB	112810100000469	022-228858464
Andhra Bank	Saras Apartments, Mori RD Mumbai 400016		acca1@etco.in		SB	160710100000016	022-22610228/8335
CITI Bank	Bombay Mutual Building 293, D.N Road fort Mumbai 400001				SB	5529283018	022-40765172

SECTION-F

RAMESH D. SHAH

Unit Nos. S13/S14, 2nd Floor, Pinnacle Business Park, Mahakali Caves Road, Andheri (East), Mumbai – 400093
Mobile: +91 88504 25818 Email: cmd@etco.in

UNDERTAKING BY RESOLUTION APPLICANT

To^[SEP]

Mr. Vijay Pitamber Lulla
Resolution Professional – ETCO Industries Private Ltd.
203B, Arcadia Building,
2nd Floor, NCPA Marg^[SEP],
Nariman Point^[SEP],
Mumbai 400 021

Dear Sir,

Subject: Resolution Applicants' undertaking in relation to the Resolution Plan in response to the request for proposal issued by RP dated 23-Jan-2020 in the matter of ETCO Industries Private Limited ("EIPL")

1. I, Ramesh D. Shah ("Resolution Applicant"), refer to the RFRP and provide our unconditional acceptance of the terms and conditions of the RFRP as amended from time to time in accordance with the procedure set out under the RFRP, including but not limited to the Disclaimer contained in the RFRP. Further and in relation to the said RFRP and the Resolution Plan Submission Process set out there under, the Resolution Applicant undertakes, agrees and acknowledges that the Resolution Applicant

- a) shall execute all such deeds and documents as may be required to be so executed pursuant to the completion of the Resolution Plan Submission Process;
- b) has submitted the Resolution Plan and other requisite documents strictly as per forms prescribed in the RFRP, without any deviations or conditions and without setting out any assumptions or notes qualifying the Resolution Plan;
- c) the Resolution Plan shall be valid up to the end of the period set out under clause 1.8.3 of the RFRP;
- d) the Resolution Plan has been duly signed by Resolution Applicant;
- e) has submitted a duly executed power of attorney in original signed by a person

authorised by the board of the Resolution Applicant in a duly convened board meeting;
NOT APPLICABLE

f) has obtained all the corporate authorizations required or expedient under Applicable Law for the submission of the Resolution Plan;

g) shall, except as otherwise required under the RFRP, upon being notified as the Successful Resolution Applicant, pay such amounts and consideration as set out in the Resolution Plan in the manner agreed to between the Resolution Applicant and the CoC at terms mutually agreeable to CoC and the Resolution Applicant strictly in accordance with the procedure set out under the RFRP;

h) shall, prior to the Transfer Date, execute such agreement(s) as may be required as a part of the Resolution Plan, with a technical partner, to the satisfaction of the Resolution Professional

i) has provided all information and data during this Resolution Plan Submission Process, in a manner that is true, correct, accurate and complete and no such information, data or statement provided by the Resolution Applicant is inaccurate or misleading in any manner; and

j) has submitted a Resolution Plan that conforms to the requirements of the RFRP as on the date of this Undertaking and confirms that:

k) the Resolution Applicant has a non-default external rating;

l) the Parent entity, the Ultimate Parent, the Group Companies, and Affiliates are not classified as non-performing assets by the lenders to the aforementioned entities; NOT APPLICABLE

m) none of the Group Companies/ Entities, Affiliates, Parent Company, Ultimate Parent or any of the promoters or directors of the Group Companies or the key managerial personnel therein, Affiliates, Parent Company or Ultimate Parent feature in the defaulters list published by the RBI and / or TransUnion CIBIL Limited (formerly Credit Information Bureau (India) Limited);

n) there are no proceedings pending or threatened, and there has been no penalty or fine imposed, by the Securities and Exchange Board of India, against the Resolution Applicant or the promoters or the directors of the Resolution Applicant.

o) there are no criminal proceedings pending or decreed against the Resolution Applicant or the promoters or the directors of the Resolution Applicants;

p) there has been no action against the Resolution Applicant or promoters or directors of the Resolution Applicant by a regulatory or governmental authority;

q) neither the Resolution Applicant nor a subsidiary, affiliate, or holding company of, or any other Person related to, the Resolution Applicant is an existing promoter or belongs to the existing promoter group; and NOT APPLICABLE

r) the Resolution Applicant is in compliance with Applicable Law.

2. We further undertake and confirm that the Financial Proposal submitted as part of the Resolution Plan is unconditional and irrevocable and acknowledge and agree that the CoC reserves the right to negotiate better terms with the Resolution Applicants and any decision taken by the CoC and /or the Resolution Professional in relation to the Resolution Plan and the Resolution Plan Submission Process shall be final and binding on the Resolution Applicant. Further, in addition to the undertaking set out under clause 1 above, the Resolution Applicant confirms that all the confirmations, declarations and representations made in the Resolution Plan are valid as on the date of this Undertaking and acknowledge that Authorised Representative or the Resolution Professional (acting on the instructions of the CoC) may at their sole discretion be free to cancel our Resolution Plan and encash the Bid Bond where such confirmations, declarations and representations are found to be incorrect or misleading.

Capitalised terms used herein but not defined shall have the meaning assigned to such term in the RFRP.

Thanking you,

Yours sincerely

RAMESH D. SHAH

SECTION-G

RAMESH D. SHAH

Unit Nos. S13/S14, 2nd Floor, Pinnacle Business Park, Mahakali Caves Road, Andheri (East), Mumbai – 400093
Mobile: +91 88504 25818 Email: cmd@etco.in

FINANCIAL PLAN

To

Mr. Vijay Pitamber Lulla
Resolution Professional – ETCO Industries Private Ltd.
203B, Arcadia Building,
2nd Floor, NCPA Marg,
Nariman Point,
Mumbai 400 021

Dear Sir,

Sub: Resolution Plan for the Proposed Transaction of ETCO Industries Private Limited (“Company”) – Financial Proposal

PART A: EXECUTIVE SUMMARY

1.0 PREFACE

This Resolution Plan is prepared by Mr. Ramesh D. Shah, hereinafter called Resolution Applicant (RA) for M/s ETCO Industries Pvt. Ltd. (Corporate Debtor) under Corporate Insolvency Resolution Process as per Insolvency and Bankruptcy Code, 2016.

Corporate Debtor is an MSME enterprise as per revised criteria for classification of MSME as notified by Ministry of Micro, Small & Medium Enterprises published on 01-06-2020 in the Gazette of India. Accordingly, on 08-07-2020, Ministry of Micro, Small & Medium Enterprises was pleased to issue MSME Certificate to the Corporate Debtor bearing UDYAM Registration Number UDYAM-MH-18-0000686.

It is well settled law that the erstwhile promoters/ directors of the Corporate Debtor are qualified by the introduction of Section 240A (Application of Insolvency & Bankruptcy Code to Micro, Small and Medium Enterprises) enforced w.e.f. 06.06.2018, prescribed therein that Notwithstanding anything to the contrary contained in this code, the provisions of clauses (c) & (h) of Section 29A shall NOT apply to a Resolution Applicant in respect of Corporate Insolvency Resolution Process of any Micro, Small and Medium Enterprises. Thus, in the changed circumstances of revised criteria of classification of MSME, promoter Mr. Ramesh D. Shah has become eligible Resolution Applicant under clauses (c) & (h) of Section 29A.

Furthermore, Mr. Ramesh D. Shah was already eligible under other sub-sections of Section 29A, and therefore he represented to RP to be given an opportunity to submit a Resolution Plan for the Corporate Debtor, with an overall objective of maximization of value for stakeholders.

The matter was taken up in 12th CoC meeting dated 18-07-2020 and it was decided to take legal opinion as to whether the Promoter can now give a Resolution Plan for the Company as it is an

MSME as per the new definition and especially considering when the CIRP is at an advanced stage. After taking legal opinion, the matter was approved in the 13th CoC meeting dated 31-07-2020.

It is submitted that the cause of payment default by Corporate Debtor is not due to erstwhile management but due to other external factors that were beyond the control of erstwhile management as detailed in para G.1.1 of Section H.

Resolution Plan envisages the continuation of the Corporate Debtor as a “going concern” and previous management will run the company to make it viable so that society and other stakeholders will gain. Keeping company as going concern and continuity of the company will contribute significantly to the society and government by putting the resources to best use, and also generate direct/ indirect employment and income generation opportunities in Parbhani district, which lies in underdeveloped/ backward Marathwada region.

2.0 DEFINITIONS

Partial list of definitions is as follows:

- (1) “Effective Date” means the date of receipt of the order of the ADJUDICATING AUTHORITY by the Resolution Applicant approving this Resolution Plan.
- (2) “Transfer Date” is the date of payment of upfront investment amount, which shall in any case not be later than 60 days from the Effective Date.

3.0 GIST OF FINANCIAL PLAN ¹

Set out below is the gist of Financial Plan for acquisition of management & control of the Corporate Debtor (“CD”) broadly as prescribed in Format-V of RFRP document provided by Resolution Professional.

The Resolution Applicant (“RA”) hereby submits a Resolution Plan for an aggregate value of Rs. **32.20 Crores**, the break-up of which is set-out as under:

(All figures in INR Cr)

¹ Updated vide Addendum-1 dated 26th October 2020

Stakeholders	Amount Proposed Under This Plan	Timelines	Amount Proposed to the Amount Claimed %	Summary of Proposal
CIRP Costs	0.10	Within T + 30 days	100%	Payment in priority to claim of any other creditor (Ref. Para 1.0 Part B)
Secured FCs				
Upfront Cash Payments	2.65	Demand Draft as Per. Security within 2 days of Lol	28.7%	Full settlement with Secured FCs including Personal Guarantee & collateral security of Mr. Ramesh D. Shah (Ref. Para 2.0 Part B)
	7.85	T + 60 days		
	10.50			
Deferred Cash Payments	16.00	Within T + 15 months		
Secured FCs Total	26.50			
OCs including Statutory bodies (but exclu. Workmen & Employees)	0.10	Within T + 45 days	1.18%	Admitted claims as per IM: INR 8.48 Cr. Settlement by payment of Rs 10 lakh on pro-rata basis (Ref. Para 3.0 Part B)
Workmen & Employees	-	N/A	N/A	Admitted claims as per IM: NIL
Equity Shareholders	-	T + 30 days	0%	Extinguishment of all existing equity shares
Start-up Expenses & Working Capital	0.50	T + 60 days	N/A	Start-up expense
	1.50	T + 3 months		Initial Working Capital
	3.50	Within T + 9 months		
Total Start-up Exp. & WC	5.50			

32.20

SNAPSHOT OF STAGE-WISE SOURCE & APPLICATION OF FUNDS ²

² Updated vide Addendum-1 dated 26th October 2020

SOURCE OF FUNDS	TOTAL	Per. Security	Upto T + 60 days	T + 3 months	T + 6 months	T + 9 months	T + 12 months	T + 15 months
New Investment as Equity								
Ramesh D. Shah (RA)	4.15	2.65	0.50	1.00				
ETCO Telecom PL (RA's Entity)	7.00		3.00	0.50	2.00	1.50		
NEW EQUITY TOTAL	11.15	2.65	3.50	1.50	2.00	1.50	-	
New Investment as Debt								
Ramesh D. Shah (RA)	0.20		0.20					
Financial Sponsor(s)	20.85		4.85			5.25	5.25	5.50
NEW DEBT TOTAL	21.05	-	5.05	-	-	5.25	5.25	5.50
SOURCE GRAND TOTAL	32.20	2.65	8.55	1.50	2.00	6.75	5.25	5.50
Debt			21.05					21.05
Equity			6.15					11.15
Debt-Equity Ratio			3.42					1.89
APPLICATION OF FUNDS	TOTAL	Per. Security	Upto T + 60 days	T + 3 months	T + 6 months	T + 9 months	T + 12 months	T + 15 months
Payment for CIRP	0.10		0.10					
Payment to OCs	0.10		0.10					
Performance Security		2.65						
Cash Payments to FCs	26.50		7.85			5.25	5.25	5.50
Start-up expenses	0.50		0.50					
Incremental WC	5.00			1.50	2.00	1.50		
APPLICATION GRAND TOTAL	32.20	2.65	8.55	1.50	2.00	6.75	5.25	5.50

PART B: DETAILED PROPOSAL FOR OUTSTANDING DEBT

1.0 Payment Towards Corporate Insolvency Resolution Process (CIRP) Costs ³

The Resolution Applicant understands that the CIRP Costs are currently being met out of the cash flows of the Company. Therefore, the Resolution Applicant proposes to pay the CIRP Cost **at actuals** from the cash balance available with the Company as on T+ 30 days in full and in priority to any other creditors of the Company. If, however, there is a shortfall in the cash balance available with the Company to meet the CIRP Cost at actuals, such shortfall will be paid out of the Investment Amount proposed to be invested in the Company by the Resolution Applicant. For this purpose, an amount of **INR 0.10 Cr** has been set aside out of the Investment Amount for its use for the payment of any unpaid CIRP Costs.

2.0 Settlement With Financial Creditors ⁴

2.1 Based on the claims filed by the Secured Financial Creditors, it is proposed that all the verified amount of the Secured Financial Creditors is proposed to be paid and settled for an aggregate amount of **Rs. 26.50 Crores** as full and final settlement.

2.2 Above consideration is to be inter-se distributed between the financial creditors as per discretion of the CoC.

2.3 Details of claims made by Financial Creditors & amount admitted as provided in the IM, and settlement amount as per this Resolution Plan are shown in the following table:

(In Rs. Crores)

Names of FCs	Secured/ Unsecured	Amount claimed	Amount admitted	Amount proposed under this Plan
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³ Updated vide Addendum-1 dated 26th October 2020

⁴ Updated vide Addendum-1 dated 26th October 2020

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Union Bank of India (e-Andhra Bank)	Secured	55.53	47.27	26.50
Omkara Asset Reconstruction Pvt. Ltd.	Secured	49.55	45.08	
Total		105.07	92.35	26.50

2.4 Manner and timeframe for infusion of Investment Amount for payment to Financial Creditors is mentioned below:

Particulars	Manner	Timeline	Amount Proposed under the Plan (in INR Cr)
Upfront Cash Payment	Cash payment (Demand Draft) marked as Performance Security	Within 2 days of Lol	2.65
	Cash Payment	T + 30 days	1.50
	Cash Payment	T + 60 days	6.35
1 st Deferred Cash payment tranche	Cash Payment	T + 9 months	5.25
2 nd Deferred Cash payment tranche	Cash Payment	T + 12 months	5.25
3 rd Deferred Cash payment tranche	Cash Payment	T + 15 months	5.50
		TOTAL	26.50

2.5 Above proposal takes in consideration the release of mortgaged property of Gala No. 142, Industrial Estate, Andheri West (collateral security) in accordance with "Schedule of Release of Charge by FCs" mentioned in Part-D Section H.

2.6 10% Performance Security paid by Resolution Applicant vide Demand Draft as per the requirements of RFRP shall be treated as part of Upfront investment amount, and therefore shall be counted towards part consideration of Upfront cash payment payable to Financial Creditors.

2.7 No amounts shall be payable to the Financial Creditors, unless the CIRP Cost and Operational Creditors are paid in accordance with the provisions of this Resolution Plan.

2.8 No interest shall be payable by RA to Financial Creditors, for the investments that are being done as deferred payment tranches as mentioned in above table.

- 2.9 RA proposes that Financial Creditors who have not voted in favour of this Resolution Plan (“Dissenting Financial Creditors”) will be paid in priority to Financial Creditors who vote in favour of the Resolution Plan in accordance to and as required under Section 30(2)(b) of I.B. Code 2016, read with Regulation 38(1)(b) of CIRP Regulations.
- 2.10 Notwithstanding the aforesaid or any other provision contained in this Plan, it is proposed that the Dissenting Financial Creditors will be settled at an amount which they would have got had the Liquidation Value being distributed in terms of Section 53(1) and such amount shall be deducted from the maximum amount payable to the Financial Creditors voting in favor of the Resolution Plan.
- 2.11 The interest accrued on the debts of Corporate Debtor from CIRP commencement date until Transfer Date shall be settled at NIL value.
- 2.12 RA understands that the un-invoked and expired bank guarantees amounting to Rs. 0.76 Cr issued by Financial Creditors for the benefit of the Company and in force as on the CIRP Date, details of which are set out in **Exhibit-4 of Vol-2** shall be returned to the respective financial creditors by RA within a period of six months from the Transfer Date. In case they are not returned, RA shall furnish 100% margin against un-returned bank guarantees. RA requests respective Financial Creditors to immediately send notices to beneficiaries to return back such expired Bank Guarantees at the earliest.

3.0 Payment Towards Operational Creditors (Including Statutory Dues But Excluding Workmen & Employees Dues)

- 3.1 As per Section 30(2)(b) of I.B. Code, 2016 payment of debts of Operational Creditors should be in such a 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 Corporate Debtor under Section 53. Since there is no surplus available to Operational Creditors (Trade Creditors, Service Providers, Statutory Dues, Employees & Other Creditors) from realizable value of the assets of the Corporate Debtor as assessed by the Resolution Applicant, it is NOT mandatory to pay any amount to Operational Creditors under the provisions of I.B. Code, 2016.
- 3.2 However, it is proposed under this Plan that the following Operational Creditors who are Unrelated Parties to and/or not Connected Persons of the Corporate Debtor and its

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promoters, shall be settled by way of maximum payment of **Rs. 0.10 Cr.**

3.3 Details of claims made by Operational Creditors is as under:-

Name of Operational Creditors (including government bodies)	Amount claimed (Rs.)	Amount admitted (Rs.)	Amount proposed under this plan (Rs.)
Aries Agro Limited, Govandi E, Mumbai	41,13,315	41,13,315	10,00,000
National Securities Depository Ltd., Lower Parel, Mumbai	2,21,250	2,21,250	
Commissioner of Customs, NS II JNCH Nhava Sheva (Import)	6,38,99,508	6,38,99,508	
Shree Siddhivinaayak Cotspin Pvt Ltd, Masjid Bandar, Mum	1,51,15,944	1,51,15,944	
Commissioner of Customs, NS II JNCH Nhava Sheva (Export)	14,04,149	14,04,149	
Other Trade Payables	0	0	
Other Current Liabilities	0	0	
Total	8,47,54,166	8,47,54,166	10,00,000

3.4 The payments in respect of the Operational Creditors shall be made starting 30 (Thirty) days from the Effective Date, and completed preferably within 4-5 days thereafter.

3.5 The amount due to the operational creditors under a Resolution Plan shall be given priority in payment over financial creditors as per Regulation 38(1) of the CIRP Regulations.

3.6 Payment shall be made in proportion of amount admitted by RP, without any preference to any Operational Creditor.

3.7 In case of any adjustment in terms of Section 53(1) of the I.B. Code 2016 in the amount allocated towards Operational Creditors (Including Statutory Dues but Other than Workmen & Employees), or (b) the proportionate amount of the Resolution Plan Value allocable towards Operational Creditors (Including Statutory Dues but Other than Workmen & Employees and Statutory Dues) had the Resolution Plan Value be distributed in accordance with Section 53(1) of the I.B. Code 2016, then such amount would be adjusted from the payments to be made to the Financial Creditors.

3.8 Source of funds shall be upfront payment by Resolution Applicant into a Designated Bank account of Corporate Debtor brought in as unsecured debt.

4.0 Payment Towards Workmen & Employees

- 4.1. The plant has been leased from Sep-2018, i.e., about 1 year prior to CIRP initiation date. There are no workmen or employees in the plant on the rolls of Corporate Debtor.
- 4.2. As per IM, there are no claims submitted to RP towards workmen & employee dues. Thus, no funds have been proposed for payment towards workmen & employee dues.

PART C: PROPOSAL FOR FUNDING BY THE SUCCESSFUL RESOLUTION APPLICANT ⁵

1.0 Aggregate amount of funds to be infused by the Resolution Applicant to meet the expenditure planned as per Resolution Plan or for reduction of Outstanding Debt

As part of this Plan, the Resolution Applicant alongwith its Financial Sponsor(s) shall infuse / bring in an investment amount of **Rs. 32.20 Crores** into the Corporate Debtor. The snapshot of the fund infusion is as follows:

(Rs. in Crores)

S.No	Particulars	Investment Amount
1	As Equity	11.15
2	As Unsecured Debt	21.05
	Total Sources of Fund	32.20

2.0 Nature/type of instrument for infusion of the Successful Resolution Applicant's Investment into the Company and key terms thereof

2.1 **Equity Infusion by Resolution Applicant:** The Resolution Applicant alongwith its Section 29A compliant related entities propose to invest an aggregate amount of **Rs. 11.15 Crores** into the Company by way of issued, subscribed & paid-up equity share capital of the Company, divided into **1.115 Crore** equity shares of Rs. 10 each.

2.2 Terms of Equity Infusion:

2.2.1 The Resolution Applicant shall infuse in equity as per the time schedule in table shown at para 4.0 Part A

⁵ Updated vide Addendum-1 dated 26th October 2020

2.2.2 The said issuance of shares at face value shall be deemed to be considered a fair market value for all purposes including Companies Act, 2013, Income Tax Act, 1961 or any other law.

2.2.3 No dividend payout is proposed during the term of Resolution Plan.

2.3 Scheme of Change in Capital Structure:

2.3.1 List of existing shareholders of CD as on 30.09.2019 as per information memorandum are as follows:

S.No	Particulars	No of shares	% of shares
	Financial Institutions		
1	Union Bank of India (e-Andhra Bank)	2,86,61,566	27%
2	Bank of Baroda	2,64,50,699	24%
	TOTAL	5,51,12,265	51%
3	Promoter & other entities	5,29,51,000	49%
	GRAND TOTAL	10,80,63,265	100%

2.3.2 RA proposes to extinguish/ cancel all the paid-up equity capital of the Company subsisting as on CIRP Commencement date, and no amount shall be payable towards such extinguishment/ cancellation to any existing equity shareholder.

2.3.3 In accordance with the General Circular No. IBC /01/2017 bearing number 30/14/2017 issued by the Ministry of Corporate Affairs, Government of India, approval of the shareholders/members of the corporate debtor/company, which would have been required under Companies Act, 2013 or any other law if the resolution plan was being considered outside the scope of the Code, shall not be required for cancellation and issuance of shares and any other action under the Resolution Plan for its implementation.

2.3.3.1 The approval of this Resolution Plan by the NCLT shall be deemed to have waived off all the procedural requirements in terms of Section 66 of the Companies Act, 2013 and the NCLT (Procedure of Reduction in Share Capital) Rules, 2016

2.3.3.2 The share certificates held by shareholders shall stand cancelled without any further act or deed. The Capital Reduction shall not require the consent of any of the Creditors of the Company or approval of any of the shareholders of the Company, or any other person having security interest over such shares and the approval of Adjudicating Authority for the reduction of share capital shall be binding on the Company and all its stakeholders (including Creditors & pledge holders of any such shares and shareholders).

2.3.4 **Accounting Treatment:** The amount of reduction in the equity share capital of the Corporate Debtor shall be credited to the capital reserve of the Company.

2.3.5 On the completion of all capital structure related transactions contemplated till the Transfer Date, the equity structure of the Corporate Debtor just after Transfer Date shall be as under:

(Rs. in Crores)

Name	Paid-up Equity Value	% Voting rights	Class of Shares
Ramesh D. Shah	3.15	51.2%	Equity shares
ETCO Telecom Pvt. Ltd.	3.00	48.8%	Equity shares
	6.15	100.0%	

D/E Ratio: 3.42

2.3.6 After the infusion of last deferred payment tranche, the Equity Capital Structure as contemplated in the plan is as follows:

(Rs. in Crores)

Name	Paid-up Equity Value	% Voting rights	Class of Shares
Ramesh D. Shah	4.15	37.2%	Equity shares
ETCO Telecom Pvt. Ltd.	7.00	62.8%	Equity shares
	11.15	100.0%	

D/E Ratio: 1.89

2.4 Infusion of funds as Debt: Resolution Applicant & Financial Sponsor(s) shall infuse debt funds as per the time schedule in table shown at para 4.0 Part A. Such Debt funds shall be unsecured and interest free during the term of the plan.

2.5 The Resolution Applicant also retains the right to find alternate source(s) of funding the Resolution Plan. In this regard, the Resolution Applicant and/or the Company may induct few other strategic/ financial sponsors/ Section 29A compliant partners. Resolution Applicant along with other strategic/ financial sponsors, collectively or individually may infuse additional funds in the Company by subscribing to equity and/or quasi equity instruments and/or Inter-Corporate Deposits (ICDs) issued by the Company, or arrange funds as interest free Unsecured Loans as may be required from friends/ relatives or meet the commitments in this Resolution Plan from the internal accruals of the operations of the Company.

3.0 Proposed Timelines for completion of funding by the RA

As per the time schedule in table shown at para 4.0 Part A

4.0 In case of funding is done in stages, give the details for each stage

As per the time schedule in table shown at para 4.0 Part A

PART D: PROPOSAL FOR MEETING/PROTECTING INTEREST OF ALL STAKEHOLDERS

(Vide Regulation 38(1A) of CIRP Regulations)

Following table shows the mode in which this regulation plan has addressed the interests of various stakeholders:

S.No.	Stakeholder	Interests as addressed in the Resolution Plan
1	Financial Creditors	Covered in Para 2.0 Part B above containing "Proposal for Outstanding Debt"
2	Workmen	Currently there are no workmen on the rolls of the Company.
3	Employees	Currently there are no factory employees on the rolls of the Company. There are head office employees at Mumbai who look

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		after the functions of Purchase, Sales & Finance. Such employees shall be retained subject to their performance. No claims have been filed by head office employees.
4	Operational Creditors	Covered in Para 3.0 Part B above containing "Payment towards Operational Creditors (including Statutory Dues but excluding Workmen & Employees Dues"
5	Local community/ Local Region	Corporate Debtor shall be a going concern and will generate employment in the local region (Parbhani, Maharashtra)

Thus, Resolution Plan has addressed the interests of all stakeholders in a fair and balanced manner.

Furthermore, no creditor or any other stakeholder of the Company shall be entitled to receive any settlement more than the proportionate settlement payable to a similarly placed class of creditors or stakeholders.

PART E: PLANNED EXPENDITURE FOR MEETING CAPITAL EXPENDITURE, WORKING CAPITAL, DEBT SERVICING AND OTHER EXPENSES AND MEANS OF FINANCE AND KEY TERMS

Refer Part C above regarding "Proposal for funding by Successful Resolution Applicant"

PART F: FINANCIAL PROJECTIONS FOR THE TENURE OF OUTSTANDING DEBT

1.0 Past Financials of the Corporate Debtor

(All figures in INR Cr.)

Particulars	31-Mar-15	31-Mar-16	31-Mar-17	31-Mar-18	31-Mar-19	31-Mar-20
	Audited	Audited	Audited	Audited	Audited	
SALES						
Manufacturing Goods	87.73	122.75	138.51	129.34	44.32	Plant running on lease basis
Traded Goods	2.15	15.09	3.97	6.66	4.73	
Other Income						
- Other Operating Income	3.81	0.11	0.92	0.07	0.75	
- Incentives/Subsidy	6.11	4.15	3.74			
- Other Income	0.24	0.86	0.59	1.30	1.17	
TOTAL REVENUE	100.04	142.96	147.73	137.37	50.98	

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Cost of Material Consumed	58.83	100.80	113.19	122.47	37.85
Change in inventory	9.33	0.78	2.54	-1.50	7.12
Employee Benefit Exp.	4.57	6.96	7.08	7.04	3.27
Power/fuel Cost	11.26	14.71	12.91	11.35	4.96
Other Exp.	10.14	6.51	6.36	9.63	3.06
Total Operating Expense	94.13	129.76	142.08	148.99	56.27
EBITDA	5.91	13.20	5.65	-11.62	-5.29
	6%	9%	4%	-8%	-10%

2.0 The Profit & Loss projections for the Corporate Debtor have been provided in the table below: ⁶

(All figures in INR Cr.)

Particulars	Year1 ** Projected	Year2 Projected	Assumptions
TOTAL REVENUE	90.00	131.75	
Cost of Material Consumed	67.50	97.50	75%-74% of sales
Employee Benefit Exp.	8.08	8.48	5% annual increase
Power/fuel Cost	9.00	13.18	10% of revenue
Other Exp.	5.40	6.59	6%-5% of revenue
Total Operating Expense	89.98	125.74	
EBITDA	0.02	6.01	
	0.02%	4.56%	
Interest	-	-	
Depreciation	2.55	2.55	
PBT	-2.53	3.46	
Tax Expenses	-	-	
Net Profit from ordinary activities	-2.53	3.46	
Dividend	-	-	
Retained Earnings	-2.53	3.46	
Capacity Utilization	58%	85%	

⁶ Updated vide Addendum-1 dated 26th October 2020

- 3.0 The projections have been drawn up in a realistic manner and are consistent with past trends (leaving aside aberration period of 2017-18 to 2019-20).
- 4.0 The Company has preserved its market strength, and sustained its relationship with customers and suppliers, despite the plant being given on lease basis.
- 5.0 The debt burden shall be scaled down with the writing-off of various liabilities.
- 6.0 The Balance Sheet projections for the Corporate Debtor have been provided in the table below: ⁷

(All figures in INR Cr.)

Particulars	Year1 end **	Year2 end
	Projected	Projected
EQUITY AND LIABILITIES		
Shareholders' Funds		
Equity Share Capital	11.15	11.15
Reserves & Surplus	-2.53	0.93
Non-Current Liabilities		
Secured Creditors	5.50	-
Unsecured Creditors	15.55	21.05
	29.67	33.13
ASSETS		
Non-Current Assets	24.47	25.62
Current & Other Assets	5.20	7.51
	29.67	33.13

We understand that the members of the CoC have further right to renegotiate the terms of this Financial Proposal and the decision of RP (acting on instructions of the CoC in this regard) in selection of the Resolution Applicant and / or the Successful Resolution Applicant shall be final and binding on us.

Yours faithfully

RAMESH D. SHAH

⁷ Inserted vide Addendum-1 dated 26th October 2020

SECTION-H

RAMESH D. SHAH

Unit Nos. S13/S14, 2nd Floor, Pinnacle Business Park, Mahakali Caves Road, Andheri (East), Mumbai – 400093
Mobile: +91 88504 25818 Email: cmd@etco.in

RESOLUTION PLAN

To^[L]_{SEP}

Mr. Vijay Pitamber Lulla
Resolution Professional – ETCO Industries Private Ltd.
203B, Arcadia Building,
2nd Floor, NCPA Marg^[L]_{SEP}
Nariman Point,^[L]_{SEP} Mumbai 400 021

Dear Sir,

Sub: Resolution Plan for the Proposed Transaction of ETCO Industries Private Limited (“Company”)

Resolution Plan set out in this Section is structured broadly as per prescribed Format-VA of RFRP document provided by the Resolution Professional.

PART A: PROPOSED PLAN FOR REVIVAL OF OPERATIONS OF THE BUSINESS (OPERATIONAL RESTRUCTURING)

1.0 Proposal for payment of the Insolvency Resolution Process Cost in priority to the repayment of any other debts of the Company;

Provided in Para 1.0 Part B of Section G

2.0 Proposal for repayment of the Financial Creditors of the Company

Provided in Para 2.0 Part B of Section G

3.0 Proposal for payment of liquidation value due to dissenting members of the CoC and provision for making such payment is made before any recoveries are made by the members of CoC who voted in favour of the Successful Resolution Applicant;

Provided in Para 2.0 Part B of Section G

4.0 A statement as to how it has dealt with the interests of all stakeholders, including financial creditors and Financial Creditors, of the corporate debtor

Provided in Part D of Section G

5.0 Term of the Resolution Plan and its Implementation Schedule

5.1 Term of the Plan: The Term of Resolution Plan shall be **T + 15 months**, wherein T is the Effective Date.

5.2 The Resolution Plan shall be considered to have been implemented on the payment of the CIRP Cost, and payment to the Operational Creditors & the Financial Creditors as set out in this Resolution Plan.

5.3 Implementation Schedule: Activity Timeline alongwith Responsibility Matrix

S. No	Activity	Indicative Timeline	Responsibility
A. Approval Process of Resolution Plan			
1	Approval of Plan by CoC and issuance of letter of intent	X	CoC / Resolution Professional
2	Acceptance & Submission of Performance Security	X + 2 Days	Resolution Applicant
3	Approval by Adjudicating Authority of Resolution Plan and receipt of order	T (Effective Date)	Resolution Professional
B. Implementation of Plan (After Effective Date)			
1	Continuation of the RP as MSP	T	Resolution Professional/ Monitoring & Supervising Professional (MSP)
2	Opening of Designated Bank Account	Within T + 21 Days	
3	Depositing the Performance Security Demand Draft into the Designated Bank Account	Immediately on completion of above step to earn interest	
4	Intimation to the Registrar of Companies, Tax authorities and various other statutory authorities (as applicable)	Within T + 30 Days	
C. Implementation of Plan (Before & On Transfer Date)			
1	Part Upfront Investment Amount for priority payments (CIRP costs & OCs) shall be transferred to the Designated Bank Account by Resolution Applicant	Within T + 30 days	Resolution Applicant
2	Payment of CIRP Costs from Designated Bank account in priority, in the manner detailed in Para 1.0 Part B of Section G	Within T + 30 days	Monitoring & Supervising Professional (MSP)

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S. No	Activity	Indicative Timeline	Responsibility
3	Payment of Operational Creditors from Designated Bank account in priority in the manner detailed in Para 3.0 Part B of Section G	Starting T + 30 Days	Monitoring & Supervising Professional (MSP)
4	Part Upfront Investment Amount as per payment schedule shall be transferred to the Designated Bank Account by Resolution Applicant.	Immediately after above Step	Resolution Applicant
5	Extinguishment/ Cancellation of all the paid-up equity capital of the company subsisting as on CIRP Commencement date.	Immediately after above Step	Resolution Applicant
6	Part Upfront Investment Amount (ref. Step C.4 above) and the Performance Security amount shall be recorded by the Company against the issue and allotment of Equity Shares to the RA & RA's Entity. The Equity Shares shall be subscribed by the RA & RA's Entity at their face value.	Concurrent to above Step	Resolution Applicant
7	Balance Upfront Investment Amount (including start-up cost) as per payment schedule shall be transferred to the Designated Bank Account by Resolution Applicant/ its Financial Sponsors.	Upto Transfer Date	Resolution Applicant & its Financial Sponsors
8	Upfront Payment to Financial Creditors from Designated Bank account	On Transfer Date	Monitoring & Supervising Professional (MSP)
D. Implementation of Plan (Immediately after Transfer Date)			
1	Constitution of new Board of Directors	Immediately after Transfer Date	Resolution Applicant
2	Handover of physical possession of Corporate Debtor alongwith all documents and records, in digital or physical form, by the RP/MSP to the RA	Immediately after Transfer Date	Resolution Professional/ Monitoring & Supervising Professional, and Resolution Applicant
3	Change of Signatory in Designated Bank Account from MSP to person(s) nominated by Resolution Applicant	Immediately after Transfer Date	Monitoring & Supervising Professional/ Resolution Applicant
4	Passing of necessary entries in the books of accounts of the Company pertaining to the Scheme of Change in Capital Structure	Within Transfer Date + 5 Days	Resolution Applicant
E. Implementation of plan (till Final Implementation Date)			
1	Infusion of Investment Amount by Resolution Applicant/ its Financial Sponsors as per payment schedule in the form of debt/ equity & Disbursement of	Within T + 15 months	Resolution Applicant

S. No	Activity	Indicative Timeline	Responsibility
	deferred payment tranches to Financial Creditors		
2	No dues statement & intimation of CIBIL, CERSAI & other authorities.	Immediately after above step	Financial Creditors

5.4 Miscellaneous Implementation Considerations

- 5.4.1 While approving this Resolution Plan, the Committee of Creditors (CoC) shall decide on the allocation of the amount payable to various creditors out of aggregate settlement amount(s) payable as per this Resolution Plan. Later, during Resolution Plan implementation, it shall be the responsibility of the Monitoring Committee (MC) to distribute the amounts to various creditors in accordance with the allocation decided by CoC.
- 5.4.2 For the purpose of depositing the debt and equity investments made by the Resolution Applicant and its Financial Sponsors, the Resolution Professional (RP) or Monitoring & Supervising Professional (MSP) shall open a separate Bank account of the Company (Designated Bank Account), from which bank account the payments will be made in accordance with the terms set out in this Resolution Plan.
- 5.4.3 **Stamp duty & ROC fee:** Any fee required to be paid to ROC including for the increase in the authorised share capital (if any), and the Stamp Duty on issue of shares, shall be funded from the cash flows of the Company, and if cash is not available with the Company, then such expenses shall be funded by the Resolution Applicant.
- 5.4.4 **Operations of the Company by the MC as a going concern:** The MC will on a best effort basis take all such actions and execute all such documents/ agreements as may be required to maintain the Company as a going concern until the Resolution Applicant acquires control over the Company on and from the Transfer Date in the manner set out in this Resolution Plan.
- 5.4.5 **Applications for approvals:** The MC shall authorize signing of all applications on behalf of the Company that are proposed to be made to any Governmental Authorities to obtain the necessary approvals for implementation of this Resolution Plan within the timelines set out thereof.

5.4.6 Accounting Treatment: ⁸

5.4.6.1 Upon approval of the Plan by the Hon'ble Adjudicating Authority, the Resolution Applicant be permitted to draw up the financial statements of the Company for a period ending on the Transfer Date (or any date closest to that date as may be practicable) in compliance with applicable accounting standards such that it truly reflects the claims verified and the realisable, fair value of the assets as may be determined by the board of directors of the Resolution Applicant.

5.4.6.2 For the above purpose, the Resolution Applicant be permitted to carry out necessary write off of assets, creation of additional liability or expenses or write back of liability or provision (as the case may be) in the books of accounts of the Company.

5.4.6.3 The books of accounts of the Corporate Debtor show accumulated losses of more than INR 75 Cr against Equity Share Capital of around INR 108 Cr. These accumulated losses will create constraints in seeking any investment/ raise funds for further growth. It is thus proposed to transfer reduction/ cancellation of share capital & write-off of liabilities to Financial creditors in the Resolution Plan, duly adjusted for various non-currents assets written-off or reduced in value to a Capital Reserve. This will help in strengthening the Balance Sheet of the Corporate Debtor and enable it to raise resources for further growth.

5.4.6.4 Pursuant to the order of the Hon'ble Adjudicating Authority approving this Plan, any debit or credit, being the balancing figure, shall be adjusted by the Company in the capital reserve at its sole discretion and the same shall be deemed to be in compliance with the applicable accounting standards.

6.0 Mechanism regarding management and control of the affairs of the Company

⁹

6.1 In the interim period between CoC approval date and Effective date, the Resolution Professional shall manage the Company and exercise all the powers of the management with respect to the Company. The Directors of the Company will remain suspended and voting rights of the existing shareholders shall stand suspended and shall not be exercised. If there is any matter that

⁸ Updated pursuant to Addendum-1 dated 26th Oct 2020

⁹ Updated pursuant to Addendum-1 dated 26th Oct 2020

requires shareholders resolution, it shall be done as per directions of the Hon'ble Adjudicating Authority.

- 6.2 With effect from the Effective Date, the Resolution Professional shall be released of his duties and responsibilities, and the CoC shall be dissolved.
- 6.3 In the period between Effective date and Transfer date, Monitoring Committee (MC – as explained in subsequent paras) shall exercise all the powers of the management with respect to the Company.
- 6.4 On the Transfer Date, the control of Corporate Debtor would be transferred to the Resolution Applicant. Resolution Applicant shall appoint a Board of Directors of the Corporate Debtor to spearhead its business plan.
- 6.5 Top Management team shall consist of Mr. Ramesh D. Shah, who shall function as Managing Director/ Whole-time Director of the Company. RA further proposes to identify other members of the board of directors and the same shall be appointed in compliance with all Applicable Law.
- 6.6 The Resolution Applicant shall have sole right to appoint KMPs and managerial personnel to run the operations of the Corporate Debtor during the term of the Resolution Plan.

7.0 Manner of implementation and supervision of the Proposed Transaction

- 7.1 As effective from the "Effective Date," Powers vested in Resolution Professional in relation to Corporate Debtor shall cease, therefore, effective from the "Effective Date," Resolution Professional (RP) is proposed to be *suo-moto* appointed as "Monitoring & Supervising Professional (MSP)", subject to prior acceptance by him for such appointment.
- 7.2 Effective from the "Effective Date," and until the Final Settlement Date (i.e., during the Term of the Plan), a monitoring committee (MC) shall be constituted with the following 3 members:
 - a) Monitoring & Supervising Professional (MSP),
 - b) One representative nominated jointly by Financial Creditors; and
 - c) One professional nominated by Resolution Applicant

7.3 The MC would supervise the implementation of the resolution plan and would continue to do so even after above formation of a Board until the final payment to secured financial creditors is done as per this Resolution Plan.

7.4 The frequency of meetings of MC shall ordinarily be at the end of every Three (3) months to review the implementation progress made during the quarter.

8.0 Declaration to the effect that the Resolution Plan is not in contravention of provisions of the Applicable Law

The Resolution Applicant, to the best of its knowledge, hereby declares that this Plan is not in contravention of the provisions of any Applicable Laws.

9.0 Details of the resolution applicant and other connected persons (as defined in CIRP Regulations) to enable the committee to assess the credibility of such applicant and other connected persons to take a prudent decision while considering the resolution plan for its approval.

Details have been provided in Section C

10.0 Provide an exhaustive list of the conditions precedent to effectiveness of the Resolution Plan.

There are no conditions precedent for the effectiveness of this Resolution Plan

11.0 Proposal for the takeover and execution of the existing operations

11.1 Resolution Plan provides for revival of business as a going concern.

11.2 Presently the plant is being operated on lease basis under Leave and License agreement with M/s Hina Trading & Manufacturing Co. Pvt. Ltd "Lessee".

11.3 RA shall take workers & employees of the Lessee working at the Plant on its payrolls subject to their fitness. This will ensure continuity of factory operations.

11.4 Existing contracts at factory like security, manpower, housekeeping, canteen, etc. shall be novated by RA, subject to performance.

11.5 The core operational team that would be involved in managing the operations of the Corporate

Debtor will consist of experienced and seasoned professionals from the talent pool available in the market along with a perfect mix of existing managerial team (including the ones moved into its payroll from lessee) to ensure interrupted and efficient operations.

11.6 RA shall infuse amount as envisaged for capital expenditure towards start-up expense for initializing the plant operations.

11.7 Thus, RA has provided for continued operations of Corporate Debtor, and continued employment of employees & workmen in the normal course of business.

12.0 Action plan for building the capability required (technical, financial, manpower etc.) to ramp up the scale of operations ¹⁰

12.1 With the revamping of machinery for production of Value-Added yarn, RA expects the company operations to become EBITDA neutral by end of Year-1.

12.2 Improved liquidity shall spare funds for undertaking further Product Development for value added yarns, which fetch better margins the market.

12.3 In addition to textile experts, RA on need basis, may also take assistance from some turnaround consultancy firm in developing / reviewing cost reduction initiatives, evaluating revenue enhancement opportunities and to implement cash conservation guidelines and controls for the Corporate Debtor.

13.0 Action plan for future execution

Provided in paras 11.0 & 12.0 above

14.0 Planned sources of funds for meeting capital expenditure, start-up expenses, working capital, debt service, any such other expense, proposed means of finance and key terms of debt (amount, interest rate offered, tenor, quarterly repayment schedule etc.) thereof

Please refer table in para 4.0 Part A of Section G, and also Part C of Section G

¹⁰ Updated post Addendum-1 dated 26th October 2020

15.0 Detailed financial projections (in the form of a linked MS Excel file) for the tenor of the Outstanding Debt including detailed financial projections should include profit and loss, balance sheet, and cash flow ratios and assumptions

Please refer Part F of Section G.

PART B: DETAILS OF EXPERIENCE IN THE TEXTILE INDUSTRY (SERVICES, EQUITY SHAREHOLDING, FINANCIAL INDICATORS FOR THE PRECEDING 3 (THREE) YEARS ETC.)

- 1.0 Mr. Ramesh D. Shah brings-in with him about 14 years of rich experience of managing Textile business.
- 2.0 The core operational team that would be involved in managing the operations of the Corporate Debtor will consist of experienced and seasoned professionals from the talent pool available in the market along with a perfect mix of existing managerial team (including the ones moved into its payroll from lessee) to ensure interrupted and efficient operations.
- 3.0 In addition to textile experts, the Resolution Applicant, on need basis, may also explore on-boarding a specialized turnaround consultancy firm.

PART C: "KNOW YOUR CUSTOMER" DETAILS OF THE RESOLUTION APPLICANT AND ITS PARENT COMPANY (AND ANY OTHER PERSON AS MAY BE REQUIRED BY THE RESOLUTION PROFESSIONAL)

Details have been provided in Sections B & C

PART D: SCHEDULE OF RELEASE OF CHARGE BY SECURED FCs ¹¹

- 1.0 All Encumbrances over the assets of the Corporate Debtor created by Secured Financial Creditors, or any other properties as mortgaged to Secured Financial Creditors in respect of loan/ credit facilities availed by the Corporate Debtor, shall stand released unconditionally and irrevocably in favor of the resolution applicant without any encumbrance or other liability imposed upon them, simultaneous with phase-wise payments of the amount proposed to the Secured Financial Creditors; whether charge related to them is registered with the respective authority or not; whether listed in Information memorandum as provided by the Resolution Professional or not.
- 2.0 The schedule for phase-wise release of Security Interest is proposed as follows:

¹¹ Updated vide Addendum-1 dated 26th October 2020

IN THE NATIONAL COMPANY LAW TRIBUNAL,
MUMBAI BENCH, COURT II

I.A. NO. 664/MB/C-II/2021

In

C.P. (IB) No. 1111/MB/C-II/2019

Particulars	Timeline	Settlement Amount Payment (in INR Cr)	Security Interest release by Secured FCs
Upfront Cash Payment	T + 60 days	10.50	Gala no. 142, Andheri Ind. Estate, Andheri West, Mumbai **
Deferred Cash payment tranches	T + 15 months	16.00	1) Current & non-Current assets of the Company 2) P&M at B-2/3, MIDC Parbhani 3) L&B at B-2/3, MIDC Parbhani 4) Personal Guarantee of Mr. Ramesh D. Shah
TOTAL		26.50 Cr	

** Release of this Collateral Security would enable Resolution Applicant to raise fund as initial Working Capital

3.0 Thus, simultaneous with phase-wise settlement with Secured Financial Creditors as shown in above table, each asset (including movable or immovable, tangible or intangible assets, whether freehold, leasehold, or license basis) of the Corporate Debtor shall be free and clear of all Encumbrances.

4.0 On payment of the settlement amount as per this Resolution Plan, the Financial Creditors shall withdraw all the recovery suits/claims filed against the company by filing consent terms with respective authorities/courts of law/tribunal as may be applicable or in any other acceptable manner; and terminate all the recovery proceedings initiated against the company in full and final settlement of their claims and dues, and remove the name of the company from list of defaulters/suit filed accounts maintained by various data bases like CIBIL, RBI, etc.

5.0 On payment of the settlement amount as per this Resolution Plan, the Lenders shall issue a certificate of discharge and no-claims to the Company and also hand over the security documents, all title documents & mortgaged assets to Resolution Applicant. Lenders shall also cooperate and facilitate vacation of charge if any registered in its favor with the ROC/ MCA or any other entity.

PART E: EXTINGUISHMENT OF CLAIMS

1. Other than Persons receiving settlements under this Resolution Plan, no other payments or settlements (of any kind) shall be made to any other Person in respect of Claims filed under the CIRP, and all Claims (including for the avoidance of doubt, any unverified portion of their Claims) against the Corporate Debtor along with any related legal proceedings, including criminal proceedings, shall stand irrevocably and unconditionally abated, settled and extinguished in perpetuity.

2. The payment to Persons contemplated in this Resolution Plan shall be the Corporate Debtor's and Resolution Applicant's full and final performance and satisfaction of all its obligations to such Persons and all claims (including for the avoidance of doubt, any unverified portion of their Claims) of such Persons against the Corporate Debtor shall stand irrevocably and unconditionally settled and extinguished in perpetuity in the manner set-out in this Resolution Plan.
3. The Interim Resolution Professional / Resolution Professional issued a notice inviting all potential claimants to submit their proofs of Claim. This was published in newspapers in accordance with Applicable Law. The Resolution Plan is being proposed in order to restructure the assets and liabilities of the Corporate Debtor and in the best interests of stakeholders of the Corporate Debtor to the extent possible. With this objective, the Resolution Applicant assumes that all creditors of the Corporate Debtor having any Claims have filed their Claims and the verifiable Claims have been admitted by the Resolution Professional and disclosed in the Information Memorandum. Accordingly, the Resolution Applicant and the Corporate Debtor shall have no responsibility or liability in respect of any other Liability appearing in the Books of Accounts of Corporate Debtor or any other Claims against the Corporate Debtor attributable to the period prior to the Effective Date, other than any payments to be made under this Resolution Plan. Hence, all remaining Liabilities as per the books of accounts to various creditors (including Financial Creditors, Operational Creditors & Other Creditors) or any other Claims along with any related legal proceedings, including criminal proceedings, shall stand irrevocably and unconditionally abated, settled and extinguished in perpetuity.
4. Upon the approval of the Resolution Plan by the ADJUDICATING AUTHORITY under Section 31 of the I.B. Code, all pending proceedings relating to the winding-up of the Corporate Debtor, if any, shall stand irrevocably and unconditionally abated in perpetuity.
5. On the Effective Date, save Security Interest as mentioned in Annexure-C of Information Memorandum, all encumbrances, security interest, liens and/or attachments (including pursuant to Applicable Law) created or suffered to exist over the assets of the Corporate Debtor or over the securities of the Corporate Debtor, whether by contract or by Applicable Law, shall stand unconditionally and Irrevocably released and all enforcement commenced by any Person over any of the assets of the Corporate Debtor or over any securities of the Corporate Debtor shall stand released and reversed, without the requirement of any further deed or action on Part of the Resolution Applicant or the Corporate Debtor.
6. On the Effective Date, all the outstanding negotiable instruments issued by the Corporate Debtor or by any Person on behalf of the Corporate Debtor including promissory notes, post-dated cheques and

Letters of Credit, shall stand terminated and the Corporate Debtor's liability under such instruments shall stand extinguished.

7. On the Effective Date, the rights of any Person (whether exercisable now or in the future and whether contingent or not) to call for the allotment, issue, sale or transfer of shares or loan capital of the Corporate Debtor, whether on a change of control, or otherwise, shall stand unconditionally and irrevocably extinguished.
8. Any and all other claims (whether contingent or crystallized, known and unknown, disputed or undisputed, asserted or un-asserted, present or future and whether or not filed) of Governmental Authorities in relation to any tax, duties, penalty, interest, fine, cess, unpaid TDS/TCS, which the Corporate Debtor was or may be liable to pay, for the period prior to the Effective Date shall stand extinguished on the Effective Date by virtue of the order of the ADJUDICATING AUTHORITY approving the Resolution Plan and the Corporate Debtor should not be liable to pay any amount against such demand, but for the provision made in Section G (Financial Plan). All assessment/appellate or other proceedings pending on the Effective Date relating to the period prior to the Effective date, shall stand terminated and all consequential liabilities, if any shall be deleted and waived off and shall be considered to be not payable by the Corporate Debtor by virtue of the order of the ADJUDICATING AUTHORITY. All notices proposing to initiate any proceedings against the Corporate Debtor in relation to any period prior to the Effective Date and pending on that date, shall be considered deleted and shall not be proceeded against the Corporate Debtor. Post Effective Date, no re-assessment/revision or any other proceedings under the provisions of Income-tax Act, 1961 should be initiated on the Corporate Debtor in relation to the period prior to Effective Date and any consequential demand shall be considered as non-existing, deleted and/ or waived, and not payable by the Corporate Debtor. Any proceedings, which were kept in abeyance in view of I.B. Code process or otherwise shall not be revived post the Effective Date.
9. All liabilities arising on account of failure to deduct/withhold taxes on any payment either partially or fully, made by the Corporate Debtor and pay such amount withheld within appropriate time to the Government either partially or fully, and any other non-compliance with respect to withholding Taxes as required under Applicable Law pertaining to the period prior to the Effective Date shall stand extinguished on the Effective Date by virtue of the ADJUDICATING AUTHORITY order approving Resolution Plan.

- 10.** Any financial liability or export obligation as on the Effective Date, or which may arise in future but pertaining to the period prior to the Effective Date, related to EPCG licenses issued by Custom Department, shall deem to be waived and extinguished.
- 11.** From the date of approval of Resolution plan by Adjudicating Authority, all civil litigations against the company including arbitration, suits, claims, disputes, and damages in connection with affairs of Corporate Debtor in any Court shall stand withdrawn, satisfied and discharged, particularly the following:
 - 6.1 Local Body Tax demand by Parbhani City Municipal Corporation
 - 6.2 Maharashtra State Electricity Board for arrears against M/s Prabhadevi Soot Girni Coop., who were the earlier owners of Corporate Debtor.
- 12.** All powers of attorney and/or other corporate authorizations including board resolutions, or mandates issued by the Corporate Debtor to any Person to enable such Person to carry out various functions of the Corporate Debtor, to sign and execute various documents and/ or represent the Corporate Debtor and to operate the bank accounts of the Corporate Debtor, shall stand permanently revoked and cancelled without any further act, deed or action.
- 13.** In case Corporate Debtor has extended any security/guarantee to any third party to secure debt not owed by Corporate Debtor, the rights of creditors to invoke, exercise and appropriate proceeds from any guarantee or security provided by Corporate Debtor shall stand extinguished, revoked and abandoned.

PART F: RELIEFS, CONCESSIONS & DISPENSATIONS

- 1.** In accordance with amended section 79 of the Income Tax Act, 1963 applicable w.e.f. 1-4-2020, Central Board of Direct Taxes (CBDT) is requested to exempt the Corporate Debtor upon change in shareholding of the Corporate Debtor pursuant to the Resolution Plan and allow carry forward and set-off of brought forward losses of the Corporate Debtor.
- 2.** In accordance with amended section 115JB of the Income Tax Act, 1963, Central Board of Direct Taxes (CBDT) is requested to allow book losses generated out of write-off of assets to be set-off against the book profits, for the purposes of levy of MAT.
- 3.** It is prayed that Non compliances in relation to various forms and returns to be filed under the Companies Act 2013, Income Tax Act 1961, GST Act, PF , ESIC, Professional Tax, Excise, VAT, Service Tax and/or any other statutory authority or local governments, if any, for the period upto the effective date, are waived by the respective authorities.

4. It is prayed that on and from the Effective Date, all accounts of the Corporate Debtor stand regularized and their asset classification as "standard"
5. **UNDERTAKING:** The Reliefs, Concessions and Dispensations as sought in this PART-F are "procedural" and are sought for timely implementation of the Resolution Plan. However, if the Reliefs, Concessions and Dispensations as sought in this PART-F are not granted, it will not in any way jeopardize the implementation of the Resolution Plan, and the Resolution Applicant shall remain responsible for such implementation.

PART G: OTHER DECLARATIONS

Vide Regulation 38(1B) of CIRP Regulations, Resolution Applicant hereby confirms that neither Resolution Applicant, nor any of its related parties have failed to implement or have contributed to the failure of implementation of any other resolution Plan approved by the Adjudicating Authority at any time in the past.

PART H: OTHER REQUIREMENTS AS PER CIRP REGULATION 38

1.0 Addressing the causes of default

1.1 Reasons for default by the Corporate Debtor

- 1.1.1 Corporate Debtor initiated the expansion and modernization of cotton yarn spinning unit that was eligible for subsidies under Technology Upgradation Fund Scheme (TUFS) and also interest & subsidies by the State Government. Such subsidies were integral part of projected fund flow & business cycle to make such new investments viable.
- 1.1.2 As per the procedure, the portal for applying subsidies to government is made available to financing banks only. Some mistakes in applying such subsidies by one of the bank, coupled with various other external factors beyond the control of erstwhile management of the Corporate Debtor caused the liquidity position of the Corporate debtor to deteriorate.
- 1.1.3 The company was not able to bear the interest and repayment burden, and account slipped as Non-performing Asset (NPA)

1.2 How Resolution Plan shall address cause of default

- 1.2.1 RA shall bring-in funds into Corporate Debtor as Equity or as non-interest bearing unsecured loan, i.e., quasi-equity, as either own funds of through its Entity namely ETCO

Telecom Pvt. Ltd.

- 1.2.2** Thus with reduced cost of funds, the Corporate Debtor shall again stand on its feet to the benefit of all stakeholders.

2.0 Feasibility & Viability¹²

2.1 Referring Part F of Section G, feasibility of plan & viability of the Company operations are ensured due to following:

2.1.1 With the revamping of machinery for production of Value-Added yarn, RA expects the company operations to become EBITDA neutral by the end of 1st year of operations.

2.1.2 It shall generate start generating net cash to provide some Return to the Contributors of Capital, 2nd year onwards.

2.1.3 As can be seen from the table in para 4.0 Part A Section G, D/E ratio comes down from 3.42 at T + 60 days to 1.89 at T + 15 months.

2.2 As per evaluation by RA, if entire plant & machinery is put into operation after carrying out repair and maintenance (start-up expenses), the plant is expected to result in achieving a turnover of INR 131.75 Cr in 2nd year (85% capacity utilization), and then level-off, ramping up from INR 90 Cr in Year1 (58% capacity utilization). This has been duly considered while projecting the P&L figures in Part F Section G.

2.3 Working Capital requirement is expected to be around 7.7% of material consumed (i.e. net 28 days) considering raw material availability on credit from suppliers.

2.4 With improved liquidity position, company shall have better bargaining power with the suppliers, which will result in reduction of cost of material consumed from 75% of sales to 74% of sales.

2.5 Improved liquidity shall spare funds for undertaking further Product Development for value added yarns, which fetch better margins the market.

2.6 In addition to textile experts, RA on need basis, may also take assistance from some turnaround consultancy firm in developing/ reviewing cost reduction initiatives & evaluating

¹² Updated vide Addendum-1 dated 26th October 2020

revenue enhancement opportunities for the Corporate Debtor.

3.0 Approvals

- 3.1 As per assessment of RA, no approval from Competition Commission of India (CCI) is necessitated in this industry.
- 3.2 If any approvals/ renewals with respect of any other government authorities are required, the same shall be obtained within T + 1 year.

4.0 Capability of Resolution Applicant

4.1 FINANCIAL CAPABILITY:

- 4.1.1 Resolution Applicant fulfilled the financial eligibility criteria set out by the Resolution Professional/ CoC.
- 4.1.2 Financials Sponsor has given comfort letter/ commitment for investment, which shall not be recalled during the Term of the Resolution Plan.
- 4.1.3 Thus, financial capability of RA supported by its Financial Sponsor, is assured.

4.2 TECHNICAL & OPERATIONAL CAPABILITY:

- 4.2.1 At his own level, the Resolution Applicant has vast experience of Textile sector. He ventured into textile business by acquiring this spinning unit at Parbhani through public auction in 2006. He modernized the plant and invested for expansion of its capacity. The unit supported 350 families directly and 700 families indirectly in the underdeveloped area of Marathwada. In 2013, he had setup a greenfield Denim fabric manufacturing unit at Bijapur Karnataka. That unit supported more than 1000 families directly, and 2000 families indirectly in Bijapur area.
- 4.2.2 At the operational level, Resolution Applicant proposes to put renowned talent available in Indian market in spinning industry, to ramp-up the scale of operations and sustain them.

PART I: MISCELLANEOUS

1. After approval by the CoC and until the approval of the Resolution Plan by the Adjudicating Authority, all business decisions for the maximization of value of the Corporate Debtor shall be made by the Resolution Professional.
2. Upon approval of the Resolution Plan by the Adjudicating Authority, this Resolution Plan shall *ipso*

facto form part of the Adjudicating Authority order approving the Resolution Plan.

3. Binding Nature of the Resolution Plan

- 3.1. Upon the approval of this Resolution Plan by the Adjudicating Authority, it shall be binding on the Resolution Applicant, Company and its employees, members, creditors, guarantors and other stakeholders involved in this Resolution Plan and / or otherwise concerned or connected with the Company.
- 3.2. Any breach of the terms of this Resolution Plan or default in the performance of the obligations hereunder by any of the foregoing persons shall cause irreparable damage to the Resolution Applicant and its proposal to revive the Company. Accordingly, in case of such breach or default, the Resolution Applicant shall have the right to injunction or other equitable relief including specific performance of the terms hereof.
- 3.3. This Resolution Plan overrides all past discussions with the CoC and the Resolution Professional and the earlier version of resolution plans, if any, submitted by the Resolution Applicant, and all such earlier resolution plans shall be considered to have been nullified by this Resolution Plan.

4. Amendments and Revisions

- 4.1. The amounts and payments committed by the Resolution Applicant under this Resolution Plan are subject to the information provided in the Information Memorandum and the information shared via the Virtual Data Room (VDR) by the Resolution Professional.
- 4.2. In case of any changes or modifications to any of the foregoing, the Resolution Applicant shall be entitled to seek suitable amendments to this Resolution Plan.

5. Severability and a challenge to this Resolution Plan

- 5.1. None of the provisions of this Resolution Plan are severable. If any provision of this Resolution Plan (or any part thereof) is declared invalid, unenforceable or illegal, all the other provisions of this Resolution Plan shall stand suspended. The Resolution Applicant may, however, in its absolute and sole discretion choose to implement the other provisions of the Resolution Plan that have not been declared illegal, invalid or unenforceable.
- 5.2. If at any time the Resolution Applicant or Resolution Professional becomes aware of any

circumstances that is or is likely to adversely impact the Resolution Plan or its implementation or fulfillment of any of the conditions or terms of the Resolution Plan, such Person shall immediately and in any event not later than 2 Business Days give to the other Person written particulars of such circumstances, and thereafter, the Resolution Applicant and Resolution Professional shall cooperate fully with a view to resolve any adverse impact or fulfill the relevant condition or term.

5.3. Except as otherwise provided in this Resolution Plan, no part of this Resolution Plan shall become effective or enforceable until either (a) the Resolution Plan is approved by the CoC and thereafter approved by the Adjudicating Authority; or (b) if approved by the Adjudicating Authority with any variance, then in the form and substance that does not impose any liability or obligation on either the Resolution Applicant or the Company over and above the liability or obligation agreed to be borne by the Resolution Applicant or the Company as part of this Resolution Plan.

6. Sunset Clause

6.1. Except to the extent specifically provided, upon the rejection of this Resolution Plan by the CoC and/or the Adjudicating Authority, this Resolution Plan shall forthwith become inoperative and cease to have any binding effect on the Resolution Applicant. The above sentence is without prejudice to the right of the Resolution Applicant to get back Bid Bond and Performance Security submitted in accordance with the RFRP.

7. Other Provisions

7.1. The Resolution Applicant will, upon approval of this Resolution Plan by the Adjudicating Authority, execute such instruments, deeds and documents as may be necessary to implement this Resolution Plan and the parties thereto shall comply with the conditions set out therein from the date of their execution.

7.2. The Company/ Resolution Applicant shall have exclusive right over all receivables of the Corporate Debtor for the period prior to Transfer date, including pending subsidies, if any, from the government authorities. Respective Financial Creditors shall provide requisite support to the Company in respect of making subsidy application on portal, etc. as per prescribed procedure, if required.

7.3. All contracts, deeds, bonds, agreements, or other similar rights or entitlements whatsoever, including the licenses granted by any Governmental Authority, statutory or regulatory bodies for

the purpose of carrying on the business of the Company, or the benefits which the Company may be eligible and which are subsisting or having effect immediately before the order of AA initiating CIRP against the Company, including the receivables from trade debtors of the Company shall on this Resolution Plan becoming effective be deemed to and continue to be valid and subsisting, except to the extent of any writing off or waiver of liability or obligations of the Company and/or the Resolution Applicant as set out in this Resolution Plan. The termination of any of the above, if any, whether actual or potential, pursuant to the initiation of the CIRP for any reason (including change of control or liquidation/ insolvency related) shall be deemed to have not happened.

7.4. Unless otherwise mentioned in this Resolution Plan, such contracts, assets, rights and properties described above shall continue to be in full force and continue as if there were no default or liabilities accrued or to be accrued. In relation to the same, any procedural requirements required to be fulfilled by the Company, shall be deemed to be fulfilled by the Company. The aforesaid is without prejudice to the right of termination available with contracting parties under the respective contracts.

7.5. With effect from the Transfer Date, all the permits held or availed of by, and all rights and benefits that have accrued to the Company, shall without any further act, instrument or deed be transferred to, and vest in, or be deemed to have been vested in, and be available to the Company. The permits, estates, assets, rights, title and interests of the Company shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible in Applicable Laws.

We understand that the Resolution Professional have further right to renegotiate the contents of this Resolution Plan and the decision of RP (acting on the instructions of the CoC) and / or the CoC in the selection of the Resolution Applicant and / or the Successful Resolution Applicant shall be final and binding on us.

Yours faithfully

RAMESH D. SHAH

SECTION-I

RAMESH D. SHAH

Unit Nos. S13/S14, 2nd Floor, Pinnacle Business Park, Mahakali Caves Road, Andheri (East), Mumbai – 400093
Mobile: +91 88504 25818 Email: cmd@etco.in

BUSINESS PROFILE AND TRACK RECORD IN M&A

A. Business profile of Resolution Applicant

Mr. Ramesh D. Shah (Resolution Applicant) has been the key driver behind the establishment of ETCO GROUP of companies. He has been active in business since 1985, and has promoted several successful ventures like steel trading, investments, auto components, Telecom Infrastructure, Banking automation machines and security surveillance systems.

He was also one of the largest shareholders in individual category of Praj Industries, which is in the business of process equipment solutions. He has subsequently disinvested his stake in the Company.

B. Track record in M&A

Mr. Ramesh D. Shah (Resolution Applicant) has vast experience in undertaking corporate M&A and experience in acquiring and turning around distressed assets.

For instance, he acquired Prabhadevi Soot Girni Coop., Parbhani in 2006, and transformed it into ETCO Industries Pvt. Ltd. by modernizing the plant.

Yours faithfully

RAMESH D. SHAH

48. We have heard the Applicant and perused the Resolution Plan and related documents submitted along with Application.

49. It is observed that 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.

50. 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.

51. 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.

52. On perusal of the Resolution Plan, it is observed that the Resolution Plan provides for the following :

Payment of CIRP Cost as specified u/s 30(2)(a) of the Code.

- a) Repayment of Debts of Operational Creditors as specified u/s 30(2)(b) of the Code.
- b) 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.

c) The implementation and supervision of Resolution Plan by the RP and the CoC as specified u/s 30(2)(d) of the Code.

53. 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. In terms of Regulation 27 of the Regulations, Liquidation value was ascertained through two registered valuers. The Liquidation value of the Corporate Debtor is as under :-

Average of both the Valuers: Rs. 18,41,97,594/- (Pre Covid)

Rs. 17,25,45,931/- (Post Covid)

54. The Fair value of the assets of the Corporate Debtor is as under :-

Average of both the Valuers: Rs. 35,32,95,929/- (Pre Covid)

Rs. 31,87,82,600/- (Post Covid).

55. One of the justifications for approval of this resolution plan is that the amount proposed under the plan is higher than liquidation value of the Corporate Debtor.

56. 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.

57. 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.

58. The Resolution Plan has been approved by the CoC in the 17th meeting with 100% votes.

59. 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.

60. 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 para42 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).”

61. 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. 664 of 2021 in CP 1111 of 2019 be and the same is allowed. The Resolution Plan annexed hereto is 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. This Tribunal will not deter such authorities to deal with any of the issues arising after giving effect to the Resolution Plan.
 - iv. 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.
 - v. The moratorium under Section 14 of the Code shall cease to have effect from this date.
 - vi. 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.
 - vii. 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.
 - viii. The Applicant shall forthwith send a certified copy of this Order to the CoC and the Resolution Applicant, respectively for necessary compliance.

Dated this the 1st day of November, 2021

Sd/-

**SHYAM BABU GAUTAM
MEMBER (TECHNICAL)**

Sd/-

**ASHOK KUMAR BORAH
MEMBER (JUDICIAL)**