

IN THE NATIONAL COMPANY LAW TRIBUNAL
KOLKATA BENCH
KOLKATA

IA (IB) No. 1380/KB/2020

in

CP (IB) No. 998/KB/2018

*Application under section 30(6) for approval of Resolution Plan under section 31(1) of the
Insolvency and Bankruptcy Code, 2016*

In the matter of

Shri Shyam Industries Private Limited

... Operational Creditor

versus

Prosperity Steels Limited

... Corporate Debtor

In the matter of

Partha Pratim Ghosh [*Resolution Professional of Prosperity Steels Limited*]

... Applicant

Coram:

Shri Rajasekhar V.K., Member (Judicial)

Shri Harish Chander Suri, Member (Technical)

Appearances (via video conference):

For the Applicant/RP: : 1. Mr. Pranay Agarwal, Advocate

2. Ms. Ankita Baid, Advocate

Resolution Professional: Mr. Partha Pratim Ghosh

Order Reserved on: 06.01.2021

Order pronounced on: 18.02.2021

ORDER

Per Rajasekhar V.K., Member (Judicial)

1. This Court convened through video conferencing.
2. This is an Application moved on 06.01.2021 by Partha Pratim Ghosh, Resolution Professional of Prosperity Steels Limited (CIN: U27103WB1998PLC087025), by

invoking the provisions of section 30(6) 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 for approval of a Resolution Plan in respect of Prosperity Steels Limited.

3. The underlying Company Petition in CP (IB) No. 998/KB/2018 was filed by Shree Shyam Industries Private Limited against Prosperity Steels Limited, the Corporate Debtor, under section 9 of the Insolvency and Bankruptcy Code 2016 (“**the Code**” or “**IBC**”) which was admitted *vide* order dated 04.10.2019 in CP (IB) No. 998/KB/2018.
4. Initially, Mr. Jitendra Lohia was appointed as the Interim Resolution Professional. He was later confirmed as the Resolution Professional of the Corporate Debtor by this Adjudicating Authority *vide* order dated 26.11.2019.
5. The CoC in its 3rd meeting held on 04.12.2019, resolved to replace Mr. Jitendra Lohia with the Applicant, Mr. Partha Pratim Ghosh [IBBI/IPA-001/IP-P00554/2017-18/10984]. An application bearing I.A. No. 169/KB/2020 was filed by the CoC for replacement of the Resolution Professional which was allowed on 03.02.2020.
6. The erstwhile RP had made public announcement on 10.10.2019 in “The Indian Express” (English) and “Ek Din” (Bengali) newspapers regarding initiation of CIRP and called proof of claims from the financial and operational creditors, workers and employees of the Company in the specified forms till 21.10.2019.
7. The applicant states that a total of thirteen CoC meetings have been held during CIRP period, as follows:

Particulars	Date of CoC meeting
1 st CoC Meeting	02.11.2019
2 nd CoC Meeting	26.11.2019
3 rd CoC Meeting	04.12.2019
4 th CoC Meeting	20.01.2020
5 th CoC Meeting	24.02.2020

Particulars	Date of CoC meeting
6 th CoC Meeting	23.03.2020
7 th CoC Meeting	26.06.2020
8 th CoC Meeting	04.08.2020
9 th CoC Meeting	28.08.2020
10 th CoC Meeting	18.09.2020
11 th CoC Meeting	14.10.2020
12 th CoC Meeting	23.11.2020
13 th CoC Meeting	27.11.2020

8. The erstwhile Resolution Professional had issued invitations in Form ‘G’ for Expressions of Interest (EoI) from potential resolution applicants on 18.12.2019 for submission of resolution plans for the Corporate Debtor, in terms of the provisions of section 25(2)(h) of the Code read with regulation 36A(1) of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. The last date for receipt of EoIs was 02.01.2020. This was published in “Financial Express” (English) and “Ek Din” (Bengali) newspapers of 18.12.2019. The notice was also published on the website of the Insolvency and Bankruptcy Board of India (IBBI).
9. The Applicant submits that there was no response to the invitation for EoI published on 18.12.2019, but an email was received by Mr. Sharad Gupta, ex director of the Corporate Debtor, who expressed his interest to file a resolution plan.
10. A Resolution Plan was submitted to the Resolution Professional by Mr. Mukesh Gupta and Mr. Sharad Gupta.
11. On 27.11.2020, the CoC in its 13th CoC meeting, approved the Resolution Plan submitted by the Resolution Applicants.

12. The claims of financial and operational creditors as existing as on the date of filing the present application are as follows:

[in lacs]

Sl. No.	Category of Claim and Reference to Clause of the Resolution Plan	Amount Admitted as per Information Memorandum (in Rs./Lakhs)	Amount Proposed to be Paid as per Plan (in Rs./Lakhs)
1.	CIRP Costs (approx) [Section 6.1]	-----	30.00
2.	Financial Creditors [Section 6.2]	320.15	171.80
3.	Operational Creditors [Section 6.2]	188.30	NIL
4.	Workmen [Section 6.2]	10.50 (as per books)	3.00
	Total	518.95	204.80

13. The CoC was informed of the fair market value and liquidation value of the Corporate Debtor, as per the valuation reports, which is as follows:

Valuer	Asset Class	Fair Market Value (Rs./ Cr.)	Liquidation Value (Rs. / Cr.)
Puneet Tyagi	Land & Building	2,03,14,659/-	1,48,96,562/-

Valuer	Asset Class	Fair Market Value (Rs./ Cr.)	Liquidation Value (Rs. / Cr.)
Sekh Tariq Anovar	Land & Building	1,74,35,000/-	1,22,05,000/-
Average Value (A)		1,88,74,829.5/-	1,35,50,781/-
Asim Maity	Plant & Machinery	29,67,400/-	20,77,200/-
Dharam Pal Bhatia	Plant & Machinery	40,39,000/-	28,27,200/-
Average Value(B)		35,03,200/-	24,52,200/-
Shyamal Mukherjee	Financial Assets	18,36,000/-	1,07,000/-
Debashis Das	Financial Assets	2,96,461/-	2,17,118/-
Average Value(C)		10,66,230.50/-	1,62,059/-
Total Average Value of all the assets of the CD (A B and C)		2,34,44.260/-	1,61,65,040/-

14. The Applicant submits details of various compliances as envisaged within the Code and the CIRP Regulations which requires a Resolution Plan to adhere to, which is reproduced hereunder:

I. Submission of Resolution Plan in terms of sub-section (2) of section 30 of the Code (as amended vide Amendment dated 16 August 2019):

Clause of s.30(2)	Requirement	How dealt with in the Plan
(a)	Plan must provide for payment of CIRP cost in priority to repayment of other debts of CD in the manner specified by the Board.	<i>Section 4.1 at Page 37-38 of the Resolution Plan</i>
(b)	(i) Plan must provide for repayment of debts of OCs in such manner as may be specified by the Board which shall not be less than the amount payable to them in the event of liquidation u/s 53; or (ii) Plan must provide for repayment of debts of OCs in such manner as may be specified by the Board which shall not be not less than 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 (iii) provides for 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.	(i) <i>No provision in the Resolution Plan</i> (ii) <i>No provision in the Resolution Plan</i> (iii) <i>No provision in the Resolution Plan.</i>
(c)	Management of the affairs of the Corporate Debtor after approval of the Resolution Plan.	<i>Section 9 at Page 70-72 of the Resolution Plan</i>

Clause of s.30(2)	Requirement	How dealt with in the Plan
(d)	Implementation and Supervision.	<i>Section 10.1 at Pages 73 of the Resolution Plan</i>
(e)	Plan does not contravene any of the provisions of the law for the time being in force.	<i>Section 10.2 at Page 74 of the Resolution Plan</i>
(f)	Confirms to such other requirements as may be specified by the Board.	<i>No provision in the Resolution Plan</i>

II. Measures required for implementation of the Resolution Plan in terms of Regulation 37 of CIRP Regulations:

Particulars	Relevant Page of the Revised Resolution Plan dealing aforesaid compliance with Regulation
<i>A resolution plan shall provide for the measures, as may be necessary, for insolvency resolution of the corporate debtor for maximisation of value of its assets, including but not limited to the following:-</i>	
(a) transfer of all or part of the assets of the corporate debtor to one or more persons;	<i>Section 6 clause 6.2 at Pages 61 to 62 of the Resolution Plan.</i>
(b) sale of all or part of the assets whether subject to any security interest or not;	<i>Not proposed by the RA</i>
(c) restructuring of the corporate debtor, by way of merger, amalgamation and demerger	<i>Not proposed by the RA</i>
(d) the substantial acquisition of shares of the corporate debtor, or the merger or consolidation of the corporate debtor with one or more persons;	<i>Section 10.2 clause VII at Page 74 of the Resolution Plan</i>

Particulars	Relevant Page of the Revised Resolution Plan dealing aforesaid compliance with Regulation									
(e) cancellation or delisting of any shares of the corporate debtor, if applicable;	Not proposed by the RA									
(f) satisfaction or modification of any security interest;	Not proposed by the RA									
(g) curing or waiving of any breach of the terms of any debt due from the corporate debtor;	Not proposed by the RA									
(h) reduction in the amount payable to the creditors;	Section 6, Table 18 at Page 59 of the Resolution Plan (in Rs./ Lacs) <table><tr><td></td><td>Debt/Claim</td><td>Settled</td></tr><tr><td>FC</td><td>320.15</td><td>171.8</td></tr><tr><td>OC</td><td>188.3</td><td>NIL</td></tr></table>		Debt/Claim	Settled	FC	320.15	171.8	OC	188.3	NIL
	Debt/Claim	Settled								
FC	320.15	171.8								
OC	188.3	NIL								
(i) extension of a maturity date or a change in interest rate or other terms of a debt due from the corporate debtor;	Section 5.2 at Page 46-49 of the Resolution Plan									
(j) amendment of the constitutional documents of the corporate debtor;	Section 11.1 clause a at Page 75 of the Resolution Plan									
(k) issuance of securities of the corporate debtor, for cash, property, securities, or in exchange for claims or interests, or other appropriate purpose;	Section 5.1, clause b at Page 41 of the Resolution Plan									
(l) change in portfolio of goods or services produced or rendered by the corporate debtor;	Not proposed by the RA									

Particulars	Relevant Page of the Revised Resolution Plan dealing aforesaid compliance with Regulation
(m) change in technology used by the corporate debtor; and	<i>Not proposed by the RA</i>
(n) obtaining necessary approvals from the Central and State Governments and other authorities.	<i>Section 9 clause f at Page 72 of the Resolution Plan</i>

III. Mandatory contents of Resolution Plan in terms of Regulation 38 of CIRP Regulations:

Reference to relevant Regulation	Requirement	How dealt with in the Plan
38(1)	The amount due to the operational creditors under a resolution plan shall be given priority in payment over financial creditors.	<i>Not proposed by the RA.</i>
38(1A)	A resolution plan shall include a statement as to how it has dealt with the interests of all stakeholders, including financial creditors and operational creditors of the corporate debtor.	<i>Section 4 at Page 37 to 39 of the Resolution Plan.</i>

Reference to relevant Regulation	Requirement	How dealt with in the Plan
38(1B)	A resolution plan shall include a statement giving details if the resolution applicant or any of its related parties has failed to implement or contributed to the failure of implementation of any other resolution plan approved by the Adjudicating Authority at any time in the past.	<i>Clause 3.6 at Page 35 of the Resolution Plan</i>
38(2)	A resolution plan shall provide: (a) the term of the plan and its implementation schedule;	<i>Section 6 clause 6.2 at Page 61 and Section 8 at Pages 67 to 69 of the Resolution Plan.</i>
	(b) the management and control of the business of the corporate debtor during its term; and	<i>Section 9 Page 70 of the Resolution Plan.</i>
	(c) adequate means for supervising its implementation.	<i>Section 10 at Pages 73 to 74 of the Resolution Plan.</i>
38(3)	A resolution plan shall demonstrate that – (a) it addresses the cause of default;	<i>Section 1 clause 1.5 at Page 17 of the Resolution Plan.</i>

Reference to relevant Regulation	Requirement	How dealt with in the Plan
	(b) it is feasible and viable;	<i>Section 5, clause 5.2 at Page 46 read with profitability projections under Section 7 clause 71 at Page 64 at Page 25 of the Resolution Plan.</i>
	(c) it has provisions for its effective implementation;	<i>Section 9 and Section 10 at Pages 70-74 of the Resolution Plan.</i>
	(d) it has provisions for approvals required and the timeline for the same; and	<i>Section 8 at Page 67 of the Resolution Plan.</i>
	(e) the Resolution Applicant has the capability to implement the resolution plan.	<i>Section 3 clause 3.6 paragraph II at Page 36 of the Resolution Plan.</i>

15. The Applicant submits that the successful Resolution Applicants have submitted a certificate of eligibility under section 29A of the Code, which has been annexed as Annexure K at Pp. 260 to 261J of the Application.
16. The Applicant has filed a Compliance Certificate in prescribed form, *i.e.*, Form 'H' in compliance with regulation 39(4) of the Insolvency & Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, which has been annexed as Annexure L at Pp. 262 to 265 of the Application.

Details of Resolution Plan/Payment Schedule

17. The Applicant submits the relevant information with regard to the amount claimed, amount admitted and the amount proposed to be paid by the Resolution Applicant, *i.e.*, Mr. Sharad Gupta and Mr. Mukesh Gupta, under the said Resolution Plan is tabulated as under:

Sl. No	Creditor	Amount Claimed (in Rs.)	Amount Admitted (in Rs.)	% share in COC	Amount proposed in Resolution Plan (in Rs.)
Financial Creditor					
1	Axis Bank	304.00	304.00	100	164.16
2	ICICI Bank- Car loan	-----	-----	----	5.90
3	Ford credit- Car Loan	-----	-----	----	1.74
Operational Creditors					
1	Workmen and Employees	N/A	N/A	N/A	3.00
CIRP Cost					
1	CIRP Cost	30.00	30.00	N/A	30.00
Total		---	---	N/A	204.80

18. The total plan is of Rs.209.30 lakhs inclusive of the Capital Expenditure and Working Capital for development of the assets and operation of the Corporate Debtor, as tabulated hereunder:

Sl. No.	Type of debts	Amount Proposed Rs. in Lakh
1.	Estimated CIRP Cost	30.00
2.	Secured Financial Creditors	171.80
3.	Workmen and Employees	3.00

Sl. No.	Type of debts	Amount Proposed Rs. in Lakh
4.	Unsecured Financial Creditors	0.00
5.	Others Unsecured Financial Creditors (Related Parties)	0.00
6.	Operational Creditors (other than Statutory)	0.00
7.	Statutory Liabilities	0.00
8.	Shareholders	0.00
9.	Contingent to Mining Department	0.00
10.	Contingent / Unforeseen Cost	0.00
	Total payment to creditors	174.80
	Capital Expenditure and Working Capital for development of the Assets and operation of the CD	-----
	Additional sum for payment to workmen- employees	4.50
	Total Plan of Outlay	209.30

19. Summary of the financial proposal/payment under the Resolution Plan dated August, 2020 of i.e., Mr. Sharad Gupta and Mr. Mukesh Gupta is tabulated hereunder:

Particulars	Amount
Admissible Debt to be paid upfront to the CIRP	Rs 30,00,000/- (Rupees Thirty Lakhs only), payment to be made within 30 day from the effective date.
Admissible Debt to be paid upfront to the Operational Creditors	NIL
Admissible Debt to be paid to Financial Creditors	
Axis Bank	The total settlement amount proposed is Rs 164.16 lakhs. A down payment of Rs 50 lakhs in keeping with the RFRP has been proposed under the plan. The balance of settlement amount of Rs 114.16 lakhs proposed to be paid in five quarterly instalments are payable on : 30.03.2022, 30.06.2022, 30.09.2022, 31.12.2022 & 31.03.2023.
ICICI Bank	The total settlement amount proposed is Rs 5.90 lakhs. Out of the settlement amount, down payment proposed is a sum of Rs 1.90 lacs and quarterly instalments are payable on :30.03.2022, 30.06.2022, 30.09.2022, 31.12.2022 & 31.03.2023

Particulars	Amount
Car loan from Ford Credit	The total settlement amount proposed is Rs. 1.74 lakhs inclusive of down payment of Rs. 0.60 lakh and balance in five quarterly instalments payable on :30.03.2022, 30.06.2022, 30.09.2022, 31.12.2022 & 31.03.2023

20. In page 44 of the Resolution Plan, Note G, the amount proposed in respect of car loan of ICICI Bank has been mentioned as Rs.5.40 lakhs and in Note H, the proposed amount with respect of car loan from Ford Credit has been mentioned as Rs.1.60lakhs. The above mentioned amounts are contradictory to the amounts mentioned in Table 17 in page 47 of the Resolution Plan, hence the amounts given in Table 17 are taken into consideration.
21. The Resolution Plan defines “*Effective Date*” as the date on which the Adjudicating Authority approves the resolution plan.

Details on Management/Implementation and Reliefs as per the Resolution Plan – Salient Features

22. The Resolution Plan also provides for –
- Management of Company after resolution in Section 9.1;
 - Term of the resolution plan in Section 6.2;
 - Indicative timelines of events for implementation in Section 8; and
 - Implementation and Supervision of the resolution plan in Section 10.

Relinquishment/Waiver of liabilities

23. The Relinquishment/Waiver of liabilities sought by the Resolution Applicant are set out below for the successful implementation of the Resolution Plan:

Sl. No.	Reference to Clause	Relief and/or Concessions Sought	Orders Thereon
i.	5.3 (a)	Waiver of the Statutory Liabilities/ Contingent Liabilities incurred and accrued to statutory authorities viz. authorities viz. VAT, Sales Tax, Income Tax, Excise, Customs, ESI, CEST, CGST, etc	
		Upon approval of this Resolution Plan by the NCLT, all the statutory dues, taxes, penalties, penal interest, demands, etc. incurred for the period till the commencement of CIRP date, shall stand waived.	Allowed.
		Upon approval of this Resolution Plan by the NCLT, the disallowances made in the Income tax assessment proceedings shall be reversed or withdrawn.	This shall be in line with the Income Tax Act, 1961.
		Upon approval of this Resolution Plan by the NCLT, carried forward and brought forward losses for all the preceding 8 years shall be allowed for a fresh period of 8years.	This shall be in line with the Income Tax Act, 1961.
		Upon approval of this Resolution Plan by the NCLT, Resolution Applicant to file the returns and the penalty and interest for the late filing shall be waived.	While filings shall be done, waiver sought in regard to late filing is not specifically granted.

Sl. No.	Reference to Clause	Relief and/or Concessions Sought	Orders Thereon
		Upon approval of this Resolution Plan by the NCLT, all litigations, appeals, arbitrations, before all/any authorities across India shall stand abated. Further, any penalties, Interest, fine, charges, damages, compounding fees etc. shall be withdrawn and stands abated.	This shall be strictly in accordance with section 32A of the Code.
		Upon approval of this Resolution Plan by the NCLT, any Income tax demands and TDS liabilities along with any penalties and interest thereon shall be waived.	This shall be strictly in accordance with section 32A of the Code.
		Upon approval of this Resolution Plan by the NCLT, any charges, levy, duty, interest, penalties, etc. by various Income Tax Authorities, Tribunals, Courts, Sales tax / Goods and Service Tax authorities, Excise and Custom department, Electricity Department, Water Department, Pollution Control Board and any other authority in any or all the courts of India as on date shall be waived.	This shall be strictly in accordance with section 32A of the Code.
ii.	5.3 (b)	Waivers of MAT liability arising on account of write off of loans.	

Sl. No.	Reference to Clause	Relief and/or Concessions Sought	Orders Thereon
		Upon approval of this Resolution Plan by the NCLT, any income arising due to waiver of all liabilities should not be treated as income and no tax or book profit tax i.e. MAT shall be levied on the same.	This shall be strictly in accordance with section 32A of the Code.
		Upon approval of this Resolution Plan by the NCLT, any potential MAT liability occurring on account of write-back of the loans, in terms of this Resolution Plan shall be waived. The proposed balance sheet as presented hereinafter to be accepted by all the authorities including Ministry of Corporate affairs as the balance sheet as on date.	
iii.	5.3(c)	Waiver of the dues of the Operational Creditors and other current liabilities and any other operational liability accrued and incurred before Insolvency (CIRP) commencement date.	
		Upon approval of this Resolution Plan by the NCLT, any amount due to the Operational Creditors, the other sundry creditors, and other current liabilities including advances from customers, distributors, etc. recorded/unrecorded in the books of account, claimed or not claimed or the period till the	This shall be strictly in accordance with section 32A of the Code.

Sl. No.	Reference to Clause	Relief and/or Concessions Sought	Orders Thereon
		commencement of CIRP date shall be waived.	
		Upon approval of this Resolution Plan by the NCLT, litigation matters including but not limited to civil, criminal, investigations, etc. if any pending between/ against the corporate debtor before any courts/authorities all over India shall stand withdrawn.	This shall be strictly in accordance with section 32A of the Code.
iv.	5.3 (d)	Upon approval of this Resolution Plan by the NCLT, any/all liability incurred and accrued before Insolvency (CIRP) commencement date because of services of Workmen and Employees rendered shall be waived.	This shall be strictly in accordance with section 32A of the Code.
v.	5.3 (e)	Upon approval of this Resolution Plan by the NCLT, any liability incurred and accrued before Insolvency (CIRP) commencement date on account of Financial Debt owed to Unsecured Creditors shall stand relinquished / extinguished / waived.	In accordance with the approve Resolution Plan.
vi.	5.3(f)	Waiver of all the Contingent Liability arising out of any acts or actions of the company done before the Insolvency (CIRP) commencement date.	

Sl. No.	Reference to Clause	Relief and/or Concessions Sought	Orders Thereon
		Upon approval of this Resolution Plan by the NCLT, any contingent liability disputed or otherwise, reflected in the balance sheet or not, submitted by the Resolution Professional or not, shall be extinguished/waived and there shall be no liability arising out of such contingent liabilities at any time in the future.	Not granted.
		Upon approval of this Resolution Plan by the NCLT, all pending proceedings and suits with any authorities, arbitrator, tribunals and courts all over India shall be withdrawn or abated.	This will be strictly in accordance with section 32A of the Code. Moreover, in absence of any specifics, this request is not granted.
vii.	5.3(g)	Upon approval of this Resolution Plan by the NCLT, all Corporate Guarantees given by the company of Corporate Debtor before the Insolvency (CIRP) commencement date shall stand waived.	In the absence of any specifics, this request is not granted.
viii.	5.3(h)	Upon approval of this Resolution Plan by the NCLT, the guarantors will have no recourse against the corporate debtor against any amount recovered from them by lenders.	In the absence of any specifics, this request is not granted.

Sl. No.	Reference to Clause	Relief and/or Concessions Sought	Orders Thereon
ix.	5.3(i)	Upon approval of this Resolution Plan by the NCLT, the balance amount of debt due to dissenting financial creditors after payment of liquidation value shall be written off.	There are no dissenting Financial Creditors in this case. Hence, this clause is redundant.
x.	5.3(j)	Waivers for any/all liabilities arising with SEBI Regulations/Companies Act 2013/ Companies Act 1956/FEMA Regulations/Labour Laws.	
		Upon approval of this Resolution Plan by the NCLT, any liability arising with SEBI Regulations/Companies Act 2013/Companies Act 1956/FEMA regulations for the period till the commencement of CIRP date.	This shall be strictly in accordance with section 32A of the Code.
		Upon approval of this Resolution Plan by the NCLT, SEBI is directed to waive all the penalties, charges, fees, etc. arising out of non-compliance of the requirements, if any of its Regulations, Rules, Circulars, Notifications, etc.	Not granted.
		Upon approval of this Resolution Plan by the NCLT, ROC is directed to waive all the penalties, charges, fees, etc. arising out of non-compliance of the requirements, if any of its Acts,	Not granted.

Sl. No.	Reference to Clause	Relief and/or Concessions Sought	Orders Thereon
		Regulations, Rules, Circulars, Notifications, etc.	
		Upon approval of this Resolution Plan by the NCLT, all the penalties, charges, fees, etc. arising out of non-compliance of the requirements, if any of FEMA Regulations, Rules, Circulars, Notifications, etc., shall stand waived.	Not granted.
		Upon approval of this Resolution Plan by the NCLT, all the penalties, charges, fees, etc. in any form arising out of non-compliance of the requirements/non-payment of amount due of the Labour laws like Employee State Insurance Act, 1948, Provident Fund Act, Payment of Bonus Act, Contract Labour Act, 1973, Minimum Wages Act, Equal Remuneration Act, 1776, Factories Act, 1948, Gratuity Act, 1972, etc. and to withdraw all/any pending litigation in case of above labour laws shall stand waived.	Not granted.
		Upon approval of this Resolution Plan by the NCLT, the pending filing of the financials and other documents as per The Companies Act 1956 and The Companies	Not granted. However, the Corporate Debtor shall complete all pending filings within a period of two months

Sl. No.	Reference to Clause	Relief and/or Concessions Sought	Orders Thereon
		Act 2013 with the Registrar of Companies shall stand waived.	from the date of this order.
xi.	5.3(k)	Upon approval of this Resolution Plan by the NCLT, the Resolution Applicant shall not be liable to pay any hidden/unknown liabilities/off balance sheet transactions surfacing at any future date.	Granted.
xii.	5.3(l)	Upon approval of this Resolution Plan by the NCLT, any Creditor of the Company who did not submit its claims to the RP prior to the date of COC approval, then in such case, the said Creditor will not be entitled to receive any payments under the Resolution Plan.	Granted.
xiii.	5.4(m)	Upon approval of this Resolution Plan by the NCLT, all the recovery proceedings against the company under DRT, SARFAESI and any other law are to be withdrawn.	Granted, in so far as DRT and SARFAESI are concerned.
		Upon approval of this Resolution Plan by the NCLT, all the civil/ criminal/ penal action / investigations pending or disposed of in any court of India, or with any investigating agencies, shall stand waived and not be applicable to New Management.	This shall be strictly in accordance with section 32A of the Code.

Sl. No.	Reference to Clause	Relief and/or Concessions Sought	Orders Thereon
		Upon approval of this Resolution Plan by the NCLT, any investigations initiated by any agency on the company, for ensuring smooth and revival of the company is extinguished/closed.	This shall be strictly in accordance with section 32A of the Code.
		Upon approval of this Resolution Plan by the NCLT, the Corporate Debtor is protected from providing past information to an investigating agency in relation to criminal or civil matters.	No express waiver granted in this regard.
		Upon approval of this Resolution Plan by the NCLT, the Electricity Board is directed to re-connect power supply at the plant / corporate office, to waive past dues including any penalties interest or damages and to abate all the pending litigations, if any.	Since the Resolution Plan is silent about any pending payments in respect of electricity supply, this request is refused.
		Upon approval of this Resolution Plan by the NCLT, the Water Department is directed to continue water supply at the plant, corporate office, to waive past dues including any penalties interest or damages and to abate all the pending litigations, if any.	Since the Resolution Plan is silent about any pending payments in respect of electricity supply, this request is refused.

Sl. No.	Reference to Clause	Relief and/or Concessions Sought	Orders Thereon
		Upon approval of this Resolution Plan by the NCLT, the Pollution Control Board is directed to continue all the required approvals given in the name of Corporate Debtor or renew the same to run the industry smoothly.	Granted, subject to the fulfilment of all procedural formalities.
		Upon approval of this Resolution Plan by the NCLT, the relevant authorities are directed to either continue or issue a new or existing Manufacturing License/ Factory License given in the name of Corporate Debtor.	Granted, subject to the fulfilment of all procedural formalities.
		Upon approval of this Resolution Plan by the NCLT, all society dues / property tax/ Gram Panchayat Tax/ BMC Charges, etc. in any form for the corporate office in respect pre CIRP date shall stand waived.	No specific dues payable to such authorities, the request is refused.
		Upon approval of this Resolution Plan by the NCLT, any charges, penalties, punishment, etc., if any levied by Directorate of Enforcement, Department of Revenue, RBI, Economic Office Wing, Directorate General of Foreign Trade, Ministry of Commerce, etc. on the Corporate Debtor shall stand waived.	This shall be strictly in accordance with section 32A of the Code.

Sl. No.	Reference to Clause	Relief and/or Concessions Sought	Orders Thereon
		Upon approval of this Resolution Plan by the NCLT, the Official Liquidator/ Resolution Professional/ Existing Promoters/ Existing Board of Directors to handover the possession of all the records and books of accounts of corporate debtor to the New Promoters and Management.	Granted.
xiv.	5.3(n)	Upon approval of this Resolution Plan by the NCLT, on first sale of any property (not essential for purpose of and carrying on post acquisition production) by the Resolution Applicants/ Corporate Debtor to any willing buyer, the stamp duty arising out of this sale shall stand waived. Also, any capital gain arising on account of first sale of assets by the Resolution Applicants / Corporate Debtors under section 45 of Income Tax Act shall stand waived.	Not granted.
		Upon approval of this Resolution Plan, all the cases as mentioned in Table 6 at page 23 of the Resolution Plan shall stand withdrawn.	This shall be strictly in accordance with section 32A of the Code.

FINDINGS

24. On hearing the submissions made by the Ld. Counsel for the Resolution Professional, and perusing the record, we find that the Resolution Plan has been approved with 100% voting share. As per the CoC, the plan meets the requirement of being viable and feasible for revival of the Corporate Debtor. By and large, all the compliances have

been done by the RP and the Resolution Applicant for making the plan effective after approval by this Bench.

25. On perusal of the documents on record, we are also satisfied that the Resolution Plan is in accordance with sections 30 and 31 of the IBC and also complies with regulations 38 and 39 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.
26. As far as the question of granting time to comply with the statutory obligations/seeking sanctions from governmental authorities is concerned, the Resolution Applicant is directed to do the same within one year as prescribed under section 31(4) of the Code.
27. In case of non-compliance of this order or withdrawal of Resolution Plan, the CoC shall forfeit the EMD amount already paid by the Resolution Applicant.
28. Subject to the observations made in this Order, the Resolution Plan in question is hereby **APPROVED** by this Bench. **The Resolution Plan shall form part of this Order.**
29. The Resolution Plan is binding on the Corporate Debtor and other stakeholders involved so that revival of the Debtor Company shall come into force with immediate effect.
30. The Moratorium imposed under section 14 shall cease to have effect from the date of this order.
31. The Resolution Professional shall submit the records collected during the commencement of the proceedings to the Insolvency & Bankruptcy Board of India for their record and also return to the Resolution Applicant or New Promoters.
32. Certified copy of this Order be issued on demand to the concerned parties, upon due compliance.
33. Liberty is hereby granted for moving any Application if required in connection with implementation of this Resolution Plan.
34. A copy of this Order is to be submitted in the Office of the Registrar of Companies, West Bengal.
35. The Resolution Professional shall stand discharged from his duties with effect from the date of this Order.
36. The Resolution Professional is further directed to handover all records, premises/factories/documents to the Resolution Applicant to finalise the further line of action required for starting of the operation. The Resolution Applicant shall have access

to all the records/premises/factories/documents through the Resolution Professional to finalise the further line of action required for starting of the operation.

37. IA (IB) No. 1380/KB/2020 and the main Company Petition i.e. CP (IB) No. 998/KB/2018 shall stand disposed of accordingly.

38. The Registry is directed to send e-mail copies of the order forthwith to all the parties and their Ld. Authorised Representative for information and for taking necessary steps.

39. Certified copy of this order may be issued, if applied for, upon compliance of all requisite formalities.

40. File be consigned to the record.

Harish Chander Suri
Member (Technical)

Rajasekhar V.K.
Member (Judicial)

Signed on this 18th day of February, 2021.

GGRB[LRA]

SHARAD GUPTA

NRE171, DLF NEW TOWN HEIGHTS, NEW TOWN, KOLKATA 700135

TEL : 9903979653 ; E-MAIL : sharad.cal@gmail.com

To,

Mr. Partha Pratim Ghosh,

November 21, 2020

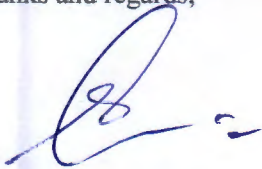
The Resolution Professional,

Prosperity Steels Ltd

Dear Sir,

As desired, please find enclosed herewith the hard copy of the final resolution plan as per revision dated 15th October, 2020.

Thanks and regards,



SHARAD GUPTA

(RESOLUTION APPLICANT)

Received on 22.11.2020
at 01.52 pm


**PROPOSED RESOLUTION
PLAN FOR
M/S. PROSPERITY STEELS LIMITED
CIN: U27103WB1998PLC087025
(Under Insolvency and Bankruptcy Code 2016)**

**Resolution Applicants
SRI MUKESH GUPTA & SRI SHARAD GUPTA
CIRP/NCLT KOLKATA BENCH/ C.P. (IB)
NO.998/KB/2018**

**PRIVATE AND
CONFIDENTIAL
AUGUST,2020**

Submitted to MR. PARTHA PRATIM GHOSH

**Resolution Professional
In the matter of M/s. PROSPERITY STEELS LIMITED**



INDEX

SL NO	PARTICULARS	PAGE NOS
1	LIST OF TABLES IN THE RESOLUTION PLAN	3
2	PRILIMINARY	4
3	INTERPRETATIONS	4
4	DEFINITIONS	5
5	ABREVIATIONS	8
6	DISCLAIMERS	10
7	SECTION 1 – ON CORPORATE DEBTOR	11-24
	1.1 Overview	
	1.2 Background	
	1.3 Manufacturing Process	
	1.4 Reference to NCLT	
	1.5 Reasons for Sickness	
	1.6 Share Capital As On 04.10.2019	
	1.7 Existing Shareholding Pattern	
	1.8 Promoters & Board of Directors	
	1.9 Break up Of Creditors	
	1.10 Guarantees Given by the CD	
	1.11 Details of Pending Cases	
	1.12 Details of Current Assets	
8	SECTION 2	25-28
	2.1 Background & Circumstances Leading to Resolution Plan	
	2.2 Summarized Profit & Loss A/C of CD	
	2.3 Summarized Balance Sheet of CD	
9	SECTION 3	29-36
	3.1 Overview of the Resolution Applicants	
	3.2 Stakeholders / Contributories to the Resolution Plan	
	3.3 Proposed Directors	
	3.4 Brief Overview of the Resolution Applicants	
	3.5 Group Companies of the Resolution Applicants	
	3.6 Applicants in Terms of Amendment Dt. 07.11.2017	
10	SECTION 4	37-39
	4.1 Mandatory Contents of Resolution Plan- Regulation 38	
11	SECTION 5	40-58
	5.1 Fund Infusion & New Equity Structure	
	5.2 Payment Schedule & Conditions	
	5.3 Waiver of Liabilities	
12	SECTION 6	59-63
	6.1 Proposed Settlement Under the Resolution Plan	
	6.2 Summary of Distribution Under the Resolution Plan	
	6.3 Restructured Balance Sheet After The Approval of Resolution Plan	
13	SECTION 7	64-66
	7.1 Operational Projections & Projected Financial Positions	
14	SECTION 8	67-69
	8.1 Indicative Timeline of Events for Implementation	
15	SECTION 9	70-72
	9.1 Management of The Company	
16	SECTION 10	73-74
	10.1 Supervision of the Plan	

	10.2 Salient Features of The Resolution Plan	
17	SECTION 11	75-77
	11.1 Concluding Terms & Conditions	
18	SECTION 12 PRAYER	78-80
19	SECTION 13 COMPLIANCE OF RFRP REQUIREMENTS	81
20	SECTION 14 CONCLUSION	82

List of Tables in the Resolution Plan

Table No.	Details	Page No.
A	Details of Corporate Debtors –Prosperity Steels Limited	
1	Share Capital as on 04.10.2019	18
2	Existing Share Holder Pattern	19
3	Promoters and Board of Directors	20
4	Break Up of Creditors As 04.10.2019	21
5	Guarantee Given by Corporate Debtor	22
6	Details of Pending Cases Filed Against CD	23
7	Summarized Profit & Loss Account of CD During Recent Years	27
8	Summarized Balance Sheet of CD During Recent Years	28
B	Details of Resolution Applicants – MrMukesh Gupta & Mr. Sharad Gupta	
9	Stakeholders / Contributories to the New Entity for takeover of the Business of the	30
10	Proposed Directors in CD After Takeover	31
11	Operational Highlights of Group Co. – Prosperity Exim P. Ltd	33
12	Financial Highlights of Group Co. – Prosperity Exim Ltd.	34
C	Resolution Plan	
13	Reduction in Share Capital of PSL after Takeover	40
14	Fresh Issue of Share Capital inPSL	41
15	Sources of Infusion of Funds & Proposed Utilization	42
15A	Schedule of Payment to FCs including Calculation of Interest	45
16	Details of Security Created & Mortgaged to Lenders	46
17	Justification For Settlement Proposal	47
18	Proposed Settlement Of Dues Under the Resolution Plan	59
19	Restructured Balance Sheet After Approval Of The Plan	63
20	Projected Profit & Loss Account of PSL – Post Approval	64
21	Projected Balance Sheet of PSL – Post Approval	65
22	Time line of Events For Implementation of the Plan	67

PRELIMINARY

This Resolution Plan is prepared for and submitted by Sri Mukesh Gupta & Sri Sharad Gupta hereinafter also called as Resolution Applicant for takeover of M/S. Prosperity Steels Limited., hereinafter also called as Corporate Debtor (CD) for submission before Mr Partha Pratim Ghosh, an Insolvency Professional, appointed as Resolution Professional for Corporate Insolvency Resolution Process of the Corporate Debtor under Insolvency and Bankruptcy Code, 2016.

The Resolution Plan has been prepared based on the information provided in the Information Memorandum (IM), additional information from the Resolution Professional, Public Domain and other sources as made available for this purpose.

INTERPRETATIONS

- The headings of the paragraphs in this Resolution Plan are for the purpose of convenience and reference only and shall neither be used in the interpretation nor for modification or amplification of the terms of this Resolution Plan or any paragraph hereof, unless a contrary intention clearly appear;
- Words importing –
 - ✓ Any one gender includes the other gender;
 - ✓ The singular includes the plural and vice versa; and
 - ✓ Persons include natural persons, created entities (incorporated and un-incorporated and the State) and vice versa;
- Any reference to any statute, regulation or other legislation in this Resolution Plan shall be a reference to that statute, regulation or other legislation as at the Publication Date, and as amended or substituted from time to time;
- Any reference in this Resolution Plan to any other agreement or document shall be construed as a reference to such other agreement or document as the same may have been, or may from time to time be, amended, varied or supplemented;

- If figures are referred to in numerals and in words and if there is any conflict between the two, the words shall prevail;
- If any provision in a definition in this Resolution Plan is a substantive provision conferring a right or imposing an obligation on any person or entity then, notwithstanding that it is only in a definition, effect shall be given to that provision as if it were a substantive provision in the body of this Resolution Plan;
- where any term is defined in this Resolution Plan within a particular paragraph, that term shall bear the same meaning ascribed to it in that paragraph wherever it is used in this Resolution Plan;
- Any reference to days (other than a reference to Business Days), months or years shall be a reference to financial years, months or days, as the case may be; and words or terms that are capitalized and not otherwise defined in the narrative of this Resolution Plan (excluding capitalized words or terms used for the purpose of tables) shall bear the meaning assigned to them in the IBC 2016.

DEFINITIONS

"Claim"

- (a) a right to payment, whether or not such right is reduced to judgment, fixed, disputed, undisputed, legal, equitable, secured or unsecured;
- (b) right to remedy for breach of contract under any law for the time being in force, if such breach gives rise to a right to payment, whether or not such right is reduced to judgment, fixed, matured, un matured, disputed, undisputed, secured or unsecured;

"Corporate Debtor" means a corporate person who owes a debt to any person;

"Creditor" means any person to whom a debt is owed and includes a financial creditor, an operational creditor, a secured creditor, an unsecured creditor and a decree-holder;

"Financial Information", in relation to a person, means one or more of the following categories of information, namely: —

- (a) Records of the debt of the person;
- (b) Records of liabilities when the person is solvent;
- (c) Records of assets of person over which security interest has been created;
- (d) Records, if any, of instances of default by the person against any debt;
- (e) Records of the balance sheet and cash-flow statements of the person; and
- (f) Such other information as may be specified.

"Insolvency Professional" means a person enrolled under section 206 with an insolvency professional agency as its member and registered with the Insolvency and Bankruptcy Board of India as an insolvency professional under section 207.

"Workman" shall have the same meaning as assigned to it in clause (s) of section 2 of the Industrial Disputes Act, 1947;

"Financial Creditor" means any person to whom a financial debt is owed and includes a person to whom such debt has been legally assigned or transferred to

"Information Memorandum" means a memorandum prepared by resolution professional under sub-section (1) of section 29;

"Insolvency Commencement Date" means the date of admission of an application for initiating corporate insolvency resolution process by the Adjudicating Authority under sections 7, 9 or section 10, as the case may be;

"Insolvency Resolution Process Costs" means—

- (a) The amount of any interim finance and the costs incurred in raising such finance;
- (b) The fees payable to any person acting as a resolution professional;
- (c) Any costs incurred by the resolution professional in running the business of the corporate debtor as a going concern;



(d) Any costs incurred at the expense of the Government to facilitate the insolvency resolution process; and

(e) Any other costs as may be specified by the Board;

"Liquidation Cost" means any cost incurred by the liquidator during the period of liquidation subject to such regulations, as may be specified by the Board

"Operational Creditor" means a person to whom an operational debt is owed and includes any person to whom such debt has been legally assigned or transferred;

"Resolution Plan" means a plan proposed by any person for insolvency resolution of the corporate debtor as a going concern in accordance with Part II.

"Resolution Professional", for the purposes of this Part, means an insolvency professional appointed to conduct the corporate insolvency resolution process and includes an interim resolution professional

"Adjudicating Authority", for the purposes of this Part, means National Company Law Tribunal constituted under section 408 of the Companies Act, 2013;

"Personal Guarantor" means an individual who is the surety in a contract of guarantee to a corporate debtor;

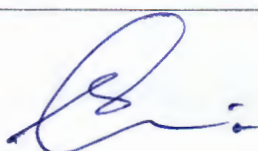
"Secured Creditor" means a creditor in favour of whom security interest is created;

"Security Interest" means right, title or interest or a claim to property, created in favour of, or provided for a secured creditor by a transaction which secures payment or performance of an obligation and includes mortgage, charge, hypothecation, assignment and encumbrance or any other agreement or arrangement securing payment or performance of any obligation of any person: Provided that security interest shall not include a performance guarantee;



ABBREVIATIONS

IBC Code	Insolvency and Bankruptcy Code ,2016
NCLT	National Company Law Tribunal
AA	Adjudicating Authority
IBBI	Insolvency & Bankruptcy Board of India
SARFAESI	Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
CIRP	Corporate Insolvency Resolution Process
IRP	Interim Resolution Professional
CoC	Committee of Creditors
RP	Resolution Professional
SFC	Secured Financial Creditors
UFC	Unsecured Financial Creditors
MV	Market Value
IP	Insolvency Professional
IM	Information Memorandum
LV	Liquidation value
PSL	Prosperity Steels Limited – Corporate Debtor
CD	Corporate debtor
OC	Operational Creditor
EMD	Earnest Money Deposit



ROC	Registrar of Companies
MCA	Ministry of Corporate Affairs
BOD	Board of Directors
RBI	Reserve Bank of India
KMC	Kolkata Municipal Corporation




DISCLAIMERS

This Resolution Plan is confidential to the stakeholders / Resolution Applicants and prepared solely for the purpose(s) set out in IBC, 2016. No person may refer to or use the names of the Resolution Applicant(s) or Resolution Professional or the Resolution Plan for any other purpose, disclose or refer them in any prospectus or other document, or make them available or communicate them to any other party. No other party is entitled to rely on our Resolution Plan for any purpose whatsoever.

This Resolution Plan has been examined by the Resolution Applicant(s) based upon the information provided to the Resolution Applicant(s) since the commencement of proceedings by the corporate debtor, its management, affected Persons and third parties;

While examining this Resolution Plan, the Resolution Applicant(s) have accepted and relied on representations and the authenticity of documents provided to him and his team. Wherever it becomes necessary to make representations and documents referred to herein admissible for Court purposes, the authors of the representations and documents would have to confirm these in the relevant Court processes;

This document has been made in electronic form and there may be some hard copies made also. Multiple copies and versions of this document may, therefore, exist in different media. Only the final hard copy duly signed should be regarded as definitive.

Financial Data: In this resolution plan any discrepancies in any table between the total & sum of the amounts listed are due to rounding off. All the figures & Decimals have been rounded off to second decimal and all the percentage figures have also been rounded off to second decimal place and accordingly there may be consequential changes in the resolution plan.



SECTION 1

1.1 OVERVIEW OF THE CORPORATE DEBTOR

Corporate Debtor	M/s. Prosperity Steels Limited. "PSL"
Constitution	Public Limited Company
Existing Promoter	Mr. Mukesh Gupta Mr. Sharad Gupta
Date of Incorporation	27/04/1998
CIN	U27103WB1998PLC087025
Registered Office	Nakrajoria, Vill: Salanpur, P.O. Salanpur Dist: Paschim Bardhaman Salanpur Bardhaman WB 713357 IN
Plant Location	Vill- Nakrajoria, PO & PS : Salanpur, Asansol, District Paschim Badhaman, Pin-713357
Industry segment: Details of products manufactured/ services	Prosperity Steels Limited (PSL) was engaged in manufacture of cast iron products & castings and conversion jobs for its customers apart from being engaged in trading of related products / goods.



1.2 BACKGROUND OF THE CORPORATE DEBTOR:

- I. Prosperity Steels Ltd. as an MSME started its operations as a manufacturer of cast iron castings in the year 2013-14. It had installed its manufacturing unit at Vill-Nakrajoria, PO & PS : Salanpur, Asansol, District Paschim Badhaman, Pin-713357
- II. It started with doing conversion jobs for its Group Company, M/s. Prosperity Exim Pvt. Ltd. which was an established Export House since many years. Subsequently it started its own exports but thereafter shifting its accounts to Axis Bank Ltd., started working as a domestic manufacturer supplying the cast iron castings to its Group Co. M/s Prosperity Exim Pvt. Ltd. which had abundant export orders and could regular feed the Company with regular orders.

III.

The Company competed with other foundries in West Bengal but had a solid customer in Prosperity Exim Pvt. Ltd. which was a group Company.

- IV. Reasons for becoming sick /emerging defaulter and events leading to reference to NCLT :

The Company / foundry was in a labour oriented industry which was dependent on skilled moulders/labour which was required for manual manufacture of castings from a coal-fed cupola furnace. In the year 2016-17 when demonitization was announced, a lot of labour/moulders from the neighbouring state of Orissa abstained from work to visit their native villages. Production and hence turnover suffered from this. In the year 2017-18 when GST laws were enforced, its customer M/s. Prosperity Exim Pvt. Ltd. (100% export Company) faced a tight financial crunch because of lot of GST refunds blocked with the Government for more than a year. All this led to reduction in turnover of both Prosperity Steels Ltd. and also its customer Prosperity Exim Pvt. Ltd. Due to reduction in turnover during these testing times, the only bankers of the Company M/s. Axis Bank Ltd. reduced the credit limit of Prosperity Exim Pvt. Ltd. despite its protest because of which it along with its group Co. Prosperity Steels Ltd. became NPA.



- V. In the year 2018, because of financial crunch, Prosperity Steels was buying iron raw materials on credit basis from Shri Shyam Industries Pvt. Ltd., instead of buying directly from pig iron plants which needed advance payments. While Shri Shyam Industries Pvt. Ltd. offered credit, and only some payments were delayed and without prior notice or demand they as operation creditor moved NCLT against Prosperity Steels Ltd. The case was admitted in NCLT on 4th October 2019.

Prosperity Steels Ltd. as an MSME started its operations as a manufacturer of cast iron castings in the year 2013-14. It had installed its manufacturing unit at Vill-Nakrajoria, PO & PS : Salanpur, Asansol, District Paschim Badhaman, Pin-713357

It started with doing conversion jobs for its Group Company, M/s. Prosperity Exim Pvt. Ltd. which was an established Export House since many years. Subsequently it started its own exports but thereafter shifting its accounts to Axis Bank Ltd., started working as a domestic manufacturer supplying the cast iron castings to its Group Co. M/s Prosperity Exim Pvt. Ltd. which had abundant export orders and could regular feed the Company with regular orders.

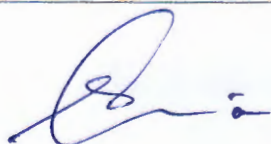
The Company competed with other foundries in West Bengal but had a solid customer in Prosperity Exim Pvt. Ltd. which was a group Company.

c) Reasons for becoming sick /emerging defaulter and events leading to reference to NCLT :

The Company / foundry was in a labour oriented industry which was dependent on skilled moulders/labour which was required for manual manufacture of castings from a coal-fed cupola furnace. In the year 2016-17 when demonitization was announced, a lot of labour/moulders from the neighbouring state of Orissa abstained from work to visit their native villages. Production and hence turnover suffered from this. In the year 2017-18 when GST laws were enforced, its customer M/s. Prosperity Exim Pvt. Ltd. (100% export Company) faced a tight financial crunch because of lot of GST refunds blocked with the Government for more than a year. All this led to reduction in turnover of both Prosperity Steels Ltd. and also its customer Prosperity Exim Pvt. Ltd. Due to reduction in turnover during these testing times, the only bankers of the Company M/s. Axis Bank Ltd. reduced the credit limit of Prosperity Exim Pvt. Ltd.

despite its protest because of which it along with its group Co. Prosperity Steels Ltd. became NPA.

In the year 2018, because of financial crunch, Prosperity Steels was buying iron raw materials on credit basis from Shri Shyam Industries Pvt. Ltd., instead of buying directly from pig iron plants which needed advance payments. While Shri Shyam Industries Pvt. Ltd. offered credit, and only some payments were delayed and without prior notice or demand they as operation creditor moved NCLT against Prosperity Steels Ltd. The case was admitted in NCLT on 4th October 2019.



1.3

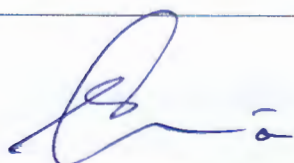
MANUFACTURING PROCESS:

Iron casting process involves production of iron shapes that are formed by pouring molten metal into a mold cavity, where it is cooled and later extracted from the mold.

The manufacturing process involves the following stages :

1. **Pattern making** – A pattern is a replica of the exterior of the casting. Patterns are typically made of metal. Patternmaking is incredibly important for industrial part-making, where precise calculations are needed to make pieces fit and work together.
2. **Coremaking** – If a casting is hollow, an additional piece of sand or metal (called a core) shapes the internal form to make it hollow. Cores are typically strong yet collapsible so they can be easily removed from the finished casting.
3. **Molding** – a metal mold box is created so that the mold can be used repeatedly to cast identical parts for industrial applications.
4. **Melting and Pouring Molten Metal** – After metal is melted, it is poured into the cavity of the mold and left to solidify. Once solidified, the shakeout process begins: the molds undergo vibration to remove sand from the casting. The end results are a clean cast and sand ready for the reclamation process.
5. **Cleaning** – In this final step, the cast metal object is removed from the mold and then fettled. During the fettling, the object is cleaned of any molding material, and rough edges are removed.
6. **Final product** : The final cast iron product is buyer-specific and made as per a particular buyers specification and if order is cancelled or the product is having any defect, then the product is recycled and broken and used as raw material.

The major raw materials are pig iron/cast iron scrap and hard coke. Pig



iron suppliers included Tata Metaliks Ltd., Neo Metaliks Ltd. while hard coke was purchased from Jharkhand from suppliers like Jyoti Enterprise, Sri Bankey Bihari Coke Industries through local suppliers.

1.4 REFERENCE TO NCLT

The Company / foundry was in a labour oriented industry which was dependent on skilled moulders/labour which was required for manual manufacture of castings from a coal-fed cupola furnace. In the year 2016-17 when demonitization was announced, a lot of labour/moulders from the neighbouring state of Orissa abstained from work to visit their native villages. Production and hence turnover suffered from this. In the year 2017-18 when GST laws were enforced, its customer M/s. Prosperity Exim Pvt. Ltd. (100% export Company) faced a tight financial crunch because of lot of GST refunds blocked with the Government for more than a year. All this led to reduction in turnover of both Prosperity Steels Ltd. and also its customer Prosperity Exim Pvt. Ltd. Due to reduction in turnover during these testing times, the only bankers of the Company M/s. Axis Bank Ltd. reduced the credit limit of Prosperity Exim Pvt. Ltd. despite its protest because of which it along with its group Co. Prosperity Steels Ltd. became NPA.

In the year 2018, because of financial crunch, Prosperity Steels was buying iron raw materials on credit basis from Shri Shyam Industries Pvt. Ltd., instead of buying directly from pig iron plants which needed advance payments. While Shri Shyam Industries Pvt. Ltd. offered credit, and only some payments were delayed and without prior notice or demand they as operation creditor moved NCLT against Prosperity Steels Ltd. The case was admitted in NCLT on 4th October 2019.



1.5 REASONS FOR SICKNESS OF PSL

- I. **Demonitisation :** During the year 2016-17 declaration of demonetization impacted labour supply adversely which predominantly used to come from Odisha since they rushed to their native place immediately after the declaration. Since the labor deployed was of highly skilled type, immediate replenishment was not possible resulting in loss of production and supply chain.
- II. **GST Impact :** Once GST was introduced during 2017-18, the major customer faced refund delay of GST amount for more than a year resulting in slowing down of order volume. This impacted low turnover both at PSL and its customer's level. As a result, the working capital banker reduced the working capital facilities finally reducing turnover level drastically.
- III. **Liquidity Constraints:** Owing to lower level of Orders placed and consequent contraction in Working Capital level, PSL suffered cascading effect of Liquidity Crunch which left resulted in continuous constraints in Turnover, Profitability & Liquidity.
- IV. **Raw-Materials – Supply & Costs:** Prior to Liquidity Crisis faced by PSL, raw-materials were sourced at low costs direct from pig iron plants against advance payments. However, having faced liquidity crisis, sourcing of raw-materials could not be continued from pig iron plants. PSL made an alternative arrangement with an intermediary named – Shri Shyam Industries Pvt Ltd against credit which was obviously at high costs. The ultimate impact was low level of Turnover, Poor Profitability and drastic Liquidity Crisis – resulting in total SICKNESS.



1.6 SHARE CAPITAL AS ON 04/10/2019

(Table 1)

Particulars	Units	Amount / Number
Authorized Share Capital	Rs. Lacs	150.00
Issued & paid up Capital	Rs. Lacs	60.40
No. of Shares (Paid – up)	Numbers	604000
Face Value per Share	Rs.	10.00



1.7 EXISTING SHAREHOLDING PATTERN (AS ON 04.10.2019)

(Table 2)

Sr. No.	Name of Shareholders	No. of Shares	Total Face Value (Rs)	% Holding
A)	Promoters			
1	Sri Mukesh Gupta	1,26,100	12,61,000	20.88
2	Sri Sharad Gupta	74,100	7,41,000	12.27
3	Mrs. Kusum Gupta	4,03,800	40,38,000	66.85
B)	Non Promoters / Public			
1	Other Shareholders	0	0	0
	TOTAL	6,04,000	60,40,000	100.00




1.8 PROMOTORS & BOARD OF DIRECTORS:

(Table 3)

Name of Directors	DIN NO	Designation
Mr. MUKESH GUPTA	01314913	Director
Mr. SHARAD GUPTA	01314937	Director
Mrs. KUSUM GUPTA	01314924	Director

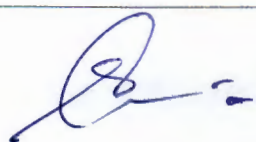
Handwritten signature and initials in blue ink, located at the bottom right of the page.

1.9 BREAK UP OF CREDITORS AS ON 04.10.2019

The below table shows aggregate liabilities of PSL

(Table 4)

<i>Amt in Lacs</i>		
Sr No.	Particulars of Creditors	As on 04.10.2019 (Unaudited Balance Sheet)
	<u>Financial Creditors *</u>	
1	Term loan from Banks / NBFC	45.68
2	Working Capital Loan from Bank	258.33
2	Car Loan from ICICI Bank	12.42
3	Car Loan – II	3.86
4	Loan from Prosperity Exim P Ltd	10.00
5	Loan from Directors	54.69
	<i>Total Financial Creditors</i>	<i>384.98</i>
	<u>Operational Creditors & Other Liabilities #</u>	
1	Trade Payables for Goods	186.99
2	Trade Payables for Services	10.37
3	Statutory Dues	13.90
4	Other Current Liabilities	0.83
5	Deferred Tax Liability	1.77
	<i>Total Operational Creditors</i>	<i>213.86</i>
	<i>Total Liabilities excl. Share Capital & Reserve</i>	<i>598.84</i>

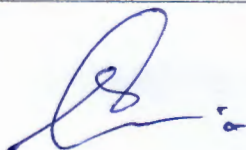


1.10 GUARANTEES GIVEN BY THE CORPORATE DEBTORS

Regulation 36(2) (f): Details of Guarantees that have been given in relation to the debts of the corporate debtor by other persons, specifying which of the guarantor is a related party. *(Details as on 04.10.2019)*

(Table 5)

		Amt in Lacs			
Sr. No.	Name of Financial Creditors to whom guarantee issued	Amt of Default (Principal)	Amt of Default (Interest)	Total Amount	% to Grand Total
For the below mentioned Financial Creditors – Guarantees have been issued by the following Promoter-Directors:					
1. Sri Mukesh Gupta					
2. Sri Sharad Gupta					
3. Smt. Kusum Gupta					
1	Axis Bank – Term Loan	45.68		45.68	15%
For the below mentioned Financial Creditors - Guarantees have been issued by the following Promoter-Directors:					
1. Sri Mukesh Gupta					
2. Sri Sharad Gupta					
3. Smt. Kusum Gupta					
2	Axis Bank – Working Capital Facilities	258.33		258.33	85%



**1.11 DETAILS OF PENDING CASES FILED AGAINST THE CORPORATE
DEBTOR**

(Table – 6)

SL.NO	Financial Year/ period	Case pen ding with	Reference	Demands (Rs.)	Brief Details Of The Case
1.	2016-2017	The West Bengal Value Added Tax Rules, 2005	2016-2017/70/10/V/38	4,12,583.00	Demand on reconciliation of sales
2.	2012-2014	Employees State Insurance Act, 1948	Under section 85(g) of the ESI Act	ESI Case	Summons to an accused person was issued and the case is pending in the Court of Additional Chief Judicial Magistrate, Durgapur
3.	2014-15 2016-17	Employees State Insurance Act, 1948	Oder dated. 11.05.2018 under Section 45A, by Asst Director	8,46,383.00	Re-opening of case u/s 45AA was filed on 17/07/2018 with the Appellate Authority after depositing 25% of the demand amount.
4.	23.06.2014 20.07.2014	Commissioner (Appeals), Kolkata – Audit-I	Appeal has been preferred against the order no.10/KA-A/2018 dated. 31.01.2018	4,12,289.00 penalty Rs.1,20,000.00	Appeal is pending

Further, all the above-mentioned cases and others if any, shall stand withdrawn on the approval of the Resolution Plan by NCLT.

1.12 CURRENT ASSETS - BASED ON INFORMATION MEMORANDUM & OUR DUE DILIGENCE

a. Inventories – Rs 26.48 lacs As per Unaudited Accounts dt. 04.10.2019)

The Inventory as shown in the above document seems to be highly on higher side, based on due-diligence carried out by us and considering the fact that the plant is lying closed for a long time & stocks are lying in a non-moving condition, also, loss, by way of theft / pilferage is suspected and as such, the realizable value of Inventories is considered insignificant. Our Resolution Plan Proposal has been prepared keeping the aforesaid factors in mind.

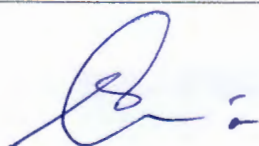
b. Cash & Cash Equivalents (Rs 0.29 lakh As Per Unaudited Accounts dt. 04.10.2019)

The above sum consists of current account balances with few bankers of the Corporate Debtor. Possibility of getting the said amount for use by the Resolution Applicant in the post-takeover business is minimal.

c. Loans & Advances – Rs 13.77 lacs As Per Unaudited Accounts dt 04.10.2019)

We have come to know about the details / break-up of the above amount which are mainly in form of deposits / advances lying with various Tax / Revenue Authorities. Since all such Authorities have raised huge demands against the CD which are unlikely to be realized and would be forfeited by respective Authorities. As such, availability of the said amount to the Resolution Applicant is not a Possibility.

In view of above, the realization from current assets is estimated as insignificant.



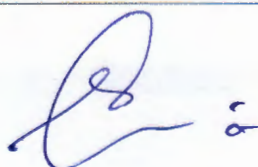
SECTION 2

2.1 BACKGROUND AND CIRCUMSTANCES LEADING TO SUBMISSION OF RESOLUTION PLAN

- i. PSL was running well profitably till 31.03.2018. PSL's problems started arising with delay in getting GST refund at its major customer – Prosperity Exim Pvt. Ltd.'s level.
- ii. Delay in getting refund of huge GST amount caused liquidity crisis for Prosperity Exim Pvt. Ltd and consequently, payments to its supplier i.e. PSL was delayed resulting in cash shortage at the CD's level.
- iii. This Liquidity shortage impacted turnover and profitability level of the CD adversely and the working capital banker reduced the Credit Limit which further strained the turnover and profitability of the CD
- iv. Consequently, CD, in order to maintain turnover level, looked for supply source for raw materials based on credit as against cheap supply from pig iron plants by making advance payments.
- v. In its efforts to source raw materials on credit terms, PSL entered into supply arrangements with Shri Shyam Industries Pvt Ltd.
- vi. However, the supplier also continued pressure for quick repayments which was not always possible for PSL with reduced working capital facilities and shrinkage in profitability.
- vii. In its efforts to recover quickly, Shri Shyam Industries Pvt Ltd filed application under Section 9 of the IB Code sometime during mid-2018.
- viii. All efforts to reconcile and enter into settlements with the applicant failed and ultimately, the NCLT came out with its Order dt. 04.10.2019 for initiation of CIRP.
- ix. Initially, an Interim Resolution Professional was appointed by the concerned NCLT Bench during whose period, there was hardly any smooth progress of the process of CIRP.



- x Thereafter, the IRP was replaced by an RP who initiated effective steps for progress of the CIR Process. But the efforts were again hampered by start of ongoing pandemic and declaration of total lockdown.
- xi The Expression of Interest (EOI) was submitted by the prospective Resolution Applicant on 26.06.2020 and after going through the documents, the Request for Resolution Plan Submission has been issued to the Resolution Applicant.



2.2 SUMMARISED PROFIT & LOSS ACCOUNT OF THE CORPORATE DEBTOR DURING RECENT YEARS

(Table – 7)

RS in lacs

PARTICULARS	YEAR ENDED 31.03.2017	YEAR ENDED 31.03,2018	YEAR ENDED 31.03.2019	PERIOD ENDED 04.10.2019*
Sales – Mafg.	1277	751	659	-
Trading	-	-	470	58
Other Incomes	20	-	2	-
GROSS REVENUE	1297	751	1131	58
Cost of Materials Consumed	1147	652	1088	(-)2
Trading Purchases	-	-	457	47
Employee Costs	33	12	10	4
Other Expenses	40	17	30	9
Bad Debts	-	-	20	-
TOTAL	1220	681	1604	58
GROSS MARGIN	77	70	(474)	0
Finance Costs	39	40	47	19
Depreciation	14	15	14	-
Net Profit	24	15	(535)	(19)

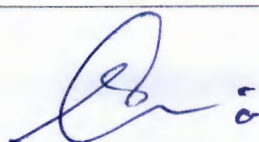
*Unaudited till date of CIRP Order

2.3 SUMMARISED BALANCESHEET OF THE CORPORATE DEBTOR FOR RECENT YEARS

(Table – 8)

RS in lacs

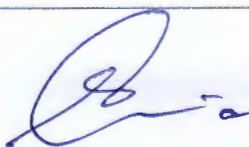
PARTICULARS	AS AT 31.03.2017	AS AT 31.03.2018	AS AT 31.03.2019	AS AT 04.10.2019*
Paid Up Capital	60	60	60	60
Reserves	77	88	(446)	(465)
Long Term Loans	97	125	126	127
Short Term Loans	255	254	252	258
Sundry Creditors	168	194	338	197
Other Liabilities	14	15	21	16
CAPITAL & LIABILITIES	671	736	351	193
Net Fixed Assets	175	166	154	154
Inventories	338	505	22	25
Receivables	137	28	155	-
Cash & Equivalents	10	10	6	-
Deposits & Advances	11	27	14	14
ASSETS & PROPERTIES	671	736	351	193




SECTION 3

3.1 OVERVIEW OF RESOLUTION APPLICANT(S)

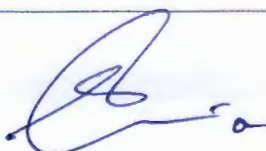
Resolution Applicants	Mr. MUKESH GUPTA Mr. SHARAD GUPTA
Constitution	INDIVIDUALS
Existing Promoters	Mr. MUKESH GUPTA Mr. SHARAD GUPTA
Date Of Incorporation	Not Applicable, Yet to be incorporated
CIN	Not Applicable, Yet to be incorporated
Registered Office	Registered Office of the company, post takeover will run from the same registered office of the CD
Industry	Manufacture, Trading, Sale & Export of cast iron products



**3.2 STAKEHOLDERS / CONTRIBUTORIES TO THE NEW ENTITY FOR
TAKEOVER OF THE BUSINESS OF THE CD**

(Table 9)

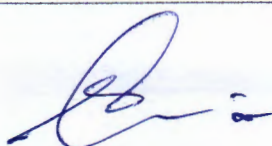
Sr. No.	Name of Shareholders	No. of Shares	Share Value (Rs.)	% Holding
1	MR MUKESH GUPTA	2,00,000	20,00,000	40
2	MR SHARAD GUPTA	2,00,000	20,00,000	40
3	MRS KUSUM GUPTA	1,00,000	10,00,000	20
	TOTAL	5,00,000	50,00,000	100.00%



3.3 PROPOSED DIRECTORS OF THE ENTITY TAKING OVER THE BUSINESS OF THE CD

(Table 10)

Sr. No.	Name of Directors	DIN	Designation	Date of Appointment
1	MR MUKESH GUPTA	01314913	Chairman	From Inception
2	MR SHARAD GUPTA	01314937	Managing Director	From Inception
3	MRS KUSUM GUPTA	01314924	Director	From Inception



3.4 BRIEF OVERVIEW OF THE RESOLUTION APPLICANTS

1. **MR. MUKESH GUPTA:** Mr. Mukesh Gupta is a reputed Industrialist cum Business man having experience of more than four decades. Mr. Gupta has a specialized knowledge and exposure in setting up manufacturing units and export houses. He has in-depth knowledge and exposure in setting up, running, managing and growing basic iron based industries. He has also vast knowledge in the areas of export of basic iron grade materials and has been running an export house dealing in such products for decades. In addition to technical aspects for the type of products from raw-materials to finished products, Mr. Gupta is possessing wide-spread knowledge of commercial aspects of products in which the Corporate Debtor is engaged.

Mr. Gupta is considered as a pioneer in the basic iron products industries.

2. **MR. SHARAD GUPTA:** Son of Mr. Mukesh Gupta, Mr. Sharad Gupta is a Graduate Mechanical Engineer having been associated with his father in the business of manufacture, trade, sale and export of basic iron products from beginning of his career. Apart from technical knowledge and expertise, Mr. Sharad Gupta has also gained complete exposure in the type of business while associated with his father in running the unit of manufacture, sale and export of basic iron products.

While efficiently and competently running the manufacturing and other operational aspects of the unit, Mr. Sharad Gupta was recognized nationally and internationally. In acknowledgement of his competence and contribution in the field, Mr. Sharad Gupta was awarded ' **The Indian Achievers' Award for Quality Excellence**' by Indian Achievers' Forum on December 4, 2012 at New Delhi. He was also awarded ' **The Global Achievers' Award** ' at the International Achievers' Summit on March 16, 2013 at Dubai.



3.5 GROUP COMPANIES

The Promoters have got only one group company namely Prosperity Exim Pvt Ltd. engaged in export of goods manufactured by PSL apart from export of goods of same types and quality purchasing from market.

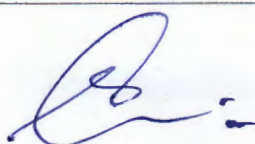
The Operational and Financial Highlights of the above group company are as follows:

PROSPERITY EXIM PVT. LTD

Operational Highlights (Table 11)

Rs in Lacs

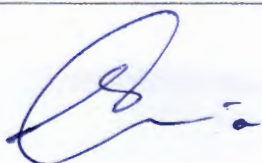
PARTICULARS	YEAR ENDED 31.03.2018	YEAR ENDED 31.03.2019
Export Sales	869	507
Domestic Sales	-	689
Other Incomes	119	11
Gross Revenue	988	1207
Cost of Goods Consumed	783	1008
Purchase for Exports	-	488
Employee Costs	44	16
Other Expenses	47	79
Total Expenses	874	1591
Gross Profit	114	(384)
Finance Cost	89	102
Depreciation	5	4
Net Profit	20	(490)



HIGHLIGHTS OF FINANCIAL POSITION OF PROSPERITY EXIM PVT LTD

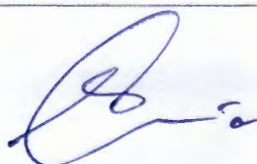
(Table 12)

CAPITAL & LIABILITIES AS AT		31.03.18
31.03.19		
Paid up Capital	141	141
Reserve & Surplus	389	(100)
Net Worth	530	41
Long Term Borrowings	96	110
Short Term Borrowings	845	1013
Payables	63	182
Other Liabilities	52	12
Non Current Liabilities	1	1
TOTAL	1587	1359
ASSETS & PROPERTIES		
Net Fixed Assets	21	18
Long Term Advances	253	245
Current Assets		
Inventories	840	551
Receivables	125	408
Cash & Deposits	6	5
Short Term Loans & Advances	342	132
TOTAL	1587	1359



3.6 APPLICANTS IN TERM OF AMENDMENT-3, DATED 7/11/2017 TO CIRP REGULATIONS ISSUED BY IBBI

Sr. No.	Particulars Required	Status of Resolution Applicants in this regard
A	Identity	Individuals being Promoter-Directors of the CD- eligible to submit Resolution Proposal since the CD is an MSME
B	Conviction for any criminal offence during preceding 5 years	No such convictions involving the Resolution applicants
C	Criminal Proceedings pending, if any	No such convictions involving Resolution applicant and its promoters.
D	Disqualification, if any, under Companies Act 2013 to act as Director	No such disqualification.
E	Identification as willful defaulter by any Bank or financial Institution in accordance with RBI Guidelines	No such default till date.
F	Debarment, if any, from accessing to, or trading in securities markets under any order or direction of SEBI	No such debarment till date.
G	Transactions, if any, with the Corporate Debtor during preceding two years	Not in personal capacity while running the operations of the CD as Promoter-Directors

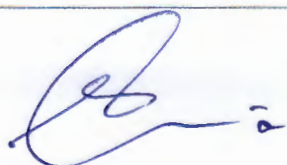



I. OBJECTIVES OF THE RESOLUTION APPLICANT(S)

- a. To re-commence the operations after carrying out necessary repairs and renovation
- b. To incur required amount of capital expenditure for making the existing plant and machinery operational and productive
- c. to carry out modernization and expansion of business including manufacturing facilities
- d. To re-establish the brand in the market as a renowned product and regain lost market share
- e. To add diversified/ value added products in-order to re-establish the company and emerge as a stronger market force
- f. To innovate newer products keeping dynamics of changes in use and utility of its products and finally to reposition the CD as a perpetual market operator

II. CAPABILITIES OF THE RESOLUTION APPLICANT(S) TO REVIVE THE BUSINESS OR CHANGE THE COURSE OF THE BUSINESS (AS THE CASE MAY BE)

- a. The Resolution Applicant(S) are financially competent to revive the operations of the CD and also qualify the minimum required Net Worth Criterion
- b. The Resolution Applicant(s) being the original Promoter-Directors of the CD, are aware of the required strategy to restart operations of the unit with lowest possible expenditure and at the earliest possible time.
- c. The Resolution Applicant(s) are conversant about the market & other business technicalities and can ensure optimum level of sales / turnover at the earliest.
- d. With their previous exposure, the RA(s) are by far the most competent persons to ensure resolution and revive the CD most efficiently.



SECTION 4

4.1 MANDATORY CONTENTS OF THE RESOLUTION PLAN – REGULATION 38

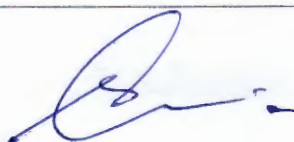
Sr. No	Condition	Detailed Components	
A	CIRP Costs (Already approved by the COC and further to be expended during the Process)		Rs in Lacs
		Unpaid Fees of Previous RP - (approved by COC)	5.31
		A sum of Rs 3.54 lacs was billed by the said RP which was settled out of the sum deposited by the applicant OC and as such not included here.	
		Valuation Fees -	1.50
		Transaction Audit Fees-	1.30
		Fees payable to present RP	2.50
		Additional Fees payable to RP for extended Period	2.50
		Fees for successful Resolution	2.50
		Security Exp. & Electricity Charges (Paid by the CD since Octo, 2019)	5.54
		Further Estimated Amount Payable	2.75



	Other Exp. Incurred & Approved by COC	0.20
	Estimated to be incurred Further	0.50
	Contingencies	5.40
	TOTAL	30.00




Sl. No	Condition	Detailed Component
B	Payment of liquidation value for Workmen Dues	As per Information Memorandum, there is no claim from Workmen was submitted. However, we have carried out due diligence and based on the same, there are 8 workmen who have claims pending for long. Out of which, Liquidation Value for Workmen dues amount to Rs 3.00 lacs approx. However, for the purpose of restarting operations at the plant, total of accumulated dues to employees and workmen to the tune of Rs 7.50 lacs minimum.
C	Payment of Liquidation value to dissenting Financial Creditor	The major Financial Creditor is Axis Bank which has provided both Working Capital and Term Loan Facilities. Apart from Axis Bank, there are two other lenders who have provided car loan against exclusive charge over the cars. Though these lenders have not submitted their claims and not participating in the CIRP, their dues are also to be settled in line with the main lender. As such, payment of liquidation value to dissenting financial creditors does not arise.




SECTION 5

KEY PROPOSITIONS OF THE RESOLUTION PLAN

5.1 FUND INFUSION AND NEW EQUITY CAPITAL STRUCTURE POST INFUSION OF CAPITAL

a. Reduction of Share Capital:

The paid-up share capital of the CD (PSL) is Rs.60,40,000/- (Rupees Sixty lakh forty thousand Only), i.e. 6,04,000 equity shares of Rs. 10 each fully paid up.

It is proposed to reduce the paid up amount of Share Capital by 90% since the same is not represented by assets due to huge accumulated losses.

Thereby reducing the paid up-share capital by 90% to Rs.6,04,000/- (Rupees Six lakh four thousand only) i.e. 60,400 number of equity shares of face value of Rs. 10 each.

The new Equity Structure of the CD – PSL after proposed reduction of Share Capital and fresh issue of shares against new contribution by the Resolution Applicants as proposed under this Plan would be as follows:

(Table – 13)

Sr. No.	Name of Shareholders	No. of Shares originally Held	Reduced Number of Shares	Fresh Issue of Shares	Total Number of Shares Held Post Takeover	% Holding
1	Mr. Mukesh Gupta	126100	12610	2,00,000	2,12,610	38
2	Mr. Sharad Gupta	74100	7410	2,00,000	2,07,410	37
3	Ms. Kusum Gupta	403800	40380	1,00,000	1,40,380	25
	TOTAL	6,04,000	60,400	5,00,000	5,60,400	100.00

Shares presently lying issued to minority holders will continue to be held after due reduction as proposed without affecting the above shareholding pattern.

b. Additional Issue of Shares:

Regulation 37(i) of CIRP Regulations 2016, provides for inclusion in any Resolution Plan as follows "Issuance of securities of the corporate debtor, for cash, property, securities, or in exchange for claims or interests,"

With reduction of present paid up share capital to Rs. 6,04,000/- and additional capital of Rs. 50,00,000/- through fresh issue of 5,00,000/- shares will be done to the resolution applicant at face value per share of Rs. 10.00 each at par, so as to make the shareholding of Resolution Applicants at 75%

With the proposed allotment, share holding pattern will be as follows

(Table 14)

Particulars	No. of Shares Held	Face Value	Total Share Capital	% holding
Resolution Applicants	4,20,020	10	42,00,200	75
Shareholding of Others	1,40,380	10	14,03,800	25
	5,60,400		56,04,000	100

COMPLIANCE:

Resolution Applicant(s), seeks specific reliefs from respective statutory authorities and compliances, amongst others, would include and not limited to:

- Section 39, Section 66, Section 42 and Section 62 of Companies Act 2013 in relation to reduction and fresh issue and allotment of share capital.

C.

SOURCES OF INFUSION OF FUNDS AND PROPOSED UTILISATION THEREAGAINST

(Table 15)

SOURCING OFFUNDS*Rs. InLacs*

Sr. No.	Particulars	Notes	0-30 days*
1	Existing Business of Resolution Applicant		
	a) Share Capital	A	50.00
	b) Unsecured Loan	B	75.00
	TOTAL		125.00

PROPOSED UTILISATION

SL NO	PARTICULARS	NOTES	AMT
1	CIRP Cost	C	20.00
2	Minimum Payment of Workers' Dues	D	3.00
3	Minimum Payment to Operational Creditors	E	-
4	Liquidation Value to Dissenting Financial Creditors		-
5	Pmt. to Financial Creditors- Axis Bank	F	50.00
6	Pmt. To FCs for Car Loans	G	2.50
7	Start- up Expenses – Repairs & Maint. And Other Exp	H	9.50
8	Capex for Plant & Machinery including Moulds	I	40.00
	TOTAL		125.00




Notes:

- A.** Initial contribution of the Resolution Applicants has been proposed at Rs 50.00 lacs to be brought in by the RAs to the tune of 75% and balance 25% to be contributed by the other major existing shareholder.
- B.** A sum of Rs 75.00 lacs would be brought in by the RAs by way of unsecured loan from a Private limited company. The repayment terms to the said unsecured loan will be subservient to the loans of the Banks and other lenders.
- C. CIRP Cost** as worked out under Section 4 includes partly approved by the COC and partly under submission for approval. The estimates of the said costs also includes amt. to be incurred further during the next 2/3 months during which the Process is reasonably expected to continue. A part of the cost in lieu of Security Exp. and Electricity Exp. are currently being incurred by the Resolution Applicants. As such, the same is not included in the amount. Overall contribution of the RAs towards CIRP would be Rs 30.00 lacs. Actual contribution of the Resolution Professionals towards CIRP costs works out to Rs 30.00 lacs including contingencies.
- D. Labour Liabilities:** Liquidation Value shall be paid on priority basis i.e. within 30 days after approval of Resolution Plan by NCLT. The total dues payable the workers being substantially more than Liquidation Value, the balance amount of payment required to restart operation has been included under Start-Up Exp.
- E. Liquidation Value to Operational Creditors:** No amount is proposed to be payable to the Operational Creditors since nothing is working out as Liquidation Value due to the Operational Creditors.
- F. Payment to Financial Creditors:** (a) Out of three Financial Creditors, Axis Bank has provided both Working Capital and Term Loan for business Operations. The total settlement amount proposed under the Plan inclusive of both the facilities is Rs 164.16 lacs. A down payment of Rs 50 lacs in keeping with the RFRP has been proposed under the plan and provided herewith. The balance of settlement amount of Rs 114.16 lacs proposed to be paid in five quarterly instalments (Payable on : 30.03.22, 30.06.22, 30.09.22, 31.12.22 & 31.03.23 as per following Table)

Handwritten signature and initials in blue ink, including a stylized 'B' inside a circle.

- G. In respect of car loan of ICICI Bank , total settlement amount proposed is Rs 5.40 lacs in line with the settlement proposal made to Axis Bank. Out of the settlement amount, down payment proposed is a sum of Rs 1.90 lacs and quarterly instalments are Payable on :30.03.22, 30.06.22, 30.09.22, 31.12.22 & 31.03.23)
- H. For car loan from Ford Credit settlement amount proposed in line with the above proposals is Rs 1.60 lacs inclusive of down payment of R 0.60 lakh and balance in five quarterly instalments Payable on :30.03.22, 30.06.22, 30.09.22, 31.12.22 & 31.03.23)
- I. Start Up Exp. include repairs & maintenance expenses involving factory shed, boundary wall, etc. to the tune of Rs 4.50 lacs and settlement amount payable to local small suppliers (though nothing is payable as Liquidation Value) to tune of Rs 5.00 lacs.
- J. Major expenses are required to be spent overhauling and additional Plant & Machinery before start of operations. It is also necessary to increase number of mold boxes to improve overall production capacity up to a viable level. The total Capex. has been estimated at Rs 40.00 lacs which will be met out of initial contribution under the Resolution



TABLE – 15A
Calculation of Payment in-lieu of Interest and Schedule of Payments to Financial Creditors

Further interest amount on installment payments at MCLR of Axis Bank at 7.50 % (simple) is worked out and payment of the amount is proposed together with installments:

Gross Settlement Amount – 150.25 (Share of Axis Bank)

Down Payment - 50.00

Amount Payable in Installments – 100.25

Cut off Date - 01.01.2021

Interest till 31.03.2022 (Base Amount – 100.25) – 9.40

Interest till 30.06.2022 (Base Amount – 90.25) - 1.69

Interest till 30.09.2022 (Base Amount – 75.25) - 1.41

Interest till 31.12.2022 (Base Amount – 50.25) – 0.94

Interest till 31.03.2023 (Base Amount – 25.25) – 0.47

Total Interest on Axis Bank's Share - 13.91

Payment Schedule

DATE	EXISTING SCHEDULE		PROPOSED SCHEDULE	
	AXIS BANK	OTHERS	AXIS BANK	OTHERS
Down After COC Approval	50.00	2.50	50.00	2.50
30.03.2022			10.00- Pri 2.78- Int	0.45- Pri 0.12- Int
30.06.2022	25.00	1.13	15.00- Pri 2.78- Int	0.68- Pri 0.12- Int
30.09.2022	25.00	1.12	25.00- Pri 2.78- Int	1.12- Pri 0.12- Int
30.12.2022	50.25	2.25	25.00- Pri 2.78- Int	1.12- Pri 0.12- Int
31.03.2023	-	-	25.25- Pri 2.79- Int	1.13- Pri 0.14- Int
TOTAL			150.25 13.91- INT	7.00 0.62- INT
GRAND TOTAL	150.25	7.00	164.16	7.62

5.2 PAYMENT SCHEDULE AND CONDITIONS

A. Total Consideration:

- (I) The Resolution Proposal consists of two parts : One – Down Payment, Two – Subsequent Annual Instalments.

Under down payment, in keeping with the terms of RFRP, a sum of Rs 50.00 lacs will be paid to the main banker, Axis Bank and a sum of Rs 2.50 lacs to two other FCs.

Balance settlement amount will be paid in five quarterly instalments as shown under Table 15A earlier.

- (II) The Resolution Proposal in respect of the car loans has also been made in similar lines. Total settlement amount proposed is Rs 7.00 lacs (ICICI Bank- 5.40, Ford Credit – 1.60) and out of the same, down payment amounts to Rs 2.50 lacs (ICICI Bank- 1.90, Ford Credit – 0.60) and the balance amount to respective lenders will be paid in five quarterly instalments as shown in Table 15A earlier.

B. Details of The Property Mortgaged & Security Created in Favor of Lenders:

(Table 16)

NAME OF LENDERS	FACILITY TYPE	SECURITY PARTICULARS
Axis Bank	Term Loan	1. Hypothecation charge on all moveable fixed assets of the firm both present and future excluding vehicles and assets financed by other banks /FI's. 2. Equitable mortgage of industrial plot owned by M/s. Prosperity Steels Ltd. located at No. 2 G.T.Road 3. Second Charge on entire stock and current assets subject to 1 st charge against Working Capital Facilities
Axis Bank	Working Capital	1. Exclusive hypothecation charge on the entire current assets of the firm both present and future 2. Second Charge on Fixed Assets subject to first charge extended against Term Loan availed
ICICI Bank	Car Loan	Exclusive Charge on Car Purchased out of the Loan
Ford Credit	Car Loan	Exclusive Charge on Car Purchased out of the Loan

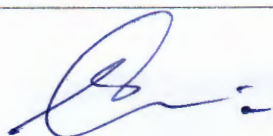
C. Justification for the Proposed Resolution Plan :

The Proposal as made under Para 5.2 earlier is based on our detailed Due Diligence and compares favorably with our estimated Liquidation Value, CIRP Costs and estimated Liquidation Costs. The Liquidation Value as envisaged by us is after due consideration of the current Pandemic Situation and future market positioning. The position of each Financial Creditor is as exhibited below :

(Table 17)

(Amount Rs. Lacs)

1	2	3	4	5	6	7	8
Sl No	Financial Creditor	Security Particulars	Envisaged Liquidation Value	Share of CIRP Costs	Share of Estimated Liquidation Costs	Net Surplus (4-5-6)	Proposal Amount
1	Axis Bank – Term Loan & W/C Loan	Exclusive 1 st charge on Fixed Assets & Current Assets	125.00	28.00	9.40	87.60	164.16
2	ICICI Bank	Exclusive Charge on Car Financed	6.00	1.30	0.40	4.3	5.90
3	Ford Credit – Car Loan	Exclusive Charge on Car Financed	2.00	0.70	0.20	1.10	1.74
	TOTAL		133.00	30.00	10.00	98.00	171.80



D. Particulars of Charges Existing And Proposed

- **Axis Bank** – For existing Working Capital Facilities, exclusive 1 st charge on Current Assets present, and future, are there.
- For existing Term Loan facilities, exclusive 1 st charge on all Fixed Assets are there.
- As per proposed Resolution Plan, out of the total offered amount of Rs 125 lacs, a sum of Rs 50.00 lacs will be paid up front and balance Rs 75.00 lacs will be paid in three equal annual instalments of Rs 25.00 lacs each.
- In order to secure payment of the said Rs 75.00 lacs, both the above securities will continue.
- The CD, after approval of the Resolution Plan, for the purpose of carrying on normal operations, would be requiring minimum Working Capital facilities to the tune of Rs 100 lacs or so. For the aforesaid purpose, approval for ceding Pari-passu 1 st charge on Current Assets and 2 nd charge on Fixed Assets be given.
- **ICICI Bank** – For the Car Loan Facilities, after making down payment as proposed under the Plan, the existing charge on the same asset will continue for the balance settlement amount which will be paid in instalments.
- **Ford Credit** – Similar terms as proposed in case of the other Car Loan of ICICI Bank will apply.



E. After Approval of Resolution Plan by NCLT:

- a. COC will cease to exist
- b. COC / RP will hand over entire power / charge to the Resolution Applicants.
- c. The management will be vested in the hands of Resolution Applicants.
- d. The existing Board of Directors of PSL shall stand dissolved and the New Board of Directors shall be constituted by the Resolution Applicants.



53 WAIVERS OF LIABILITIES:

a. Waiver of the Statutory Liabilities/ Contingent Liabilities incurred and accrued to statutory authorities viz. authorities viz. VAT, Sales Tax, Income Tax, Excise, Customs, ESI, CEST, CGST, etc.:

- The resolution applicant would like to revive the company with complete peace and certainty; therefore, all the statutory dues, taxes, penalties, penal interest, demands, etc. incurred for the period till the commencement of CIRP date, to be/shall be waived and may be assured to the resolution applicant that no such claim from any person or authority shall disturb the process of revival.
- The COC is requested to approve and the adjudicating authority is requested to direct reversal or withdrawal of all the disallowances made in the Income tax assessment proceedings.
- Carried forward and brought forward losses for all the preceding 8 years shall be allowed for a fresh period of 8 years.
- Income tax returns for the just concluded financial years whatever not yet filed as on the date, Adjudicating Authority is requested to permit the Resolution Applicants to file the returns on approval of Resolution Plan and direct income tax department to waive the penalty and interest for late filing of the said returns. Further, it is also requested to allow the loss of the said years for a fresh period of 8 years.
- Further, all litigations, appeals, arbitrations, before all / any authorities across India shall stand abated. Further, any penalties, Interest, fine, charges, damages, compounding fees etc. shall be withdrawn and stands abated. Adjudicating Authority is requested to direct all the departments and statutes to release the property including bank accounts attached if any.



- Any Income tax demands and TDS liabilities to be waived off along with any penalties and interest thereon.
- All the demands raised in any form including any charges, levy, duty, interest, penalties, etc. by various Income Tax Authorities, Tribunals, Courts, Sales tax / Goods and Service Tax authorities, Excise and Custom department, Electricity Department, Water Department, Pollution Control Board and any other authority in any or all the courts of India as on date shall be waived off in totality.

b. Waivers of MAT liability arising on account of write off of loans:

- Adjudicating Authority is requested to direct the Income Tax authorities to consider that any income arising due to waiver of all liabilities should not be treated as income and no tax or book profit tax i.e. MAT shall be levied on the same.
- The Resolution Plan envisages the write off of interest and loans after paying the consideration for the corporate debtor. The write-back of this liability is expected to represent a notional profit/ income in the profitability statement of Corporate Debtor. Such Notional Profit may also attract the provisions pertaining to Minimum Alternate Tax (MAT) U/s 115JB of the Income Tax Act, 1961. Such a MAT would also bring a substantial amount of liability on the Corporate Debtor and impact the liquidity position.
- Thereby, it is proposed that the Hon'ble NCLT may waive any potential MAT liability occurring on account of write-back of the loans, in terms of this Resolution Plan. The proposed balance sheet as presented hereinafter to be accepted by all the authorities including Ministry of Corporate affairs as the balance sheet as on date

of approval of resolution plan without any income tax liability, as it's a fresh investment from the perspective of Resolution Applicants.

c. Waiver of the dues of the Operational Creditors and other current liabilities and any other operational liability accrued and incurred before Insolvency (CIRP) commencement date:

- The Resolution Plan seek total waiver of any amount due to the Operational Creditors, the other sundry creditors, and other current liabilities including advances from customers, distributors, etc. recorded/unrecorded in the books of account, claimed or not claimed for the period till the commencement of CIRP date.
- Litigation matters including but not limited to civil, criminal, investigations, etc. if any pending between/ against corporate debtor before any courts/authorities all over India shall stand withdrawn.

d. Waiver of any/all liability incurred and accrued before Insolvency (CIRP) commencement date because of services of Workmen and Employees rendered:

- There might be future claims from the workers and employees for period prior to the commencement of the CIRP. Therefore, the plan seeks complete waiver from any other claim that may come in future by the Worker and Employees for the period prior to the commencement of CIRP.

e. Waiver of any liability incurred and accrued before Insolvency (CIRP) commencement date on account of Financial Debt owed to Unsecured Creditors:

- The liquidation value for Unsecured Financial Creditors is Nil. The Resolution Plan seeks waiver of entire liability for Unsecured Financial Creditors. Further any liability incurred on account of financial debt owed to unsecured creditors, which



is not claimed or incurred for the period till the commencement of CIRP date to be waived off.

f Waiver of all the Contingent Liability arising out of any acts or actions of the company done before the Insolvency (CIRP) commencement date:

- As per the information memorandum and other information supplied to us by the resolution professional, no claim has been filed against any contingent liability or disputed liability. Whatever claims have been filed, are dealt with in the resolution plan. The Corporate Debtor will not be liable to pay any other claim which may be filed in future or which may occur or fructify contingent to any event.
- Any contingent liability disputed or otherwise, reflected in the balance sheet or not, submitted by the Resolution Professional or not, shall be extinguished/waived and there shall be no liability arising out of such contingent liabilities at any time in the future.
- All pending proceedings and suits with any authorities, arbitrator, tribunals and courts all over India shall be withdrawn or shall abate on approval of the Resolution Plan by the Adjudicating Authority.

g Waiver from all Corporate Guarantees given by the company of Corporate Debtor before the Insolvency (CIRP) commencement date:

- Hon'ble NCLT to waive, the Corporate Debtor from any claim that may be filed in future or which may occur or fructify against any corporate guarantee extended or given by the Corporate Debtor.

h No recourse on corporate debtor against any amount recovered from personal guarantors or corporate guarantors:



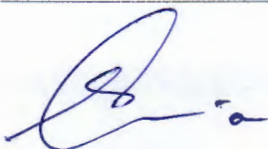
- The Resolution Applicants seek entire waiver of corporate guarantee given to lenders.
- As per the contract act, the guarantor falls in the shoe of lender in case any amount is recovered from the guarantor by the lenders. This situation will create complete uncertainty about the total consideration for the resolution applicant and about the revival of the unit. We seek protection against any such claim in future. The personal guarantors or the corporate guarantors would not have any recourse against the corporate debtor against any amount recovered by the lenders from them against their guarantees. The deed of guarantee therefore stands modified on approval of resolution plan and the recourse available with the guarantor if any, as per the deed of guarantee would stand modified and the guarantors will have no recourse against the corporate debtor against any amount recovered from them by lenders.

i Provision for amount to be paid to dissenting creditors and creditors who abstain from voting:

- In terms of Provisions of Regulation 38(1)(c) of The Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, the dissenting creditors or the creditors who abstain from voting will be eligible for their share of liquidation value of the Corporate Debtor only.
- Balance amount of debt due to dissenting financial creditors after payment of liquidation value shall be written off.
- The amount payable to the dissenting creditors (if any), would be paid out of total amount offered by Resolution Applicants and the Resolution Applicants would not be under obligation to contribute any additional funds.

**j. Waivers for any/all liabilities arising with SEBI Regulations/Companies Act 2013/
Companies Act 1956/FEMA Regulations/Labour Laws:**

- Hon'ble NCLT to waive any liability arising with SEBI Regulations/Companies Act 2013/Companies Act 1956/FEMA regulations for the period till the commencement of CIRP date.
- Adjudicating Authority is requested to direct SEBI to waive of all the penalties, charges, fees, etc. arising out of non-compliance of the requirements if any of its Regulations, Rules, Circulars, Notifications, etc.
- Adjudicating Authority is requested to direct ROC to waive of all the penalties, charges, fees, etc. arising out of non-compliance of the requirements if any of its Acts, Regulations, Rules, Circulars, Notifications, etc.
- Adjudicating Authority is requested to waive of all the penalties, charges, fees, etc. arising out of non-compliance of the requirements if any of FEMA Regulations, Rules, Circulars, Notifications, etc.
- Adjudicating Authority is requested to waive of all the penalties, charges, fees, etc. in any form arising out of non-compliance of the requirements/non-payment of amount due of the Labour laws like Employee State Insurance Act, 1948, Provident Fund Act, Payment of Bonus Act, Contract Labour Act, 1973, Minimum Wages Act, Equal Remuneration Act, 1976, Factories Act, 1948, Gratuity Act, 1972, etc. and to withdraw all/any pending litigation in case of above labour laws.
- Adjudicating Authority is requesting to waive the pending filing of the financials and other documents as per The Companies Act 1956 and The Companies Act 2013 with Registrar of Companies.



k. For unknown liabilities/off balance sheet transactions:

- The Resolution Applicant/Corporate Debtor shall not be liable to pay any hidden/unknown liabilities/off balance sheet transactions surfacing at any future date after approval of Resolution Plan by COC.

l. Payments to Creditors submitting claims after approval of the Proposal Plan:

- The Code and the CIRP Regulations entitle all creditors of a corporate debtor to submit their claims to the RP on or prior to the date on which the resolution plan gets approved by the COC. As a result, in the event any Creditor of the Company does not submit its claims to the RP prior to the date of COC approval, then in such case, the said Creditor will not be entitled to receive any payments under the Proposed Plan. No legal action can be lodged against the said claim.

m. Adjudicating Authority is requested;

- To issue suitable directions for all the recovery proceedings against the company under DRT, SARFESI and any other law to be withdrawn as on the date of approval of Resolution Plan
- To issue suitable directions so that all the civil/ criminal/ penal action / investigations pending or disposed in any court of India, or with any investigating agencies, should be waived and not be applicable to New Management post approval of the Resolution Plan. All the demand/liabilities to be waived off completely.
- To extinguish/close any investigations initiated by any agency on the company for ensuring smooth and revival of the company.



- To protect Corporate Debtor post NCLT approval, from providing past information to an investigating agency in relation to criminal or civil matters.
- Our offer is inclusive of payment if any that may be required against pending litigations.
- To direct Electricity Board to re-connect power supply at the plant / corporate office, to waive of past dues including any penalties interest or damages and to abate all the pending litigations if any.
- To direct Water Department to continue water supply at the plant, corporate office, to waive of past dues including any penalties interest or damages and to abate all the pending litigations if any.
- To direct Pollution Control Board to continue all the required approvals given in name of Corporate Debtor or renew the same to run the industry smoothly.
- Relevant authorities to either continue or issue new existing Manufacturing License/ Factory License given in name of Corporate Debtor.
- To grant waiver of society dues / property tax/ Gram Panchayat Tax/ BMC Charges, etc. in any form for the corporate office in respect pre CIRP date.
- To waive of any charges, penalties, punishment, etc., if any levied by Directorate of Enforcement, Department of Revenue, RBI, Economic Office Wing, Directorate General of Foreign Trade, Ministry of Commerce, etc. on the Corporate Debtor.




- Official Liquidator/Resolution Professional/Existing Promoters/Existing Board of Directors to handover the possession of all the records and books of accounts of corporate debtor to the New Promoters and Management.

n. Waiver of Stamp Duty and Capital gain on First Sale by Resolution Applicant/Corporate Debtor

On first sale of any property (not essential for purpose of and carrying on post acquisition production) by the Resolution Applicants/ Corporate Debtor to any willing buyer, the stamp duty arising out of this sale should be waived off. Also, any capital gain arising on account of first sale of assets by the Resolution Applicants / Corporate Debtors under section 45 of Income Tax Act should be waived off.



SECTION 6

6.1 PROPOSED SETTLEMENT OF DUES UNDER THE RESOLUTION PLAN

(Table 18)

(Amt in Lacs)

Sr No	Name of Financial Creditors	Amount claimed /Outstanding	Amount to be Paid- Down	Amount to be Paid- in Instalments
1	Axis Bank – Term Loan & Working Capital Facilities	304	50	114.16
2	ICICI Bank – Car Loan	12.41	1.90	4.00
3	Ford Credit	3.74	0.60	1.14
	TOTAL	320.15	52.50	119.30

1. The Proposed Plan provides for payment of CIRP Costs of approximately Rs.30 lacs only (being share of Costs borne by the Resolution Applicants) in priority over payments to any other Creditors. Balance amount of the CIRP Cost if any, shall be paid on priority and would be paid within 30 days from the Effective Date (i.e. Date of NCLT Order of Approval of Resolution Plan).
2. Labour Liabilities to the tune of Rs 3.00 lacs equivalent to Liquidation Value will be paid U/s 53(1) within 30 days as approved by CoC. Additionally, a sum of Rs 4.50 lacs would be paid towards workers / employees dues before start of operations at the plant.



3. For Operational Creditors, no Liquidation Value is working out and as such, no payment on account of the same has been proposed in the Plan.
4. On payment of the aggregate amount of Rs. 171.80 lacs (Rupees one seventy one lacs and eighty thousand only) to the Financial Creditors as per earlier Table No. 17, all the debts of all the lenders / financial creditors, be it due and pending on any account, get fully and finally satisfied and extinguished, in terms of this Resolution Plan. There remains nothing to be recovered out of such dues either from the Resolution Applicant or any other person.
5. The Resolution Plan has considered and included but not limited to all the claims received as per details shared by Resolution Professional, from the Secured as well as Unsecured Financial Creditors and Operational Creditors.

Further it is provided as under:

“ Where only one Resolution Plan is submitted, it shall be considered as approved provided that it receives requisite vote”

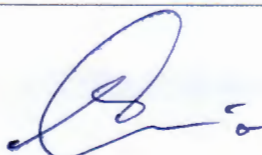


6.2 SUMMARY OF DISTRIBUTION UNDER THE PROPOSED PLAN

In terms of the Regulation 38(1A) " A resolution plan shall include a statement as to how it has dealt with the interest of all Stakeholders including financial creditors and operational creditors of the Corporate Debtor".

THE STATEMENT IS AS FILLOWS:

Sr. No.	Stakeholder	Interests as addressed in Resolution Plan
1	Secured Financial Creditors	
	First Charge	It is proposed to pay Rs 171.80 lacs (Rupees one hundred seventy one lacs and eighty thousand only) as full and final settlement against the amount due to them.
	Second Charge / Subservient Charge	There being no exclusive second charge holders, no payment to second charge holders is being proposed.
2	Workmen	As per section 53(1), it is proposed that liquidation value due to workmen dues for last 24 months shall be paid within 30 days of approval of Resolution Plan by Adjudicating Authority subject to settlement of workers dues. Since the Proposal is for Resolution of the CD, payment of Liquidation Value to workmen is not being proposed. As against the same, a sum of Rs 3.00 lacs will be paid to the workmen against total approx. claim of about Rs 10.50 lacs. Additionally, a sum of Rs 4.50 lacs will be paid to the workmen-employees, as settlement amount, before start of operations at the Plant.
3	Employees	The employees will be re-engaged for restart of operations at the plant and there will not be any discontinuity of services. No separate provision is required for the purpose.



4	Operational Creditor	No provision is made for these dues as the Liquidation Value is Nil.
5	Tax/Statutory Dues/penalties/interest/Fines (Including TDS, EPF, VAT, Excise/ESIC/FEMA/Companies Law, etc.)	No provision is made for these dues as the Liquidation Value is Nil.
6	Amount Payable to Related Party	No provision is made for these dues as the Liquidation Value is Nil.
7	Corporate Guarantee	No provision is made for these dues as the Liquidation Value is Nil.
8	Claim against the Company not acknowledged as Debt	No provision is made for these dues as the Liquidation Value is Nil.
9	Contractually Reimbursable expenses	No provision is made for these dues as the Liquidation Value is Nil.
10	Advance from Customer	No provision is made for these dues as the Liquidation Value is Nil.
11	Other Current Liabilities	No provision is made for these dues as the Liquidation Value is Nil.
12	Pending listing Fees of NSE/BSE	No provision is made for these dues as the Liquidation Value is Nil.
13	Existing Equity Shareholders	With a reduction from Face Value of Rs.10 per share to Face Value of Re. 0.10 paise per share would be continued.

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

TERM OF RESOLUTION PLAN

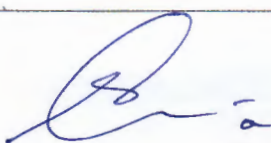
The term of the Resolution Plan would run from the approval of Resolution Plan by Adjudicating Authority under section 31 of IBC, 2016 for a period of 30 days. The Scheduled Period is of 30 days during which entire down payment of the Resolution Proposal will be paid and thereafter, the Production facilities, records and documents, etc., be handed over to the Resolution Applicants by the Resolution Professional.

6.3 RESTRUCTURED BALANCE SHEET AFTER APPROVAL OF RESOLUTION PLAN:

(Table 19)

Amt in Lacs

Sr. No.	Particulars	Before Takeover	Post Down Payment
	Source of Funds		
1	Public Shareholders (Others)	6.04	58.54
2	Unsecured Loans		75.00
3	Liabilities		
	Financial Creditors	171.80	119.30
	CIRP Cost	30.00	
	Worker/Employee Dues	3.00	-
	Total Liabilities	210.84	252.84
	Application of Funds		
1	Fixed Assets	171.80	171.80
2	Cash in Hand	-	*42.00
2	Goodwill on Takeover	39.04	39.04
	Total Asset	210.84	252.84
*Earmarked for Capex and other start-up expenses as envisaged in the Resolution Plan.			



SECTION 7

7.1 OPERATIONAL PROJECTIONS AND PROJECTED BALANCE SHEETS – POST APPROVAL OF THE RESOLUTION PLAN

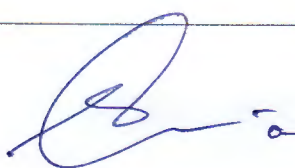
PROJECTED PROFIT & LOSS ACCOUNT

(Table 20)

Rs in Lacs

PARTICULARS	21-22	22-23	23-24	24-25	25-26
Turnover	1250	1350	1425	1500	1600
Raw Materials Consumed	1125	1215	1280	1350	1440
Mfg. Expenses	45	48	51	53	54
Employee Costs	35	37	40	43	45
Misc. Expenses	5	7	9	11	12
GROSS MARGIN	40	43	45	43	49
Finance Costs	10	12	14	15	17
Depreciation	12	11	10	8	7
NET PROFIT	18	20	21	20	25
CASH PROFIT	30	31	31	28	32

The above projections are based on the performance of a previous year (2016-17) during which, the CD had un-interrupted operations. As such, the above projection level is considered conservative and quite achievable.



PROJECTED BALANCESHEETS**Rs in Lacs**

(TABLE 21)

PARTICULARS	01.04.21 (Start of 1 st. Year of Operations)	31.03.22	31.03.23	31.03.24	31.03.25	31.03.26
Paid Up Capital	58.54	71.89	177.84	177.84	177.84	177.84
Reserves & Surplus		18.00	38.00	59.00	79.00	104.00
Net Worth		89.89	215.84	236.84	256.84	281.84
Unsecured Loan	75.00	75.00	75.00	75.00	75.00	75.00
Secured Loan	119.30	105.95	-	-	-	-
Working Capital Loan	-	100.00	104.00	107.00	106.00	109.00
Payables		161.75	147.75	145.75	149.75	132.75
Other Liabilities		15.00	22.00	24.00	27.00	32.00
Total Current Liabilities		276.75	273.75	276.75	282.75	273.75
TOTAL	252.84	547.59	564.59	588.59	614.59	630.59
Net Fixed Assets	212.55	200.55	189.55	179.55	171.55	164.55
Current Assets						
Inventories		150.00	165.00	175.00	190.00	198.00
Receivables		125.00	135.00	145.00	155.00	163.00
Loans & Advances		28.00	30.00	40.00	45.00	48.00
Cash & Deposits	1.25	5.00	6.00	10.00	14.00	18.00
Total Current Assets		308.00	336.00	370.00	404.00	427.00
Goodwill/ Acquisition Costs	39.04	39.04	39.04	39.04	39.04	39.04
TOTAL	252.84	547.59	564.59	588.59	614.59	630.59



ASSUMPTIONS : The Balance sheets have been drawn based on the operational projections subject to following major presumptions:

1. Initial Equity contribution is Rs 52.50 lacs which will be entirely used for making down payment to the Financial Creditors. For making future instalment payments, further Equity contributions to the required extent of payment obligations have been presumed / envisaged.
2. In order to achieve the envisaged level of production, the CD, post acquisition, require Need Based Working Capital. The same has been envisaged at a minimum level of Rs 100.00 lacs which the existing Working Capital Lender may provide.



SECTION 8

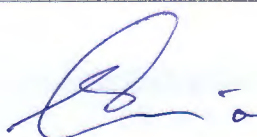
8.1 INDICATIVE TIMELINES OF EVENTS FOR IMPLEMENTATION OF PROPOSED PLAN

(Table 22)

INDICATIVE ACTIVITY SCHEDULE		
Sr. No.	Activity	Timelin e (days)
PHASE I - APPROVAL PROCESS OF THE PROPOSED PLAN		
1	Presentation of Proposed Plan to the CoC	X
2	Approval of Proposed Plan by CoC	X+4
3	Application to NCLT	X+10
4	Approval by NCLT ('Effective date')	E
5	Notice of the Approval for Public Information	E+1 4
6	Intimation to the IBBI, Tax & other Authorities	
7	Intimation to all Creditors, existing shareholders and other stakeholders of the Company	



PHASE II - SETTLEMENT OF CREDITORS		
8	Payment of CIRP Costs as approved by COC	E+3 0
9	Settlement of Worker's and payment of their dues as per Plan	E+3 0
10	Payment to Unsecured Financial Creditors	Nil
11	Payment to the Tax authorities and other Statutory authorities	NIL
12	Payment of liquidation value to creditors	Nil
13	Payment of liquidation value to operational creditors.	Nil
PHASE III - IMPLEMENTATION OF PROPOSED PLAN		
14	Increase in Authorized Share Capital and Capital Reduction	E+6 0
15	Issue of shares to Resolution Applicant and infusion of Funds towards Equity	E+6 0
16	Change in Memorandum and Articles of Association and other documentation as may be required under the proposed plan.	E+9 0
17	Management of Company: (i) Constitution of new Board; (ii) Appointment of key managerial personnel; and (iii) Resolution Applicant shall appoint statutory and internal auditors of their choice, subject to applicable regulations.	E+9 0
18	Carrying out necessary Repairs & Maintenance and Capital Expenditure as per Plan envisaged	E+90




The above timeline is based on the assumption that all the relevant and necessary approvals will be obtained in timely manner, however, any delay in obtaining the same, may affect the assumed timeline mentioned above. The Adjudicating Authority shall give extended moratorium for the implementation of this Resolution Plan for the duration of implementation or 6 months whichever is earlier.

In case of any objection/appeal is filed, against the NCLT approved Resolution Plan, with NCLAT/ or any other authority court, due to which the approved Resolution plan is stayed / injunction/ interim stay or challenged, the effective date will be, the date of final approval by the Highest Authority.



SECTION 9

9.1 MANAGEMENT OF THE COMPANY

The Company shall continue as a going concern and operate in its normal course of business upon implementation of the Proposed Plan. The management of affairs of the Company after approval of the plan would be done as follows:

a. Appointment of a Monitoring Agency

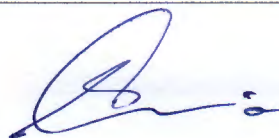
A committee comprising of one representative of Axis Bank being the lead banker and Mr. Partha Pratim Ghosh, Insolvency Professional are proposed to be appointed as members of the Monitoring Committee as per the provisions of the Code until full consideration is paid as per the Resolution Plan and No-Dues Certificate is handed over to the Resolution Applicants.

The monitoring agency shall monitor the day to day operations of the Company and provide regular updates to the financial creditors till all the approvals necessary for implementation of the plan are in place and a professionally managed Board is appointed by the Resolution Applicants.

The Monitoring Agency would also supervise the implementation of the resolution plan and would continue to do so even after formation of a Board until the claims of secured financial creditors are settled fully.

b. Constitution of new Board of Directors

- (i) It is proposed that the Company shall be a Board managed company upon approval of the Proposed Plan. A Board would be formed within 90 days of the date of approval of Resolution Plan by the Adjudicating Authority and other approvals, if any, required. The new Board shall be accountable for the day to day operations of the Company and shall be bound as per applicable law to protect and preserve the value in the Company. Composition of the new Board is as proposed under para 3.3 ante.



The Constitution of the Board shall at all times comply with the provisions of the Companies Act, 2013 subject to any relaxation being available to the company whose Resolution Plan is approved as per the provisions of IBC, 2016

c. Appointment of Key Managerial Personnel(KMP):

These appointments shall be made as and when required to meet the requirements of the operations and regulatory requirements. The Board shall ensure that the Company makes adequate disclosures under Regulation 30 read with Schedule III of LODR and the appointees, being KMPs of the Company shall comply with all legal requirements under various Acts, as applicable.

d. Appointment of Statutory and Internal Auditor

The Resolution Applicants shall appoint internal and statutory auditors of their choice, subject to applicable laws and regulations.

e. Continued Corporate existence

The Company shall start its operations in the normal course of business. While the implementation of the Proposed Plan and settlement of the Creditors happen concurrently, the newly appointed Board shall take up the responsibilities of the day to day affairs of the Company. The Resolution professional /suspended board may be directed to hand over all important documents pertaining to the Resolution applicant



on approval of the plan for smooth functioning of the Corporate Debtor. It is requested that, on approval of Resolution Plan by the Adjudicating Authority, the control of the company, possession of all the assets and records to be peacefully handed over to the Resolution applicants.

f. Corporate Actions

The Company shall take appropriate corporate actions necessary for implementation of all the provisions of the Proposed Plan, which includes

- (i) Filing of appropriate documents or forms with *inter alia* RoC, MCA and RBI and obtaining relevant consents / approvals from such regulatory authorities,
- (ii) Approval of / intimation to existing shareholders,
- (iii) Issuance of shares and instruments as provided in the plan and
- (iv) Regular compliances as per the governing law.



SECTION 10

10.1 SUPERVISION OF THE PLAN

The newly appointed Board shall have the responsibility of effective implementation of the Proposed Plan.

The actions necessary for independent supervision of plan are as follows:

Agency to monitor implementation of the plan

The Resolution Applicant shall appoint Mr. Partha Pratim Ghosh, Insolvency Professional and one representative from Axis Bank being the lead banker as the monitoring agency that shall have the following responsibilities:

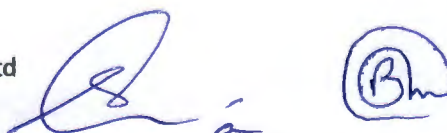
- a. To supervise implementation of resolution plan as approved by NCLT, by the new management of the Company
- b. To provide regular updates to the lenders
- c. To provide updates, if any, to Insolvency and Bankruptcy Board of India (IBBI) as and when required
- d. To ensure disbursement of dues to financial and operational creditors as per the approved plan

The monitoring agency shall continue to operate until repayment of total amount of Rs 171.80 lacs (Rupees one hundred seventy one lacs and eighty thousand only) is repaid and No Dues Certificate is issued to the Resolution Applicants by the Financial Creditors.



10.2 SALIENT FEATURES OF THE RESOLUTION PROPOSAL

- I. The Resolution Applicants fulfil the criteria prescribed under section 29A of the Insolvency and Bankruptcy Code (amendment), 2017 and Regulation 38 (3) of the IBBI (Insolvency Resolution Process for Corporate Persons), Regulations, 2016.
- II. The Proposal provides for the payment of the cost of CIRP and fee payable to the IRP/RP in terms of Regulation 38 of the IBBI (Insolvency Resolution Process for Corporate Persons), Regulations, 2016.
- III. The Resolution plan complies with the guidelines in Regulation 39 of the IBBI (Insolvency Resolution Process for Corporate Persons), Regulations, 2016.
- IV. The Proposal envisages mobilizing the entire amount required for the resolution of claims by way of infusion of fresh funds by the Resolution Applicants from their personal sources.
- V. No fixed assets of the corporate debtor are put on block for sale to realize any amount that is required to meet the settlement obligation.
- VI. There is no liquidation process involved; the Corporate Debtor will be back on track and would function as a going concern.
- VII. No internal accruals are considered for this CIRP as all the obligations will be met with fresh infusion of funds and no detailed working of the unit is furnished herewith this proposal for the following reasons
 - (a) Non-availability of access to the unit.
 - (b) The debt would be paid in a time bound manner, and the Corporate Debtor Company is being taken over by substantial acquisition of shares of the corporate debt or in terms of Reg. 37 of IBBI (Insolvency Resolution Process for Corp. Persons) Regulations, 2016.

Handwritten signature and a circular stamp containing the letters 'Bm'.

SECTION 11

11.1 CONCLUDING TERMS AND CONDITIONS

a. **Amendment in constitutional documents of the Company**

The Company shall make required changes in the constitutional documents viz. Memorandum of Association and Articles of Association of the Company as required under the proposed plan within 60 days of the Effective date. The Company, its stakeholders, the proposed Resolution Applicants and the proposed new management of the Company shall be bound by such revised constitutional document.

b. **Binding Effect**

This Proposed Plan once approved by the Adjudicating Authority shall be binding on the corporate debtor, its employees, members, creditors, guarantors and other stake holders.

c. **Severability**

In the event that the Adjudicating Authority does not approve the Resolution Plan, The Performance Guarantee of Rs 50.00 lacs (Rupees fifty lacs only) will be released to the Resolution Applicants.

d. **Affirmative Actions**

After approval of Committee of Creditors (COC) but before NCLT approval of the Proposed Plan, all major business decisions impacting shareholders value and the running of the Company shall be made in consultation with the Resolution Applicants.

After approval of the Resolution Plan by NCLT no such decision shall be made without prior approval of the Investors. Examples of major decisions include (but will not be

limited to) assuming of non-trade liabilities, usage of funds from non-trade sources, change in key management positions etc.

- e. After the approval of Resolution Plan by NCLT, if any objection/appeal is filed against the same with NCLAT/ or any other authority court, due to which the approved Resolution plan is under stay/ interim stay/ injunction or challenged, then the amount already paid in lieu of the Resolution Plan by the Resolution Applicants shall be released to the Resolution Applicants till the objection / appeal is dismissed.

Notes:

- The Resolution Plan is submitted based on the Information memorandum and additional information received from the Resolution Professional. It is assumed that all the information is accurate as the offer and the terms and conditions are largely based on the IM and the information received by us. Thus, the IM forms the critical part for evaluation and to arrive at decision on the commercial terms. Any material change in the information could adversely affect the Resolution Applicant and consequently the successful implementation of the Resolution Plan.
- There are pending civil/criminal/ litigations/ investigations which are currently under moratorium as per the provisions of the court or not under moratorium. While the Resolution applicant has sought withdrawal/waiver/extinguishing of any liabilities arising out of such litigations/disputes, as a matter of abundant caution the Resolution applicant hereby states that there is an underlying presumption in the offer that on approval of the Resolution Plan by the Adjudicating Authority all the prayers are granted and the liability of the Resolution Applicant shall be only limited to the offer made.
- The COC is requested to approve and the Adjudicating Authority is requested to grant exemption / grant of relief to the company from the provisions of Sections 28, 41(1), 45, 72 (3), 43-B, 79, 80 read with 139, 115JB and the provisions of Chapter XVII of the Income Tax Act and other applicable provisions of the Income Tax Act for delayed / non-payment of TDS, delay and non-filing of income tax returns within the due dates stipulated u/s. 139 and other omissions / lapses for the period prior to the commencement of the CIRP.



For Resolution Applicants



Mr. Sharad Gupta
Kolkata.



Mr. Mukesh Gupta

SECTION 12

PRAYER

The COC is requested to approve and the Adjudicating authority is requested to direct as follows:

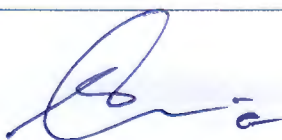
- That all the waivers mentioned in this Resolution Plan is requested to be approved.
- That all other liabilities including all statutory dues, demands, operational creditors, unsecured loans, trade payables, amount payable against guarantees issued, contingent liabilities, export obligation if any, income tax demands/ dues if any, VAT demands/ dues if any, customs or excise dues if any and other liabilities that may arise due to pending litigations/enquires/investigations/assessments or any other disputed/undisputed/recorded/unrecorded liabilities or otherwise against corporate debtor shall be waived/extinguished.
- That any penalties or interest arising on account of pending litigations/dues against corporate debtor shall be waived/extinguished.
- That all the litigations, investigations, prosecution, penalty proceedings against the corporate debtor should abate.
- Any dues arising from employees/workmen/other contracts/labor will be waived off.
- That all the demands raised in the any form including any charges, levy, duty, interest, penalties, etc., by various Income tax Authorities Tribunals, all Courts, Sales tax authorities, Excise and Custom department, Electricity Department, Water Department, Pollution Control Board and any other authority/local body/autonomous body or called by any name as on date shall be waived off in totality.
- That the CD being an MSME and the Promoters themselves being eligible, have come forward and submitted the Resolution Plan, needs minimum Working Capital to the

tune of Rs 100 lacs (Rupees one hundred lacs only) which may please be considered and sanctioned.

- That any past unfulfilled export obligation of the Corporate Debtor shall abate and no liability against the same shall remain. However, any deposit or guarantee given shall be refunded/discharged and should not be set off against the liability of the export obligation or the dues of the Banks.
- On first sale of any / all property by the Resolution Applicants/ Corporate Debtor of PSL to any willing buyer, the stamp duty arising out of this sale should be waived off. Also any capital gain arising on account of first sale of assets by the Resolution Applicant / Corporate Debtors under section 45 of Income Tax Act should be waived off.

The COC is requested to approve and the Adjudicating authority is requested to direct the respective authorities to consider as follows:

- That all the disallowances made by the authorities including not limited to Pollution Control Board/FDA and others to be withdrawn/ cancelled.
- That carried forward and brought forward Income Tax losses for all the years shall be allowed for a fresh period of 8 years.
- That any income arising due to waiver of all liabilities should not be treated as income and no tax on the same should be levied.
- That all the defaults with ROC & other authorities should be waived off without any charges/penalties/interest etc.
- To protect Corporate Debtor post NCLT approval, from providing past information to an investigating agency in relation to criminal or civil matters.



- On acceptance of this resolution Plan, all the debts of all the lenders/financial creditors/operational creditors/any other creditors, be it due and pending on any account, get fully and finally satisfied and extinguished, in terms of this Resolution Plan, and there remains nothing to be recovered out of such dues either from the Resolution Applicant or any other person.
- It is prayed that Adjudicating Authority extend the moratorium for the implementation of this Resolution Plan for the duration of implementation or 6 months whichever is earlier.



SECTION 13

POSITION OF COMPLIANCE WITH RFRP TERMS

As per RFRP issued by the Resolution Professional, the following Annexures / Formats are required to be submitted along-with the Resolution Plan. The Position of compliance of the requirement is as given below:

FORMATS & PARTICULARS	COMPLIANCE
FORMAT I COVERING LETTER FOR SUBMISSION OF RESOLUTION PLANS	Submitted Separately
FORMAT II POWER OF ATTORNEY	No Power of Attorney Given
FORMAT III COMPOSITION AND OWNERSHIP STRUCTURE OF THE RESOLUTION APPLICANT	Individual Applicants – Details Under Section 3
FORMAT IV AUTHORIZATIONS	Submitted Separately
FORMAT V FINANCIAL PROPOSALS	Submitted separately
FORMAT V-A RESOLUTION PLAN	As per Section 5 – Format submitted separately
FORMAT VI UNDERTAKING BY RESOLUTION APPLICANT	To be Submitted Separately
FORMAT VII BOARD RESOLUTION	Not Required – Individual Applicants
FORMAT VIII EARNEST MONEY DEPOSIT GUARANTEE/BID BOND GAURANTEE	To be Submitted Separately
FORMAT VIII-A PERFORMANCE BANK GAURENTEE	To be Submitted After Receipt of COC Approval
FORMAT IX PROCESS PARTICIPATION FEES AMOUNT PAYMENT BY AN ASSOCIATE COMPANY	Not Applicable
FORMAT IX- A EARNEST MONEY DEPOSIT AMOUNT PAYMENT BY AN ASSOCIATE COMPANY	Not Applicable
ACKNOWLEDGEMENT	Not Required
FORMAT IX-B PBG AMOUNT PAYMENT BY AN ASSOCIATE COMPANY	Not Applicable
ACKNOWLEDGEMENT	Not Required
FORMAT X CHECKLIST FOR SUBMISSION OF RFRPs	As Per this Statement
FORMAT XI FORMAT FOR SEEKING CLARIFICATIONS	Not Required
FORMAT XII CERTIFICATE - CORPORATE STRUCTURE OF THE RESOLUTION APPLICANT, GROUP COMPANIES, AFFILIATES, PARENT COMPANY AND THE ULTIMATE PARENT	Not Applicable



SECTION 14

CONCLUSION

- The Resolution Plan envisages a settlement package for the financial creditors.
- Induction of fresh funds by the Resolution Applicant finances the cost of the revival.
- The Resolution Plan includes measures covered by subsections, (a),(c),(b),(d),(e),(f),(g),(i)& (l) of Regulation 37, of CIRP regulations.
- The mandatory requirements, under Regulation 38 are also satisfied.
- Then the company shall deliver the maximum possible economic value to all stakeholders including financial creditors, workmen, as against the Liquidation Value (LV).
- The Resolution Plan would enable restoration of most of the previous employees and worker and amicable settlement of their previous dues will also be made. There will not be any loss of employment and restart of operations by the Resolution Applicants may result in further generation of employment. It would, as well, reinforce the positive trends in socio-economic development of Daman.
- Revival of PSL would also contribute to exchequer by way of GST and other Taxes like property tax and on income generation to Income Tax. It may also contribute to earnings of foreign exchange with export of its products.

