

NATIONAL COMPANY LAW TRIBUNAL
NEW DELHI BENCH

(IB)-196(ND)/2018

In the matter of

Punjab National Bank

....Operational Creditor

V/s

M/s Rana Global Limited

.....Corporate Debtor

through Mr. Rishi Prakash Vats, RP

SECTION: 9 of IBC, 2016

Order delivered on 06.11.2019

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SMT. INA MALHOTRA, HON'BLE MEMBER (J)

DR. V. K. SUBBURAJ, HON'BLE MEMBER (T)

Present:

For the Petitioner: Mr. Rishi Prakash Vats, RP

ORDER

PER SMT. INA MALHOTRA, MEMBER (J)

CA 58/2019 has been filed by the Resolution Professional submitting the resolution plan as approved by the Committee of Creditors. The same is annexed with Form H as required under Regulation 39(4) of the Insolvency and Bankruptcy Code (Insolvency Resolution Process for Corporate Person), Regulation 2016.

(IB)-196(ND)/2018 - Punjab National Bank V/s. M/s. Rana Global Limited

2. The present petition for initiating the Insolvency and Bankruptcy Resolution Process of the Corporate Debtor was directed vide our order dated 23.03.2018. The Corporate Debtor had availed various financial limits and had failed to meet its obligations for adhering to the repayment schedule. The Debt Recovery Tribunal, Lucknow Bench had decreed the recovery of over Rs. 94 crores. The petition for initiating the Corporate Insolvency Resolution was filed by the Financial Creditor, Punjab National Bank against the Corporate Debtor for its inability to liquidate the decretal amount. Mr. Rishi Prakash Vats, an Insolvency Resolution Professional, was appointed as the IRP and later confirmed by the COC as the RP in this case. Upon taking all steps in accordance with the statute, including verification of the claims and inviting expressions of interest, the final resolution proposal which has found acceptance with the COC is placed before this Bench for due sanction.

3. In the report filed by the Resolution Professional, the broad parameters which are being taken note of are as under:-

a. The claims were invited vide publication in Hindi and English edition of the daily newspaper "The Business Standard".. The following claims were received, vetted and verified and accordingly admitted or rejected:-



S. No.	Name of the Creditor	Financial/ Operational / Other	Amount of claim as on 23.03.2018 (Rs.)	Amount Admitted (Rs.)
1	Punjab National Bank, Civil Lines, Roorkee, Haridwar, Uttarakhand	Financial Creditor	94,98,03,485	94,98,03,485
2	Rana Heavy Engineering Limited	Claimed as Financial Creditor	18,53,781 (includes financial cost of Rs. 8,53,830 as claimed)	Not admitted in the absence of any proof in support of claim
3.	Rana Udyog	Claimed as Financial Creditor	1,19,75,581 (includes financial cost of Rs. 52,05,588 as claimed)	Not admitted in the absence of any proof in support of claim
4.	Rana Rolling Mills Pvt. Ltd.	Claimed as Financial Creditor	30,15,022 (includes financial cost of Rs. 13,33,999 as claimed)	Copies of invoices for supply of goods to Corporate Debtor received. Other documents asked by RP yet to be received for admission of claim
5.	Rana Alloys	Claimed as Financial Creditor	5,22,88,397 (includes financial cost of Rs. 2,63,72,274 as claimed)	Not admitted in the absence of any proof in support of claim
6.	Alankar Ispat Pvt. Ltd.	Claimed as Financial Creditor	17,53,185 (includes financial cost of Rs. 8,02,185 as claimed)	Copies of invoices for supply of goods to Corporate Debtor received. Other documents asked by RP yet to be received for admission of claim
7.	Dasna Steel Pvt. Ltd.	Claimed as Financial Creditor	10,60,530 (includes financial cost of Rs. 5,05,558 as claimed)	Not admitted in the absence of any proof in support of claim
8.	Supremo Marketing Pvt. Ltd.	Claimed as Financial Creditor	1,21,91,841 (includes financial cost of Rs. 52,63,941 as claimed)	Not admitted in the absence of any proof in support of claim

(IB)-196(ND)/2018 – Punjab National Bank V/s. M/s. Rana Global Limited

9.	Vaishnavi Trading Co.	Operational Creditor	5,61,39,158	Copies of invoices for supply of goods to Corporate Debtor received. Other documents asked by RP yet to be received for admission of claim
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The aforesaid table reflects that the only claim admitted was that of the Punjab and National Bank as the other claimants had failed to produce documents to support their financial claims.

b. The Resolution Professional also conducted valuation of the assets of the Corporate Debtor which was engaged in the business of manufacture of M. S. Ingots and Billets. It had an installed annual capacity of manufacturing 1.05 lakhs M.T. of TMT bars and squares. The valuation of its plant and machinery as well as land and building was made through two different agencies. The summary of the valuation is given as under:-

Land and Building	VK Associates	Rajeev Bansal	Average
Market Value	6,25,88,273	6,61,11,484	6,43,49,878
Liquidation Value	5,32,00,032	5,61,94,761	5,46,97,396
Plant and Machinery	K Lal & Associates	Sharma & Asso.	
Market Value	4,63,66,000	5,14,00,000	4,88,83,000
Liquidation Value	3,25,12,000	3,59,80,000	3,42,46,000

Total average fair/market value			11,32,72,878
Total average Liquidation value			8,89,43,396

Accordingly, the average fair value of the assets were arrived at **Rs. 11,32,72,878/-** while its liquidation value was **Rs. 8,89,43,396/-**.

4. Upon inviting expressions of interest in the daily newspapers "The Business Standard and Amar Ujala", 3 expressions were received. However, resolution plans were received only from 2 parties namely, M/s. Alfa Ingots Private Limited and Shah Publication Private Limited. The resolution plans were placed before the COC to evaluate them as per the evaluation matrix. The COC approved the plan submitted by Shah Publication which was H1 compared to H2, the plan submitted by Alfa Ingots Private Limited. However, both applicants were required to revise their plans for further negotiation. Pursuant to further time extended, only Shah Publication submitted an improved resolution plan which was revised twice before it was put up for consideration for the COC on 26.12.2018. Out of the two options given, the COC opted for 2nd plan which was for Rs. 8 crores to be paid within 90 days of sanction as compared to the proposal of Rs. 11 crores to be paid over 1 year. However, the resolution applicant viz. Shah Publications Private Limited was asked to improve upon the bid further and file their affidavit confirming their



eligibility under Section 29A of the IBC. The final resolution plan as proposed and accepted is for Rs. 9.25 crores to be paid as under:-

On or before 31.12.2018	1,00,00,000
Within 3 months of NCLT approval	8,25,00,000

Total	9,25,00,000

5. It was also agreed that in case any condition of the resolution plan is violated, the amount already paid by the resolution applicant would be forfeited.

6. The Resolution plan involves revival of the functioning of the unit of the Corporate Debtor which has been lying closed for the last 5 years. For this purpose, the Resolution Applicant proposes to infuse a capital for refurbishing and revamping the capacity utilization of the plant. The financial projections for the next 5 years is provided in the resolution plan. The total cost of resolution plan and sources of funding are as under:-

Cost	Rs. Lacs
CIRP cost	10.00
Financial Creditor (PNB)	915.00
Capex for refurbishment	200.00
Working capital	500.00
Total Cost	1625.00



Sources of funding	
Own sources	210.00
From 3 NBFCs to pay FC (PNB)	915.00
Working Capital from NRI	500.00
Total Source	1625.00

7. Copies of Board resolution from 3 NBFC approving the finance facility to the Resolution Applicant are attached to Resolution Plan dated 26.12.2018. The Resolution Plan involves that:

- a. 100% of paid up capital of Rana Global Limited (CD) stands written off and representatives of the RA or its authorised concern/members shall subscribe to fresh shares of CD.
- b. All existing Directors of CD shall be deemed to have vacated office on the date of approval of resolution plan by Hon'ble Adjudicating Authority and nominees of RA shall be deemed to have joined as new Board of Directors. The new Board shall have management and control of CD operations.
- c. After payment of Rs. 9.15 Crore to FC against its admitted claim under the approved resolution plan, Shah Publication Pvt. Ltd. (RA) be declared free from past dues to FC (PNB) and other creditors of CD who either have not filed their claim with IRP/RP or their claims were not admitted and all rights in Rana Global Limited (CD) shall stand transferred to RA.



8. It is submitted by the resolution professional that the disbursement of the amount is in line with the provisions of Section 53 of the Code. PNB is the only Financial Creditor whose claims have been accepted. There are no Operational Creditors or any other dues to be taken into consideration. No claims were received from any statutory creditor or employees/workmen in response to the public announcement made by the IRP on 11th May, 2018. As against the liquidation value of Rs. 8,89,43,396/- the assets of the CD, the resolution applicant shall be paying Rs. 9.15 crores to the PNB against their admitted claim of Rs. 94,98,03,485/-, i.e. at a hair cut of 90.33%.

9. Upon payment of the proposed amount to the PNB all claims shall stand discharged. The existing shareholding shall be written off and new shares in the names of the resolution professional or its nominees shall be issued.

10. It is also submitted that as the unit of the CD was not operational for the last 5 years, the RP has not found any transactions to be reported under Sections 43, 45, 50 and 66 of the Code.

11. The plan has made provision for the payment of the CIR cost and for adequate supervision for the implementation of the plan till the assets and business of the Corporate Debtor are handed over to the new management. The RP shall be appointed as the Supervisor whose fees and

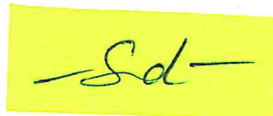
expenses will be borne by the Resolution Applicant viz. Shah Publication Private Limited.

12. The proposal for the resolution plan as approved and accepted by the COC has been filed with the Adjudicating Authority within 270 days after taking into consideration certain period of exclusion permitted by this Bench.

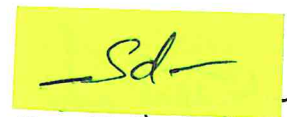
13. Upon perusal of the resolution plan, we find it in conformity with the requirements under the code and to be feasible for turning around the business of the Corporate Debtor.

14. We accordingly sanction the resolution plan filed by the resolution professional. The resolution professional/authorised representative of the COC shall ensure full compliance which is to be made within 90 days of communication of this order as proposed.

CA stands disposed off.



(V. K. Subburaj)
Member (T)



(Ina Malhotra)
Member (J)