

**In the National Company Law Tribunal  
Mumbai Bench**

MA 2960 of 2019 in CP No.2859/I&BC/MB/2018

Application Under **Section 30(1) & (6)** and **Order under section 31** of Insolvency &  
Bankruptcy Code 2016

In the matter of

Bank of India

V.

Aparant Iron and Steel Private Limited

By Mr. Bhrugesh Amin

.....Applicant/ Resolution Professional

Heard on 04.11.2019

Order delivered on: 13.12.2019

Coram: Hon'ble Shri M.K. Shrawat, Member (Judicial)  
Hon'ble Shri Chandra Bhan Singh, Member (Technical)

For the Applicant : Bhrugesh Amin, Resolution Professional

***Per: Chandra Bhan Singh, Member (Technical).***

**ORDER**

1. An Application has been moved on 28.08.2019 by the Learned Resolution Professional by invoking the Provisions of Section 30(6) of the Insolvency & Bankruptcy Code, 2016 read with Regulation 39(4) of the Insolvency & Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) 2016 for approval of a Resolution Plan. On receiving this Application along with Resolution Plan an Order is hereunder passed as prescribed **U/s 31(1) of The Code.**
2. The Financial Creditor Bank of India had filed a Petition against the Corporate Debtor **Aparant Iron & Steel Pvt. Ltd.** by invoking the Provisions of Section 7 of The Code read with Rule 4 of The Insolvency & Bankruptcy (Application to Adjudicating Authority) Rules 2016.
3. After considering the merits of the case, the said Petition was **admitted** vide an **Order dated 30.11.2018 (CP No.2859/IB/MB/2018), wherein** Mr. Bhrugesh

Amin was appointed as the Interim Resolution Professional (IRP). In the first COC meeting dated 18.01.2019 the IRP Mr. Bhrugesh Amin was confirmed as the Resolution Professional (RP) of the Corporate Debtor.

4. The RP states that commencement of CIRP started vide an Order dated 30<sup>th</sup> November, 2018 which was received by the RP on 7<sup>th</sup> December, 2018. Thereafter public announcement to invite the claims was made in Economic Times (All India edition), Navhind Times (Goa edition) and Navprabha (Goa edition) in Form A on 10<sup>th</sup> December, 2018. Pursuant to receipt of claims, constitution of the Committee of Creditors took place on 4<sup>th</sup> January, 2019.
5. The RP published Invitation for Expression of Interest (EOI) for submission of Resolution Plans for the Corporate Debtor by way of Form G on 28<sup>th</sup> February, 2019. The RP further states that the Form G was revised on account of extension of timelines for submission of EOI on 11<sup>th</sup> March, 2019, wherein the last date for submission of EOI was decided to be 10<sup>th</sup> April, 2019. The RP released the Provisional list of Prospective Resolution Applicants (PRAs) on 17<sup>th</sup> April, 2019. The final list of PRAs was issued by the RP on 2<sup>nd</sup> May, 2019. Thereafter the RP issued the Information Memorandum, request for Resolution Plan and Evaluation Matrix on 3<sup>rd</sup> May, 2019. The last date for submission of Resolution Plan was extended till 5<sup>th</sup> June, 2019.
6. The RP submits that the CIRP period of 180 days expired on 29<sup>th</sup> May, 2019. Thereafter an extension of the CIRP period as provided under section 12 of the I&B code was sought from this bench which was granted vide Order dated 11<sup>th</sup> June, 2019. The 270 days period of CIRP of the Corporate Debtor expired on 27<sup>th</sup> August, 2019.
7. The RP submits that two PRAs, i.e. (i) Sesa Resources Limited., (ii) Rare Asset Reconstruction Limited submitted the Resolution Plan. Rare Asset Reconstruction Limited submitted their Resolution Plan along with an EMD of Rs. 50 lakh on 5<sup>th</sup> June, 2019.

8. The RP submitted the Liquidation valuation report on 25<sup>th</sup> July, 2019. Thereafter on 21<sup>st</sup> August, 2019 the Resolution Applicant (RA) i.e. Rare Asset Reconstruction Limited submitted a revised Resolution plan along with an addendum to the Resolution Plan. The plan was examined evaluated and scored based on Evaluation matrix wherein the scoring of the Resolution plan was 39.63. The Final Resolution plan along with all addendums thereto was presented before COC in its 11<sup>th</sup> meeting dated 26<sup>th</sup> August, 2019 wherein the final Resolution plan was voted upon by the COC and approved unanimously i.e. by 100% voting of COC. The resolution passed by the COC is given hereunder :-

*“ RESOLVED THAT pursuant to Section 30 (4) of Insolvency and Bankruptcy Code, 2016 read with Regulation 39 of the Insolvency and Bankruptcy Board of India ( Insolvency Resolution Process for Corporate Persons) Regulations, 2016 and in accordance with any other provisions, rules and regulations made thereunder, the members of the Committee of Creditors hereby approves the Resolution Plan dated 21<sup>st</sup> August, 2019 submitted by Rare Asset Reconstruction Limited (“RARL”) for Aparant Iron and Steel Private Limited .....*

9. The RP submits that as per regulation 39 (4) of the CIRP regulation a compliance certificate in form H has been filed along with this present Application. It is stated that the Resolution Plan and this application is in accordance with the regulations as prescribed under the code.
10. The RP has further submitted that the Resolution Applicant is not barred u/s 29a of the I&B code to submit the Resolution plan. The eligibility criteria as been met with by the RA and a certificate to that effect by the RP has been produced on record.
11. The RP further states that the RA has not complied with the requirement of a Performance Bank guarantee as on date but has undertaken to issue a

Performance Bank guarantee on or before 2<sup>nd</sup> September, 2019. However, during the course of hearing it was informed to the bench that the Resolution Applicant has submitted a Performance Bank guarantee to the tune of Rs. 2.5 crore.

**BREIF HISTORY OF THE RESOLUTION APPLICANT: -**

12. It is stated that the RA was established in 2015 and is an Asset reconstruction Co. registered with RBI since September, 2016 located at Ahmedabad. The Resolution Applicant has total assets under management of Rs. 1543.93 crore and a net worth of Rs 124.27 crore as on 31<sup>st</sup> March, 2019.
13. The RA along with its normal business, facilitates the turnaround of the distressed entities. After acquisition of debt, it assesses the viability and enters into restructuring arrangements with the underlying borrowers and pays the dues.
14. It is noted that there is only one member in the COC of the Corporate Debtor which is the Financial Creditor, Bank of India having 100% voting share in the COC.
15. The details of the Resolution Plan as approved by COC are as under:

## “RESOLUTION PLAN

### 1.1 Corporate Background of Resolution Applicant-

**Rare Asset Reconstruction Limited (“Rare ARC”)**  
[Formerly Raytheon Asset Reconstruction Pvt. Ltd.]

#### 1.1.1 Certificate of Registration

Rare ARC has been registered with the Reserve Bank of India as a securitisation company and reconstruction company (now termed “Asset Reconstruction Company”) pursuant to Section 3 of the SARFAESI Act vide Certificate No.021/ 2016 dated September 29, 2016.

#### 1.1.2 Sponsors

The Sponsors of Rare ARC, i.e. persons holding 10% or more of paid-up the equity share capital of Rare ARC are:

- Renaissance Fiscal Services Private Limited; and
- Mr. Praveen Kumar Jain.

#### 1.1.3 Shareholders

##### Shareholding Pattern as on March 31<sup>st</sup>, 2019:-

Name of the shareholders	No. of Shares (Face value of Rs 10 each)	Value of shares held (Rs.)	% of Paid Up equity share capital of Rare ARC
Renaissance Fiscal Services Pvt. Ltd.	50,700,000	507,000,000	41.82%
Praveen Kumar Jain	26,057,220	260,572,200	21.49%
Anil Kumar Bhandari	3,340,000	33,400,000	2.76%
Typhoon Financial Services Limited	1,350,000	13,500,000	1.11%
Delta Tri Private Limited	450,000	4,500,000	0.37%
Suzuki Textiles Limited	600,000	6,000,000	0.49%
Sweta Bhandari	9,000	90,000	0.01%
Vikas Mehta	1,000	10,000	0.00%
Sunita Jain	13,110,000	131,100,000	10.81%
Priyanka Jain	13,103,883	131,038,830	10.81%
Sweta Jain	8,280,000	82,800,000	6.83%
Vardhaman Investment Pvt. Ltd.	4,230,099	42,300,990	3.49%
<b>Total Paid up Capital (Equity)</b>	<b>121,231,202</b>	<b>1,212,312,020</b>	<b>100.00%</b>

#### 1.1.4 Board of Directors

The Board of Directors of Rare ARC currently comprises of the following persons:

##### 1.1.4.1 Sponsor Directors

- **Mr. Anil Bhandari** is a Nominee Director (Nominee of Renaissance Fiscal Services Private Limited) and **Managing Director** of the Company. A professional (B.Sc., LLB), he has more than 13 years of experience in banking (legal & Recovery, in IDBI) and 11 years in practicing and advising large and mid corporates. He offers wide series of services in finance and banking related cases with specialisation in debt restructuring and ARC related activities including resolution of Stress and NPA assets, Investment banking, legal / financial advisory services etc. Most of the above activities are done through **Renaissance Fiscal Services Pvt. Ltd.**, where he is the key promoter.

His focus areas include debt syndication, Resolution of stress cases, and raising of additional finance for borrower companies through structured arrangements to facilitate their revival. He has been working closely with all banks. He has facilitated resolution

of NPAs of more than 200 companies with 11 ARCs and various public and private sectors banks. Several restructuring packages (value of debt approx. Rs. 9000 Cr) under the purview of CDR or with other forum have also been prepared by him and he has continued to hand-hold the promoters to facilitate payment / exit under OTS or restructuring by Banks/ARCs. Necessary skills include structuring of deals, working out spreadsheets for acquisition and resolution, strong network of relationships including with private equity, High Networth Individuals and NBFCs for funds infusion, etc.

- **Mr. Sandeep Vrat** is a Nominee Director (Nominee of Mr Praveen K Jain) & **Chief Executive Officer (CEO)** of Rare ARC, has an experience of 30 years including 19 years in Banking and 9 years in Reliance ARC. He is a B. Tech (Mechanical Engineering) from Indian Institute of Technology, Mumbai, MMS-Finance (MBA) from Jamnalal Bajaj Institute of Management Studies, Mumbai, and CAIIB by qualification.

*IDBI Bank Ltd.:* Joined IDBI Bank Ltd. (then IDBI Ltd.) as Management Trainee in 1987 and resigned as GM-Large Corporate Branch, IDBI in 2006, with exposure to Venture Capital, SME, Mid & Large Corporate lending, recovery including restructuring / OTS / CDR / BIFR/ Legal recovery.

Was deputed to various training programmes from IDBI including (i) an 84 day international training programme under the World Bank Line of Credit for Electronics, where he visited Electronics manufacturing units in Japan, Korea, Taiwan, Malaysia, Singapore, Germany, UK and USA, and also underwent an 8 week classroom training at Dataquest Inc. (a company of the Dun & Bradstreet Group), San Jose, California (USA) to understand the trends in the Electronics Sector and ascertain the areas where India could become a significant player; and (ii) Attended training at IIM (Ahmedabad) on Infrastructure Financing.

He was a member of various committees, including Negotiation Committee for OTS (case-to-case basis); Committee for Preliminary scrutiny of Real estate cases; Review of Loan documentation; Operational Risk Assessment for Bank, etc.

*Reliance ARC:* He also has 9 years experience in Reliance Asset Reconstruction Company Ltd. (Joined as Vice President & Group Head-Asset Management in 2006, and Resigned as COO, Reliance ARC in May 2015, with role involving handling Acquisition, Resolution, Budgeting, Dealing with Rating Agencies, Auditors, etc.).

He was actively involved in all acquisitions by Reliance ARC since its inception, comprising retail, SME, mid and large corporate; both cash and SR deals, and also handled resolutions, resulting in managing an AUM of about Rs 1200 cr at the time of resignation in May 2015.

Necessary skills include structuring of deals, working out spreadsheets for acquisition and resolution, etc.

#### 1.1.4.2 Independent Directors

- (i) **Mr. Deepak Narang** is an Independent director on the Board of Directors of Rare ARC. Mr. Narang, M.Sc. (Physics), CAIIB, CFA (Inter), was ex-Executive Director, United Bank of India (UBI) and has 37 years of banking experience. Besides his long exposure in all facets of banking, he has headed large zones and regional offices of Allahabad Bank, and was also General Manager (Recovery) and General Manager (Credit) at Allahabad Bank, before moving to United Bank as Executive Director.

He was instrumental in turning around United Bank of India from loss of Rs 489 cr in September 2013 quarter and Rs 1238 cr in December 2013 quarter, to a profit of Rs 469 cr in March 2014 quarter.

He has received appreciation from Mr Raghuram Rajan, Hon'ble Governor of RBI for turning around the Bank. Also received awards from Hon'ble President of India in 2013 for UBI being the Best Bank in India for financing Micro Enterprises, and 2nd prize for financing Small Enterprises.

Some of the other notable actions were (i) being 1st bank to declare Kingfisher Airlines as wilful defaulter; (ii) Framing monitoring policy, credit policy and recovery policy for UBI; (iii) Writing articles in Financial Express (Make wilful default a serious crime – Dated 28-2-2015) and in NIBM's Vinimaya June 2015 magazine (Act decisively to recover).

Has also been instrumental in facilitating large recoveries from difficult cases.

- (ii) **Mr. Ramaswamy V. Iyer** is an independent director on the Board of Rare ARC. Mr. Iyer, B. Sc., from Mumbai University, has more than 37 years experience in the fields of Public Sector Bank

He joined IDBI Bank Ltd. (then IDBI Ltd.) in Junior Management Cadre in 1978 and retired as Chief General Manager in June 2015, with exposure to Corporate Financing, Refinancing, Raising and Servicing of Domestic and International Resources, Audit, Corporate Strategy and Communication, Human resources etc.

He has handled large exposure stressed loans portfolio, as head of Focused Assets Management Group. Through intensive monitoring, he could successfully curb slippage of these loans to NPA, leading to improved recovery through timely and need based restructuring packages, both through CDR and non CDR routes. He has also attended 3 month exclusive Executive Management Programme from IIM-Ahmedabad

- The Board comprises two promoter (sponsor) and two independent directors with an appropriate background to facilitate growth of the company in an organised manner.

### 1.1.5 Management

#### 1.1.5.1 Key personnel

- Two key officials viz. Mr Sandeep Vrat and Mr Anil Bhandari, with combined relevant experience of 50 years are the key operational personnel driving the company.
- Suitable qualified and experienced officials look after supporting functions including secretarial, follow-up with Banks/ NSDL / Karvy / Rating Agencies, legal, documentation, reporting, etc.
- With the strong networking of the promoters and management team, distressed asset funds (Rs 500 cr. to Rs 1000 cr.) will be raised from investors (QIBs, etc.) over the next 4 years, commencing this financial year FY19-20, primarily to facilitate acquisition of selected assets from banks on 100% cash basis (ARC would invest 15% and the Distressed Asset Fund would invest the remaining 85%; bank being paid 100% cash for acquisition). Further, such Distressed Asset Funds would also invest part of its funds in providing additional rehabilitation finance ("Rehabilitation Support Finance") to selected viable concerns.

#### 1.1.5.2 Acquisition & Resolution Committees of the Board

The above Committees with 2 independent directors and Mr Anil Bhandari (Sponsor Director), take all acquisition and resolution decisions of the company.

The Board has laid down parameters for the functioning of the aforesaid Committees. Further, the Board will form various committees (e.g. Audit Committee) as and when required, for efficient functioning of the Company within the regulatory framework.

#### Policies approved by the Board

The Board has approved the following key Policies to facilitate management of the business of the company:

1. Financial Asset Acquisition Policy
2. Financial Asset Resolution Policy (including -
  - a) Plan for Realisation
  - b) Reschedulement of Debt due from Borrowers
  - c) Settlement of Debt payable by the Borrowers
  - d) Conversion of Debt into shares of Borrower Company
  - e) Sale of Underlying Assets of the Borrower
  - f) Change in or Takeover of Management of the Borrower
  - g) Sale or Lease of the whole or part of Business of the Borrower

- h) Restructuring Support Finance
- i) Policy for Issue of Security Receipts (SRs)
- j) Policy for Realisation of Financial Assets acquired and Servicing of obligations to QIBs / Other Investors
3. Grievance Redressal Policy
4. Asset Liability Management Policy
5. Anti Money Laundering Policy
6. Delegation of Powers to Acquisition & Resolution Committees
7. Policy for deployment of Funds (including Surplus Funds)

### 1.1.6 Business undertaken

Rare ARC has, since receipt of Certificate of Registration from RBI in September 2016, upto March 31, 2019 (unaudited), i.e. 2nd year of operations, acquired assets as under:

As on 31-03-2019 (Provisional),  
 No. of Borrower accounts – about 100  
 No. of Banks / Financial Institutions from whom acquired – 22  
 Principle O/s acquired (Gross): Rs. 2884.84 Cr  
 Acquisition Cost (Cash and/or SR basis)- Cumulative –Rs. 1560.66 Cr  
 Outstanding Exposure (AUM –Acquisition cost less Redemption): Rs. 1543.93 Cr  
 Own (Rare ARC's) Share in Investment: Rs. 335.59 Cr

### 1.1.7 Financial highlights

	(Rs. cr.)			
	31-03-2019 (Prov.)	31-3-2018 (Audited)	31-3-2017 (Audited) @	31-3-2016 (Audited) *
Revenue from operations	13.18	2.37	0.06	0
Other Income (Interest on Fixed Deposits)	0.03	-	0.23	0.10
<b>Total Income</b>	<b>13.21</b>	<b>2.37</b>	<b>0.29</b>	<b>0.10</b>
Finance / Interest cost	2.07	0.72	0	0
<b>Gross Margin</b>	<b>11.14</b>	<b>1.65</b>	<b>0.29</b>	<b>0.10</b>
Employee Expenses (incl. Directors' remuneration)	1.33	0.57	0.15	0.01
Preliminary expenses written off	--	0.14	0.06	0.03
Provision for NPAs / Downgrade of SRs	4.50	0	0	0
Other expenses	1.52	0.39	0.04	0.01
<b>PBT</b>	<b>3.78</b>	<b>0.55</b>	<b>0.05</b>	<b>0.05</b>
<b>PAT</b>	<b>2.67</b>	<b>0.43</b>	<b>0.01</b>	<b>0.03</b>
Dividend	-	-	-	-
Equity Share Capital	121.23	63.19	39.85	3.35
Share Premium	0	0	0	0
Reserves & Surplus	3.04	0.36	(0.07)	(0.08)
P&L A/c	0	0	0	0
Share application money	0	0	3.00	0
<b>Net Worth</b>	<b>124.27</b>	<b>63.55</b>	<b>42.78</b>	<b>3.27</b>
Long term (unsecured) ICDs	21.21	12.13	7.00	0
Security Deposits	146.69	85.93	7.05	0
Deferred tax liabilities (net)	0.01	0.01	0.03	0
Unsecured loan (Director)	Included in above	0.80	0	0
Short term Borrowing – Security Deposits	1.31	8.27	0	0
Short term - Advance Received	46.10	58.53	0	0
Other Current Liabilities & Provisions	2.21	0.58	0.04	0.02
<b>TOTAL</b>	<b>341.80</b>	<b>229.80</b>	<b>56.90</b>	<b>3.29</b>
Net Fixed Assets	0.50	0.51	0	0
Investments in SRs (Own share)	335.59	224.69	39.58	0
Acquisition of NPAs in Own Books			11.12	0
Trade receivables (Management fee)	2.51	0.05	0.06	0
Cash and equivalents	1.49	0.19	3.06	3.20
Long term Loans & Advances	0.07	0.05	0.05	0



Short term Loans & Advances	1.26	3.83	2.75	0
Preliminary exp not written off	0.39	0.48	0.24	0
Other Current Assets	0.60	0	0.04	0.09
<b>TOTAL</b>	<b>341.80</b>	<b>229.80</b>	<b>56.90</b>	<b>3.29</b>
<b>AUM</b>	<b>1544</b>	<b>1241</b>	<b>275</b>	<b>0</b>

\* Incorporated on September 16, 2015

# RBI's Certificate of Registration as a Securitization Company / Reconstruction Company received on September 29, 2016

@ Period ended March 31, 2017 – business operations commenced from 29-9-2016 upto 31-3-2017, since no business is permissible in an ARC before receiving RBI Certificate of Registration (Licence).

## 1.2 Details under Regulation of the IBBI (Insolvency Resolution Process for Corporate Persons) Resolutions, 2016 as specified under Regulation 38 of CIRP Regulations:

**Name of the Resolution Applicant: Rare Asset Reconstruction Limited (Rare ARC)**  
(CIN No. U74900GJ2015PLC084515)

### List of the Connected Persons of Rare ARC:

	Name	Designation
<b>1.</b>	<b>Rare Asset Reconstruction Ltd. (Rare ARC)</b>	
<b>1.1</b>	<b>Promoters (Sponsor shareholders; as per RBI definition i.e. holding more than 10% of paid up capital)</b>	
<b>1.1.1</b>	Renaissance Fiscal Services Pvt. Ltd. (RFSP)	Promoter
<b>1.1.2</b>	Praveen Kumar Jain	Promoter
<b>1.2</b>	<b>Directors of Rare ARC</b>	
	Anil Bhandari	Director
	Deepak Narang	Director
	Ramaswamy Iyer	Director
	Sandeep Vrat	Director
<b>1.3</b>	<b>Key Managerial Persons (Rare ARC)</b>	
	Anil Bhandari	Managing Director
	Sandeep Vrat	CEO (and Director)
<b>2.</b>	<b>Renaissance Fiscal Services Pvt. Ltd.</b>	Details in 1.1.1 above (in this table) and para 1.1.4.1

## 1.3 Corporate Background of the Corporate Debtor- Aparant Iron and Steel Pvt Ltd.

### Executive Summary

Company name	Aparant Iron and Steel Private Limited ("AISPL")
Listing Status	Not listed
Constitution	Private Company
Corporate Identification Number	U27103GA1998PTC002568
Incorporation Date	11/06/1998
Registered & Corporate Office	Dempo House, Campal, Panaji, Goa - 403001
Business operations	Pig Iron Manufacturing

### 1.3.1 Business of AISPL

Aparant Iron and Steel Private Limited ("AISPL"), incorporated during June 1998, has been one of the leading Pig Iron Manufacturing Company based on cutting-edge Tata-Korf Indo-Brazilian technology and has production capacity of 160,000 Tonnes Per Annum, with its processes compliant to ISO and other global standards. The Mini blast furnace-based plant is spread over a 50-hectare area, even touching record production volumes of over 600 tonnes in a single day on a number of occasions. Tata-Korf technology is marked by simple construction and the use of blast furnace gas for pre-heating the blast as well as for generating power. The entire plant runs on captive power based on blast furnace gas, with a capacity to produce Foundry Grade, SG Grade, and Basic Grade pig iron. AISPL also produces granulated slag which is dried using hot flue gases for supply to the slag cement industry. The furnace charging facility is designed to take care of

emerging needs brought about by higher productivity. An exclusive 10 kilometre-long water pipeline has been laid from Salaulim Reservoir catering to the entire downstream facility requirement of steel-making. Effective product monitoring and quality control complement the manufacturing processes.

- Product Mix – Foundry Grade, SG Grade, and Basic Grade Pig Iron as also Granulated Slag
- Situational Advantages
  - Proximity to Rail, and National Highway 4A
  - Port-based – just 70 km from Mormugao Harbour
  - Abundant water supply by dedicated pipeline connected to the Salaulim Reservoir
- Other Highlights
  - i. 250 m3 mini blast furnace
  - ii. Captive 4 MW Power Plant ensuring zero dependence on grid power
  - iii. Metallic Blast Pre-heating through Glendon coils
  - iv. Gas cleaning sludge treatment plant with thickener
  - v. Compliant with the requirements of ISO 9001:2008 (Quality Management System), ISO 14001:2004 (Environment Management System) and OHSAS 18001:2007 (Occupational Health and Safety Management System)
  - vii. Well received products, enjoying premium in the market owing to assured quality
- Location of Pig Iron manufacturing Plant: Village Costi, Sanguem, Kalem Road, South Goa, Goa.
- The unit is not operational for more than 4 years.

### 1.3.2 Promoters and Board of Directors

The company was managed by Board of Directors, consisting of 2 directors, as mentioned here under. The powers of the Board of Directors have been suspended pursuant to NCLT order dated November 30, 2018 and appointment of IRP. The details are as on 30.11.2018:

Name	Designation	Date of Appointment	Qualification	Other details
Mr. Sanjay Bhalchandra Joshi	Whole Time Director	22-Jun-2015	Chemical Engineer	Mr. Sanjay Bhalchandra Joshi was appointed as Whole-time Director w.e.f. April 1, 2017 and prior to that he served as a Director since June 22, 2015.
Mr. Nagesha Parampalli	Director	20-Nov-2013	B.E. (Electricals)	Mr. P. Nagesha has 32 years of experience. He also served as a whole time director of the Company from 20.10.2013 upto 31.03.2017.

### 1.3.3 Shareholding Pattern:

<b>Aparant Iron and Steel Pvt Limited</b>		
<b>Shareholding Pattern as on 30.11.2018</b>		
Category	No. of Shares (with face value of Rs 10 each)	% of Shareholding
<b>A. Promoters Holding:</b>		
1.Promoters:		
* Indian Promoters:		
• V. S. Dempo Holdings Pvt. Ltd.	6,49,99,950	99.99%
• Shrinivas V. Dempo & V. S. Dempo Holdings Pvt. Ltd.	20	0.01%
• G. Balasubramanian & V. S. Dempo Holdings Pvt. Ltd.	10	0.00%
• Pallavi S. Dempo & V. S. Dempo Holdings Pvt. Ltd.	10	0.00%

• Purshottam S. Mantri & V. S. Dempo Holdings Pvt. Ltd.	10	0.00%
* <u>Foreign Promoters</u>	-	-
<u>2. Persons acting in concert</u>	-	-
<b>Sub-Total</b>	6,50,00,000	100%
<b>B. Non- Promoters Holding:</b>		
3. Institutional Investors:		
• Mutual Funds And UTI		0.00
• Banks, FI, Insurance Co,		0.00
• FII's		0.00
<b>Sub-Total</b>	-	0.00
4. Others:		
• Private bodies corporate		0.00
• Indian Public		0.00
• NRIs/ OCBs		0.00
• Any Other		0.00
<b>Sub-Total</b>	-	0.00
<b>Grand Total</b>	6,50,00,000	100%

### 1.3.4 Past Financial performance

#### A. BALANCE SHEET

(Rs. In lakh)

Sr. No.	Particulars	As at November 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
I	<b>EQUITY AND LIABILITIES</b>				
	<b>(1) Shareholders' Funds</b>				
	(a) Share Capital	6,500.00	6,500.00	6,500.00	6500.00
	(b) Reserves and Surplus	(25,488.99)	(25,202.67)	(24,865.62)	(24,286.01)
	<b>(2) Non – Current Liabilities</b>				
	(a) Long – Term Borrowings	-	-	-	54.95
	(b) Long – Term Provisions	-	-	-	-
	<b>(3) Current Liabilities</b>				
	(a) Short-Term Borrowings	18,641.47	18,641.47	18,633.69	18,632.69
	(b) Trade Payables	674.69	682.63	679.20	680.39
	- Total Outstanding dues of Micro and Small Enterprises				
	- Total Outstanding dues of creditors other than Micro and Small Enterprises	6,323.35	6,240.42	6,088.99	5888.03
	(c) Other Current Liabilities				
	<b>Total</b>	<b>6,650.52</b>	<b>6,861.85</b>	<b>7,036.26</b>	<b>7,470.05</b>
II	<b>ASSETS</b>				
	<b>(1) Non – Current Assets</b>				
	(a) Tangible Assets	4,442.83	4,655.14	4,976.16	5,491.29
	(b) Capital Work –in-Progress	16.91	16.91	16.91	16.91
	(c) Long Term Loans and Advances	289.21	289.21	291.25	288.17
	<b>(2) Current Assets</b>				
	(a) Inventories	1,692.20	1,691.74	1,553.72	1,477.93
	(b) Trade Receivables	57.71	57.71	57.71	57.71
	(c) Cash and Cash Equivalentents	3.20	6.11	5.56	13.79
		147.77	144.34	134.22	123.35
		0.69	0.69	0.69	0.90

	(d) Short – Term Loan and Advances				
	(e) Other Current Assets				
	<b>Total</b>	<b>6,650.52</b>	<b>6,861.85</b>	<b>7,036.26</b>	<b>7,470.05</b>

**B. STATEMENT OF PROFIT & LOSS***(Rs. In lakh)*

Sr. No.	Particulars	From April 01, 2018 to November 30, 2018	Year ended on March 31, 2018	Year ended on March 31, 2017	Year ended on March 31, 2016
I	Revenue from Operations	-	-	-	-
II	Other Income	-	0.12	0.46	1.79
III	<b>Total Revenue (I + II)</b>	<b>-</b>	<b>0.12</b>	<b>0.46</b>	<b>1.79</b>
IV	<b>Expenses:</b>				
	Raw materials consumed	-	-	-	-
	Change in Inventories of F.G. and by-products	-	(45.07)	(8.51)	20.85
	Employee Benefit Expenses	19.72	31.80	45.04	48.22
	Finance Costs	-	-	-	-
	Depreciation and Amortization Expense	0.93	5.62	3.20	2.60
		212.31	321.02	515.13	578.41
V	Other Expenses	53.36	23.80	25.21	128.32
VI	<b>Total Expense</b>	<b>286.32</b>	<b>337.17</b>	<b>580.08</b>	<b>778.40</b>
VII	<b>Profit (Loss) before tax (III-V)</b>	<b>(286.32)</b>	<b>(337.05)</b>	<b>(579.62)</b>	<b>(776.61)</b>
	<b>Tax expense:</b>				
VIII	Current tax	-	-	-	-
IX	<b>Profit (Loss) for the year (VI-VII)</b>	<b>(286.32)</b>	<b>(337.05)</b>	<b>(579.62)</b>	<b>(776.61)</b>
	<b>Earning per equity share:</b>				
	(1) Basic	(0.44)	(0.52)	(0.89)	(1.19)
	(2) Diluted	(0.44)	(0.52)	(0.89)	(1.19)

**1.3.5 Applications filed with NCLT:**

- As per Order No C.P. (IB) – 2859/MB/ 2018 dated 30/11/2018 of Hon’ble National Company Law Tribunal, Mumbai Bench ordered commencement of Corporate Insolvency Resolution Process of M/s Aparant Iron and Steel Private Limited having registered office at Dempo House, Campal, Panaji, Goa - 403001.
- Mr. Bhruqesh Amin was confirmed as Resolution Professional on 18th January 2019.

**2. Proposal of Resolution Plan**

After taking into consideration above factors, a Resolution Plan has been drawn by Rare ARC as per the requirement of provisions of Section 30 of the Insolvency and Bankruptcy Code 2016 and Regulation 37 and Regulation 38 of the Insolvency And Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, for submission to the Committee of Creditors through the Resolution professional of the Corporate Debtor.

**2.1 Compliance of Plan with various provisions**

Details of status of compliance of the provisions of Section 30 of the Insolvency and Bankruptcy Code 2016 (“Code”) and Regulation 37 of the Insolvency And Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (“Regulation”), is summarized as under:

Relevant Provision	Provisions of Section 30 of the Code/ Regulation	Reference
Sec. 30 (2)(a) of the Code	provides for the payment of insolvency resolution process costs in a manner specified by the Board in priority to the repayment of other debts of the corporate debtor	The Resolution Plan provides for payment of resolution process cost as estimated at Rs. 1.53 crs as also any other costs incurred till the NCLT approval date as may be incurred / payable on actual basis, pertaining to the resolution process, in manner as specified by Board and in priority to payment of other debts of corporate debtor.
Sec. 30 (2) (b) of the Code	Provides for the repayment of the debts of operational creditors in such manner as may be specified by the Board which shall not be less than the amount to be paid to the operational creditors in the event of liquidation of the corporate debt or under section 53.	The dues of financial creditors are Rs. 428.42 Crs. The liquidation value is expected to be significantly lower compared to admitted claims of Financial creditors alone. In case of liquidation, the entire proceeds would be utilized/ recovered towards due of financial creditors and no amount would be expected to be paid / realised by operational creditors. However, inspite of the same, we have estimated as Rs 18.75 lakh, payment to operational creditors.
Sec 30(2)(c)	provides for the management of the affairs of the Corporate debtor after approval of the resolution plan	Rare ARC would be having its nominee(s) on the Board to manage the company. Rare ARC shall identify and appoint a suitable professional to manage the affairs of the company on a day-to-day basis, with the support of the Key Managerial personnel of the Company and with guidance from the Board of Directors.
Sec 30 (2) (d) & Regulation 38(2)(c)	Term of the plan, implementation schedule and supervision of the resolution plan	<p>Rare ARC/ Management Team will ensure that the resolution plan is implemented and supervised suitably.</p> <p>It is clarified that, from the NCLT Approval Date till the implementation of the proposed transaction under the Resolution Plan i.e. payment of the committed amount to the Secured Financial Creditor (Lender), it is envisaged that an effective Implementation and Monitoring Committee shall supervise the functioning of the new Board of the Company, and the implementation of the Resolution Plan by the Resolution Applicant. This Committee shall include a nominee from the Lender to safeguard the concerns/interests of the Lender.</p> <p>The Implementation and Monitoring Committee and the new Board shall be responsible for the supervision of the day to day affairs of the Corporate Debtor till the date on which the Resolution Applicant fulfils all its obligations as proposed under the Resolution Plan, including the entire payment to the Financial Creditors, and takes over management control of the Corporate Debtor, which should be no later than 90 days from the approval of the Resolution Plan by the Adjudicating Authority or as agreed with the Resolution Professional/ Committee Of Creditors ("Take Over Date"). The Implementation and Monitoring Committee and the new Board shall be responsible for operating the Corporate Debtor as a going concern.</p>

		Entire crystallised amount is proposed to be paid to financial creditors within 3 months from approval of NCLT.
Sec. 30 (2) (e)	Does not contravene any of the provisions of the law for the time being in force	Rare ARC has prepared the Resolution Plan after taking into consideration compliance of all applicable laws and regulations and shall not contravene any of the provisions of the law for the time being in force.
Sec. 30 (2) (f)	Plan conforms to such other requirements as may be specified by the Board	The resolution plan has been prepared taking every aspect into consideration so as to conform with such other requirements as may be specified by Board.
Regulation 37 (a) & (b)	<ul style="list-style-type: none"> <li>• transfer of all or part of the assets of the corporate debtor to one or more persons;</li> <li>• sale of all or part of the assets whether subject to any security interest or not</li> </ul>	The Resolution Plan does not envisage transfer or sale of the any of the assets of the Corporate Debtor, other than as specifically provided in the Resolution plan i.e. sale of immovable properties owned by the Corporate Debtor and immovable properties mortgaged by Guarantors to the lenders of the Corporate Debtor, if any. However, some of the current assets of the company may be assigned to facilitate early recovery.
Regulation 37 (c)	the substantial acquisition of shares of the corporate debtor, or the merger or consolidation of the corporate debtor	Rare ARC, directly or through its Associates proposes to acquire 100.00% of the equity of the restructured capital of the company.. Please refer to para 2.5.
Regulation 37 (ca)	Cancellation and delisting of any shares of corporate debtor	Rare ARC does not envisage cancellation and/or delisting of shares of corporate debtor
Regulation 37 (d)	satisfaction or modification of any security interest	Charge is proposed to be modified in favour of Rare ARC on takeover of financial creditors loans (along with underlying securities) by Rare ARC (under Assignment). Accordingly, no satisfaction of the security interest is envisaged and charge, on execution of Assignment Agreement, shall be modified in favour of Rare ARC.
Regulation 37 (e)	curing or waiving of any breach of the terms of any debt due from the corporate debtor	The debts of various parties due from the Corporate Debtor are proposed to be settled / restructured / waived as provided separately under this Resolution Plan.
Regulation 37 (f)	reduction in the amount payable to the creditors	Please refer para 2.3
Regulation 37 (g)	extension of a maturity date or a change in interest rate or other terms of a debt due from the corporate debtor	Interest rate is proposed to be charged at 12% p.a. under this resolution plan. For extension of maturity date and change in other terms of debt refer para 2.3
Regulation 37 (h)	amendment of the constitutional documents of the corporate debtor	No amendment of the constitutional documents of the Corporate Debtor is proposed under the Resolution Plan, save and except as follows: Paid up equity capital will be reduced to Rs. 3.15 cr (including infusion of new equity by the Resolution Applicant) from Rs. 65 crores by reducing the face value of equity share from Rs. 10 to Rs. 0.10.
Regulation 37 (i)	Issuance of securities of the corporate debtor, for cash, property, securities, or in exchange for claims or interests or other appropriate purpose.	Issuance of Security Receipts is proposed by the Resolution Applicant, consequent to acquisition of debt of the Corporate Debtor from Secured financial creditors in a Trust to be created by Rare ARC. Further, fresh equity shares would be issued as part of the Resolution Plan.

Regulation 37 (j)	Change in portfolio of goods or services produced or rendered by the corporate debtor.	No amendment or change in the portfolio of goods or services produced or rendered by the corporate debtor is envisaged/ proposed. Post takeover of management of the corporate debtor, it is proposed to restart operations initially on job work basis and thereafter once operation are stabilised, propose to undertake own manufacturing.
Regulation 37 (k)	Change in the technology used by the corporate debtor.	There is no change in the technology proposed.
Regulation 37 (l)	Obtaining necessary approvals from the Central and State Governments and other authorities.	Since necessary approvals of the Central and State Governments are already in place for the operation of the business, no additional approval from these authorities is envisaged as part of Resolution Plan. In case of expiry of approval, we shall ensure obtaining such approval from relevant authorities during implementation of plan. Since AISPL is a Private limited company, approvals of authorities like SEBI and RBI are not required.
Regulation 38(1)	The amount due to the operational creditors under a resolution plan shall be given priority in payment over financial creditors	Operational creditors are proposed to be paid Rs. 18.75 lakh in priority to financial creditors, within 30 days of approval of the plan by competent authority.
Regulation 38 (1A)	Dealing with interests of all stake holders including financial creditors and operational creditors	The estimated outstanding dues of the Secured Financial Creditors is approx. Rs. 428.42 Crs which is proposed to be assigned to Rare ARC at a consideration of Rs. 60 Crs on 100% cash basis. The payment of entire crystallised amount to the original secured financial creditors is proposed within period of 3 months.  Other stake holders are proposed to be paid/ settled as under:  I. Unsecured financial creditors (related parties to the Corporate Debtor) with dues of Rs 29.88 cr – proposed to be waived.  II. Operational Creditors (Trade payables Rs. 92.29 lakh); is proposed to be paid Rs. 18.75 lakh in full and final settlement in priority to financial creditors, within 30 days of approval of resolution plan by NCLT. Balance amount is proposed to be waived.  III. Workmen and employee dues of Rs 15.94 lakh (towards claims filed individually and admitted) and dues of Rs. 13.38 lakh (towards claims filed through authorised representative and admitted) are proposed to be fully paid pro-rata payments to secured financial creditors.  IV. Statutory dues of Rs. 1.32 crs shall be waived.  V. The equity of the existing equity holders to be reclassified with equity share face

		<p>value being reduced from Rs 10 to Rs 0.10 per share.</p> <p>For details including quantification of reliefs and concessions proposed under the Resolution Plan, kindly refer para 2.3</p>
Regulation 38 1(B)	<p>(i) Whether the Resolution Applicant or any of its related parties has failed to implement or contributed to the failure of implementation of any resolution plan approved under the Code.</p> <p>(ii) If so, whether the Resolution Applicant has submitted the statement giving details of such non-implementation?]</p>	<p>We hereby declare that Rare ARC (Resolution Applicant) or any of its related parties hasn't failed to implement or contributed to the failure of implementation, in past of any resolution plan approved under the Insolvency and Bankruptcy Code ("Code").</p> <p>As a matter of clarification, we advise that Rare ARC was the successful Resolution Applicant in respect of Haldia Coke &amp; Chemicals Ltd. (CP/509/IB/2017) where Hon'ble NCLT, vide order dated 27-3-2018 approved the Resolution Plan. However, Exim Bank (not a secured financial creditor), holding Corporate guarantee filed application before NCLT/ NCLAT and the Hon'ble NCLAT quashed NCLT proceedings filed by Corporate debtors under IBC, 2016. Subsequently, Rare ARC filed appeal before Hon'ble Supreme Court and the same was rejected, thereby the NCLT proceedings being considered as null and void. Despite the above, Rare ARC, under the provisions of Sarfaesi Act, have made complete One-time payment of the committed amount under the Resolution Plan, and the Secured Financial Creditors have assigned their debt to Rare ARC.</p>
Regulation 38 (2) (a)	Term of plan and its implementation schedule	<p>We propose moratorium of 6 months i.e until March 31, 2020. Recovery is estimated in 16 quarterly instalments commencing from June 30, 2020 until March 31, 2024.</p> <p>Rare ARC proposes to make payment to financial creditor as under:</p> <ul style="list-style-type: none"> <li>• Rs. 19.25 Cr. of crystallised amount is proposed to be paid within 30 days of NCLT approval</li> <li>• Further amount of Rs. 40.75 Cr.. is proposed to be paid within 90 days of NCLT approval</li> <li>• Resolution process cost as" estimated at Rs. 1.53 crs or as may be on actual basis" is proposed to be paid in priority to payment for other debts.</li> <li>• Operational creditors are proposed to be paid in priority to financial creditors, within 30 days of approval of resolution plan.</li> <li>• Workmen / employee dues, as admitted, are proposed to be paid in full.</li> </ul> <p>Rare ARC/ Management Team will ensure that the resolution plan is implemented and supervised suitably.</p>
Regulation 38 (2) (b)	Management and control of the business of corporate debtor during term of resolution plan	Rare ARC shall identify and appoint a suitable professional to manage the affairs of the company on a day-to-day basis, with the



		support of the Key Managerial personnel of the Company and with guidance from the Board of Directors.
Regulation 38(3)	A resolution plan shall demonstrate that – (a) it addresses the cause of default; (b) it is feasible and viable; (c) it has provisions for its effective implementation; (d) it has provisions for approvals required and the timeline for the same; and (e) the resolution applicant has the capability to implement the resolution plan	The reason for default / losses can be attributed to ban on mining, downturn of steel industry, lower realisation, delay in payment from debtors, higher interest cost/burden. The resolution plan has addressed the causes of default, as detailed separately. We have, thereafter, prepared a viable and workable resolution plan. Rare ARC, the resolution applicant, has the capability/appropriate resources for effective implementation.  It is clarified that, from the NCLT Approval Date till the implementation of the proposed transaction under the Resolution Plan i.e. payment of the committed amount to the Secured Financial Creditor (Lender), it is envisaged that an effective Implementation and Monitoring Committee shall supervise the functioning of the new Board of the Company, and the implementation of the Resolution Plan by the Resolution Applicant. This Committee shall include a nominee from the Lender to safeguard the concerns/interests of the Lender.  The Implementation and Monitoring Committee and the new Board shall be responsible for the supervision of the day to day affairs of the Corporate Debtor till the Take Over Date. The Implementation and Monitoring Committee and the new Board shall be responsible for operating the Corporate Debtor as a going concern.

**2.2 Proposal for Assignment of Financial Debts**

**Secured Financial Creditors (Bank of India)**

2.2.1 Rare ARC will take over the debt of the secured lender/ financial creditor of the company [by way of assignment of debt (including rights, title, interest in all securities, primary and collateral)], being Bank of India in the following manner:

The acquisition price payable for the total acquisition based on the **entire acquisition being on 100% Cash basis will be Rs. 60 cr.**, as under:

- Financial Creditors: (Rs in Crores)

Bank	Claim Amount	Percentage	Crystallized Amount	Crystallised amount (100% Cash)
Bank of India	428.42	100%	60	Crystallised amount is proposed to be paid as under: <ul style="list-style-type: none"> <li>Rs 19.25 cr is proposed to be paid within 30 days of NCLT approval</li> <li>Further amount of Rs 40.75 cr is proposed to be paid within 90 days of NCLT approval</li> </ul>

Rare ARC confirms that, as on June 21, 2018 it had cash and bank balance of Rs 28.69 cr which would be adequate to make the initial payment to the secured creditors. As per usual practice, Rare ARC has frequently increased its paid up equity capital as also raised funds from various sources to meet its business requirements. Being an entity regulated by RBI, its commitment

by submission of the Resolution Plan indicates that it would have necessary funds to meet the payment liabilities under the Plan.

2.2.2 Rare ARC would restructure the debt taken over as detailed under:

- a. Rare ARC will set up trust for acquisition of the financial assets from the secured lenders under section 5 of SARFAESI Act.
- b. The acquisition price payable by the Trust(s) would be Rs. 60 crores for acquisition of 100% of secured debts of the company.
- c. The cash payment of 100% will be made (to the selling Bank) within 30-90 days of approval of the resolution plan by NCLT in various installments as indicated above.
- d. The proposed assignment of debt with underlying security interest in favour of the Resolution Applicant, shall only be consummated as and when the entire payments of Rs 60 crores is transferred to the lender within the 90th day from the NCLT Approval Date, subject to the approval of the Resolution Plan by NCLT, Mumbai. Pursuant to the NCLT Approval of the Resolution Plan, the Resolution Applicant shall execute an "Agreement to Assign" the financial debts of the Company owed to its lenders till such time the entire proposed payments under the Resolution Plan is made by the Resolution Applicant to the lender. During this period, security charged by the Corporate Debtor (Company) in favour of the lender shall continue.
- e. The Proposed Trust will issue Security Receipts (SRs) to eligible investors to fund the above acquisition. The investors in the trust shall be Rare ARC (and its Associates, if necessary) and outside investors (NOT the selling Bank);
- f. The Resolution Applicant confirms that the proposed outside investors (in the Trust) would be in compliance with Section 29 A of the Code and not barred under section 29 A of the Code, in particular provisions relating to related parties. The Resolution Applicant is separately giving an undertaking as regards to the investors in the Trust.
- g. For SRs issued on 25:75 Cash: SR Basis  
(Note: The Selling Banks are NOT investors in SRs, having been paid 100% Cash – The balance funding will be from Outside eligible investors)
  - SRs will be issued to SR holders on pari- passu basis
  - Rare ARC will subscribe to minimum of 25% of value of SRs issued
  - Outside Investors will subscribe to upto 75% value of SRs issued
- h. Priority of distribution of net realization from financial assets (received by the ARC Trusts) is proposed to be as under:
  - (i) Expenses, liabilities (including statutory/ tax etc.) of the trust in connection with the Trust Property on actual basis;
  - (ii) Trusteeship fees payable to the Trustee: 2% per annum of the outstanding SRs at the beginning of each year or on the Net Asset Value (NAV) whichever is lower as per the prevailing guidelines issued by RBI. However, Trusteeship fees shall be charged as a percentage of the actual outstanding value of SRs before availability of the NAV of SRs;
  - (iii) Net realizations after deduction of (i) and (ii) above will be shared as follows:
    - a. 5% as Recovery Incentive to Rare ARC for quantum of SRs redeemed
    - b. There shall be no indicative coupon or yield on the SRs.
    - c. Excess realizations if any, after redemption of SRs shall be shared as follows:
      - 30% to Rare ARC and 70% to eligible investor
- i. Rare ARC, as Assignee of the Secured Financial Creditor, would have further rights to proceed against the Guarantors of the Corporate Debtor, as they may deem fit.
- j. The above terms and conditions are brief in nature; the detailed terms and conditions shall be part of the offer document to be issued pursuant to setting up of the Trusts.

- k. Notwithstanding anything stated herein, the Resolution Applicant confirms that the Trust structure proposed would not adversely affect the payment capacity of the Resolution Applicant envisaged under the Resolution Plan towards its stakeholders including the financial creditor.

## 2.3 Repayment of various liabilities under the Resolution Plan

### 2.3.1 Repayment Schedule of Secured Financial Creditors

#### Banks taken over by Rare ARC (Total Crystallized Amount of INR 60 crores):

The secured financial debts taken over by the ARC shall be repaid out of operational cash flows of the Borrower, to the Trust(s) in the following manner at the end of every quarter /year until they are repaid in full. The Trust(s) shall distribute the amount within 4 (four) business days of receipt, as provided in Clause 2.2.2 (f) above).

Year of Repayment	Crystallized Amount (payable in 4 quarterly installments for the respective year,)
Year 1	Rs. 12 crs.
Year 2	Rs. 15.00 crs.
Year 3	Rs. 15.00 crs.
Year 4	Rs. 18.00 crs.

We propose moratorium of 6 months i.e until March 31, 2020. Recovery is estimated to commence from 1st quarter of FY 21 i.e June 30, 2020, in quarterly installments. The interest will be paid at 12 % p.a. quarterly on outstanding crystallized reducing balance. On payment as per schedule, the balance debt would be written off.

It is clarified that the Resolution Applicant confirms that the proposed outside investors (in the Trust) would be in compliance with Section 29 A of the Code and not barred under section 29 A of the Code, in particular provisions relating to related parties.

Notwithstanding anything stated herein, the Resolution Applicant confirms that the Trust structure proposed would not adversely affect the payment capacity of the Resolution Applicant envisaged under the Resolution Plan towards its stakeholders including the financial creditor.

### 2.3.2 Unsecured Financial Creditors (Related Parties to Corporate Debtor)

(Rs. cr)

Sl. No.	Nature of Financial Debt	Amt. as per Books as on 30.11.2018	Amt. Claimed	Amt. Admitted	Crystallised amount to be paid
1.	Long Term Borrowings	29.88	-	-	Proposed to be waived
	<b>TOTAL</b>	<b>29.88</b>	-	-	-

### 2.3.3 Capital Restructuring

The existing equity of the company would be restructured by reducing the paid up face value of the share from Rs. 10 per share to Rs. 0.10 per share and redesignating the paid up equity shares as New Equity Shares.

Existing Equity Structure	6,50,00,000 shares of Rs. 10 each
Revised Equity Structure	New Equity Shares – 6,50,00,000 shares of Rs. 0.10 each i.e. Rs. 0.65 crs.
<b>Further allotments as per this plan (to Rare ARC and/or its Associates)</b>	New Equity Shares – 25,00,00,000 shares of Rs. 0.10 each i.e. <b>Rs. 2.50 cr</b>
Total Equity Shares	New Equity Shares – 31,50,00,000 shares of Rs. 0.10 each

#### 2.3.3.1 Revised Shareholding Pattern:

Post the infusion of the equity in the Company, the resulting shareholding will be as follows:

Particulars	New Equity shares of Rs. 0.10 each	%
Rare ARC & its Associates	25,00,00,000	79.36
Promoter Group (current)	6,50,00,000	20.64
<b>Total</b>	<b>31,50,00,000</b>	<b>100.0</b>

After equity infusion, the Resolution Applicant shall buyback the equity of the existing shareholders/promoters at a nominal value, such that entire shareholding of the Corporate Debtor shall lie with the Resolution Applicant.

The revised shareholding pattern post capital restructuring will be as follows:

Particulars	New Equity shares of Rs. 0.10 each	%
Rare ARC & its Associates	31,50,00,000	100%

### 2.3.3 Operational Creditors

2.3.3.1 The operational creditors whose claims are received are detailed hereunder. Operational creditors are proposed to be paid an amount of Rs. 18.75 lakh in aggregate in priority to financial creditors on approval / implementation of resolution plan i.e. within 30 days from approval of resolution plan by NCLT.

(Amount in Rupees)

S. No.	Name	Total Claim	Estimated amount Admitted	% Share	Crystallised amount to be paid
1.	Rajendra Bhandari (Proprietor of Sharvani Earthmovers)	9,24,719	7,79,051	8.44%	158,272
2.	Dessai Brothers	42,92,206	42,92,206	46.51%	872,002
3.	Dessai Construction	86,156	86,156	0.93%	17,503
4.	Dessai Logistics	10,801	10,801	0.12%	2,194
5.	Niveditha Engineering Works	11,04,516	11,04,516	11.97%	224,393
6.	Baba Agencies	6,50,000	6,50,000	7.04%	132,054
7.	Prakash Decorators	3,09,513	3,09,513	3.35%	62,880
8.	D.B. Bandodkar & Sons Private Limited	14,80,794	14,77,793	16.01%	300,228
9.	G4S Secure Solutions (India) Private Limited	5,19,168	5,19,168	5.63%	105,474
	<b>TOTAL</b>	<b>93,77,873</b>	<b>92,29,204</b>	<b>100%</b>	<b>1,875,000</b>

2.3.3.2 Additionally, all proceedings against the Company by any operational creditor in any court of law / forum / panel of arbitrators or any other adjudicating authority in India or elsewhere shall be in consonance with the Terms of the Resolution Plan, including the waivers / sacrifices/ settlement(s) mentioned in the Resolution Plan. No fresh / further proceedings can be commenced against the Company for any cause of action occurring on or before the date of approval of the Resolution Plan.

2.3.3.1.1 For purposes of clarity, **Section 53 of the IBC 2016** states as under:

#### **"Distribution of Assets**

**53. (1)** Notwithstanding anything to the contrary contained in any law enacted by the Parliament or any State Legislature for the time being in force, the proceeds from the sale of the liquidation assets shall be distributed in the following order of priority and within such period and in such manner as may be specified, namely :—

- (a) the insolvency resolution process costs and the liquidation costs paid in full;
- (b) the following debts which shall rank equally between and among the following :—
- (i) workmen's dues for the period of twenty-four months preceding the liquidation commencement date; and
- (ii) debts owed to a secured creditor in the event such secured creditor has relinquished security in the manner set out in section 52;
- (c) wages and any unpaid dues owed to employees other than workmen for the period of twelve months preceding the liquidation commencement date;
- (d) financial debts owed to unsecured creditors;
- (e) the following dues shall rank equally between and among the following:—
- (i) any amount due to the Central Government and the State Government including the amount to be received on account of the Consolidated Fund of India and the Consolidated Fund of a State, if any, in respect of the whole or any part of the period of two years preceding the liquidation commencement date;
- (ii) debts owed to a secured creditor for any amount unpaid following the enforcement of security interest;
- (f) any remaining debts and dues;
- (g) preference shareholders, if any; and
- (h) equity shareholders or partners, as the case may be.

- (2) Any contractual arrangements between recipients under sub-section (1) with equal ranking, if disrupting the order of priority under that sub-section shall be disregarded by the liquidator.
- (3) The fees payable to the liquidator shall be deducted proportionately from the proceeds payable to each class of recipients under sub-section (1), and the proceeds to the relevant recipient shall be distributed after such deduction.

*Explanation.*—For the purpose of this section—

- (i) it is hereby clarified that at each stage of the distribution of proceeds in respect of a class of recipients that rank equally, each of the debts will either be paid in full, or will be paid in equal proportion within the same class of recipients, if the proceeds are insufficient to meet the debts in full; and
- (ii) the term "workmen's dues" shall have the same meaning as assigned to it in section 326 of the Companies Act, 2013."

#### 2.3.3.1.2 Our Comments:

- a) While the above is applicable in case of liquidation of the Corporate Debtor, for good order it is proposed to ensure payments to various parties, at least to the extent indicated in the said Section 53.
- b) Even though the liquidation value will only cover the CIRP costs and part of the dues of the secured financial creditors, it is proposed to pay the entire CIRP costs, part of the dues of the Secured financial creditors, the entire workmen's dues and employees dues (even though only pro-rata payments would be required for part of such dues), with the intention of goodwill, as also part of the Operational creditors dues, as these payments would facilitate early restart of the unit and continued operation thereafter.
- c) All other dues / claims, etc. are sought to be waived.

#### 2.3.3.2 Statutory Dues:

Authority	Liability	Amount in Rs.
The Goa Rural Improvement and Welfare Cess Act, 2000	Cess payable- BHQ and coke	53,44,063
GST Department	GST on finished goods	51,57,473
Central Sales Tax Department	Sales Tax	27,36,596
Income Tax Department	TDS	16,652
ESIC Dept.	PF & ESIC	13,894
<b>TOTAL</b>		<b>1,32,68,678</b>

Above dues, whether confirmed or disputed, are proposed to be waived subject to approval of competent authority.

Any award / order / judgment / decree in any court of law / forum / panel of arbitrators or any other adjudicating authority in India as well as outside India against the Company shall be in

consonance with the Terms of the Resolution Plan, including the waivers / sacrifices/ settlement(s) mentioned in the Resolution Plan. No fresh / further proceedings can be commenced against the Company for any cause of action occurring on or before the date of approval of the Resolution Plan.

2.3.3.3 Additionally, the Company has the following **contingent liabilities**:

Particulars	INR Crores	Remarks
Service tax demand by Customs, Excise & Service Tax Appellate Tribunal, Mumbai	0.14	Not proposed to be paid – to be waived
Demand for excise duty by the Joint Commissioner of Customs & Central Excise	0.19	Not proposed to be paid – to be waived
<b>Total</b>	<b>0.33</b>	

All proceedings against the Company in any court of law / forum / panel of arbitrators or any other adjudicating authority in India or elsewhere shall be in consonance with the Terms of the Resolution Plan, including the waivers / sacrifices/ settlement(s) mentioned in the Resolution Plan. No fresh / further proceedings can be commenced against the Company for any cause of action occurring on or before the date of approval of the Resolution Plan.

2.3.4 It is proposed that other than the creditors mentioned above (and those reported in the IM), operational creditors of the Company (within India or elsewhere) including the creditors who have not submitted their claims in the CIRP process to the Resolution Professional or whose claim has not been admitted by Resolution Professional, shall be deemed to have been settled or waived off as per the above terms of the Resolution Plan. Additionally, any operational debt incurred by the Company on or after the insolvency commencement date shall be paid in the normal course of business.

2.3.5 Additionally, all proceedings against the Company by any operational creditor in any court of law / forum / panel of arbitrators or any other adjudicating authority in India or elsewhere shall be in consonance with the Terms of the Resolution Plan, including the waivers / sacrifices/ settlement(s) mentioned in the Resolution Plan. No fresh / further proceedings can be commenced against the Company for any cause of action occurring on or before the date of approval of the Resolution Plan.

2.3.6 Any award / order / judgment / decree in any court of law / forum / panel of arbitrators or any other adjudicating authority in India as well as outside India against the Company shall be in consonance with the Terms of the Resolution Plan, including the waivers / sacrifices/ settlement(s) mentioned in the Resolution Plan. No fresh / further proceedings can be commenced against the Company for any cause of action occurring on or before the date of approval of the Resolution Plan.

2.3.7 Any claim for contingent liability of the Company over and above captured in the table above shall stand fully discharged/ settled / waived as per the Resolution Plan

**2.3.8 Operational creditors (workmen and employees)**

As per the Information Memorandum and the latest claims as per the Company website and information on the Virtual Data Room, claims / dues from Operational creditors under workmen category are as under:

S. No.	Name	Claim Amount (in Rs.)	Estimated Amount Admitted
1	Dr. Rajesh Dempo	7,52,754	6,90,588
2	Vinayak Rama Pai	3,53,925	3,21,045
3	Anil Gangadhar Naik	1,81,430	1,65,381
4	Laxman P. Kalpande	3,40,070	3,03,552
5	Varuna J. Madrekar	1,14,938	1,13,135
	<b>TOTAL</b>	<b>17,43,117</b>	<b>15,93,701</b>

Further dues submitted by Representative of Employee and Workmen are as under:

S. No.	Name	Claim Amount (in Rs.)	Estimated Amount Admitted
1.	Mr. Suresh Shambu Naik (authorized representative of Workmen and Employees)	3,29,59,269	13,38,464

Above dues, whether confirmed or disputed, are proposed to be paid in full i.e. Rs 29.32 lakh Any further claims on this head are not proposed to be paid. Any litigation by the workmen for any other claim and/or dues prior to the Resolution Plan implementation date shall be dismissed without any liability on any party.

### 2.3.9 Other Claims/ Liabilities

#### Income Tax

Waiver or Reduction in amount payable to financial creditors and operational creditors as per Resolution plan proposed above is expected to result in booking of income which can be subject to normal tax or Minimum Alternate Tax as per Income Tax Act. Since entire projected sources of cash flow are being used for payment to meet CIRP cost, Financial creditors, etc., Corporate Debtor shall have no funds available for payment of Income Tax. Income Tax including MAT on this account may accordingly be waived.

#### Contingent liabilities including corporate guarantees, if any

- To be waived off fully.

#### All other Dues / claims/ Demands, if any (other than specifically mentioned)

- To be waived off fully.

### 2.4 Infusion of Funds by Rare ARC towards Capex and / or working Capital:-

In addition to payment to secured financial creditors to the extent of Rs. 60 crs, Rare ARC, directly or through its associates, shall further infuse an amount of Rs. 2.50 crs (by way of equity infusion) towards payment to operational creditors/ workmen and employee dues, capex / balance equipment and start up expenses in order to manage day to day working of the corporate Debtor. Further, Rare ARC shall also infuse an amount of Rs. 5 crs. towards working capital, by way of unsecured loan, within 180 days of approval of the Resolution Plan by NCLT. Also, additional working capital shall be borrowed from lenders as and when required.

### 2.5 Equity Contribution by Rare ARC

Rare ARC would subscribe through itself as well as through friends and associates, 25 crore equity shares of the company of Rs. 0.10 each face value (i.e. Rs. 2.50 crores) to acquire the controlling stake and manage operations of the company. This would be used for payment to operational creditors and also towards meeting part of the day-to-day costs of the company.

Reducing the paid up face value of the equity shares from Rs. 10 per share to Rs. 0.10 per share and redesignating the paid up equity shares as New Equity Shares.

Existing Equity Structure	6,50,00,000 shares of Rs. 10 each
Revised Equity Structure	New Equity Shares – 6,50,00,000 shares of Rs. 0.10 each i.e. Rs. 0.65 crs.
<b>Further allotments as per this plan</b> (to Rare ARC and/or its Associates)	New Equity Shares – 25,00,00,000 shares of Rs. 0.10 each i.e. <b>Rs. 2.50 cr</b>
Total Equity Shares	New Equity Shares – 31,50,00,000 shares of Rs. 0.10 each

- **Revised Shareholding Pattern:**

Post the infusion of the equity in the Company, the resulting shareholding will be as follows:

<b>Particulars</b>	<b>New Equity shares of Rs. 0.10 each</b>	<b>%</b>
Rare ARC & its Associates	25,00,00,000	79.36
Promoter Group (current)	6,50,00,000	20.64
<b>Total</b>	<b>31,50,00,000</b>	<b>100.0</b>

After equity infusion, the Resolution Applicant shall buyback the equity of the existing shareholders/promoters at a nominal value, such that entire shareholding of the Corporate Debtor shall lie with the Resolution Applicant.

The revised shareholding pattern post capital restructuring will be as follows:

<b>Particulars</b>	<b>New Equity shares of Rs. 0.10 each</b>	<b>%</b>
Rare ARC & its Associates	31,50,00,000	100%

Besides, Rare ARC will also restructure the Board of the company by appointing its nominees as well as independent directors on the Board.

### **2.6 Raising of Priority Debt**

Not proposed under the scheme

### **3. Resolution Process Costs**

The resolution process costs are estimated at Rs 1.53 cr. or as may be on actual basis and the same is proposed to be paid in priority to payment to other debts of CD.

### **4. Management of Corporate Debtor after approval of plan**

The existing Board of Corporate Debtor is proposed to be replaced by Rare ARC's nominees on the Board to manage the company. Rare ARC shall identify and appoint a suitable professional to manage the affairs of the company on a day-to-day basis, with the support of the Key Managerial personnel of the Company and with guidance from the Board of Directors.

It is clarified that none of the directors appointed in the new Board of the Company or in the management of the Company would be in contravention of Section 29A of the Code.

The Nominee Director and key managerial personnel to be inducted are tentatively proposed as under:

<b>Sr. No.</b>	<b>Name</b>	<b>Proposed Designation</b>
1.	Ms. Shahin Jamali	Nominee Director
2.	Mr. Umesh Bafna	Director & CEO

The CEO would look after overall activities of the company on a day-to-day basis, with the support of the senior personnel to be appointed, besides the existing staff of the company.

Other senior personnel would be appointed to look after finance activities and would be required to be signatory for all high value transactions (transaction size threshold to be decided by the Board, for different types of transactions).

The ARC/ Management Team will ensure that the resolution plan shall be implemented in accordance with the compliance of all applicable laws and regulations governing the terms and conditions of this resolution plan and shall not contravene any of the provisions of the law for the time being in force.

It is clarified that, from the NCLT Approval Date till the implementation of the proposed transaction under the Resolution Plan i.e. payment of the committed amount to the Secured Financial Creditor (Lender), it is envisaged that an effective Implementation and Monitoring Committee shall supervise the functioning of the new Board of the Company, and the



implementation of the Resolution Plan by the Resolution Applicant. This Committee shall include a nominee from the Lender to safeguard the concerns/interests of the Lender.

The Implementation and Monitoring Committee and the new Board shall be responsible for the supervision of the day to day affairs of the Corporate Debtor till the Take Over Date. The Implementation and Monitoring Committee and the new Board shall be responsible for operating the Corporate Debtor as a going concern.

## **5. Turnaround of Corporate Debtor under the Resolution Plan**

The unit has not been operational for more than 4 years mainly due to adverse market conditions. The market situation has improved considerably. The company has several advantages including (a) Several grades of pig iron, (b) Locational advantages (Road, rail, port in vicinity), (c) Captive power plant, (d) Good equipment, (e) Certifications (ISO 9001, ISO 14001, OHSAS 18001).

The unit can be restarted after refurbishment, and, with the induction of suitably qualified and experienced personnel together with efficient management of affairs, is expected to general satisfactory performance.

### **Track record in turnaround**

The Resolution Applicant, being an ARC, is permitted to takeover defaulting borrowers.

#### a) Haldia Coke:

Rare ARC was the successful Resolution Applicant in respect of Haldia Coke & Chemicals Ltd. (CP/509/IB/2017) where Hon'ble NCLT, vide order dated 27-3-2018 approved the Resolution Plan. However, Exim Bank (not a secured financial creditor), holding Corporate guarantee filed application before NCLT/ NCLAT and the Hon'ble NCLAT quashed NCLT proceedings filed by Corporate debtors under IBC, 2016. Subsequently, Rare ARC filed appeal before Hon'ble Supreme Court and the same was rejected, thereby the NCLT proceedings being considered as null and void. Despite the above, Rare ARC, under the provisions of Sarfaesi Act, have made complete One-time payment of the committed amount under the Resolution Plan, and the Secured Financial Creditors have assigned their debt to Rare ARC. However, in view of the Resolution Plan being considered as "null and void", effective management takeover and control of the Corporate Debtor has not happened.

#### b) Other Cases:

Rare ARC has, as part of its normal business, been involved in facilitating turnaround of distressed entities. After acquisition of debt, Rare ARC has, in several cases, after assessing viability, entered into restructuring arrangements with the underlying Borrowers for payment of dues. Further, in a few cases, equity (minority stake) has also been taken. As part of loan documents, Rare ARC is entitled to appoint Nominee Directors on Borrowers Boards, and this option would be exercised when required (eg. Borrowers not paying restructured dues, etc.).

The Board of Directors and Management team of Rare ARC has the necessary background and experience to satisfactorily turnaround distressed companies, as can be seen in the Profile of the Directors of Rare ARC, presented separately in this Plan.

### **Experience in Iron & Steel Industry**

Rare ARC has acquired exposure in large corporates in the sector from several banks. The underlying Borrowers whose loans have been acquired include Haldia Coke and Chemicals Ltd, Electrotherm (India) Ltd., Jyoti Ltd., Alpha Nippon Innovatives Ltd, SPS Steel Ltd., Sona Alloys, Ankit Metal and Power Ltd., Parashnath Rolling Mills, Impex Ferrotech, etc. with total aggregate exposure by Rare ARC (Quantum of total SRs issued by its Trusts in Iron & Steel Sector) being of the order of Rs 350 cr.

## **6. Implementation and supervision of plan**

The implementation and supervision of plan will be managed by the professional appointed by Rare ARC, along with support from the key management personnel of the Company and guidance from the Board of Directors with support from external advisors as may be necessary.

Implementation of plan shall be from the first day of the month following the month in which approvals received.

It is clarified that, from the NCLT Approval Date till the implementation of the proposed transaction under the Resolution Plan i.e. payment of the committed amount to the Secured Financial Creditor (Lender), it is envisaged that an effective Implementation and Monitoring Committee shall supervise the functioning of the new Board of the Company, and the implementation of the Resolution Plan by the Resolution Applicant. This Committee shall include a nominee from the Lender to safeguard the concerns/ interests of the Lender.

The Implementation and Monitoring Committee and the new Board shall be responsible for the supervision of the day to day affairs of the Corporate Debtor till the Take Over Date. The Implementation and Monitoring Committee and the new Board shall be responsible for operating the Corporate Debtor as a going concern.

The balance sheet of the Company will be restated upon implementation of the resolution plan.

It is further confirmed that in case the Resolution Applicant fails to comply with any terms and conditions of the Resolution Plan, then the settlement of liabilities and claims of the Corporate Debtor as per the NCLT Approval or any of the terms and conditions of the Resolution Plan shall automatically stand withdrawn and shall fall away.

Timelines for implementation of the Plan would be as under:

Sl. No.	Particulars	Amount payable / to be infused (Rs cr)	Timeline (w.e.f. date of approval of Resolution Plan by NCLT)
1	Corporate Insolvency Resolution Process Cost	1.53 or actuals	Within 30 days
2	Secured Financial Creditors i.e. Banks (Bank of India is sole secured financial creditor)	60.00	Crystallised amount is proposed to be paid as under: Rs, 19.25 Cr. is proposed to be paid within 30 days Further amount of 40.75 is proposed to be paid within 90 days
3	Operational Creditors – Trade payables	0.1875	Within 30 days
4	Due towards Workmen / Employees	0.2932	Aggregate payment towards Workmen/ Employees dues in full towards claims admitted.
5	Infusion of funds towards start up / working capital and capex	5.60	Between 30 days to 180 days based on fund requirement for meeting liabilities under the Resolution Plan
6	Infusion of equity	2.50	To be infused within 90 days, after requisite procedural approvals.
7.	Infusion of funds towards working capital	5.00	Within 180 days

**7. Snapshot of the Resolution Plan:**

(Rs in crs)

Sl. No.	Claim Type	Amount Due/ Admitted	Treatment under proposed Resolution Plan		Clause in Resolution Plan where discussed
			Payment Proposed	Terms of Payment	
1	Corporate Insolvency Resolution Process Cost	1.53	1.53	Proposed to be paid in full in priority to payment for other debts of CD. Payment of resolution process cost estimated at Rs. 152.53 lakh as also any other costs incurred till the NCLT approval date, as may be incurred / payable on actual	Clause 3

				basis, pertaining to the resolution process shall be paid.	
2	Secured Financial Creditors i.e. Banks (Bank of India is sole secured financial creditor)	428.42	60.00	Crystallised amount is proposed to be paid as under:  Rs. 19.25 is proposed to be paid within 30 days of NCLT approval  Further amount of 40.25 is proposed to be paid within 90 days of NCLT approval	Clause 2.3.1
3	Unsecured Financial Creditors (Related parties)	29.88	--	Proposed to be waived	Clause 2.3.2
4	Operational Creditors – Trade payables	0.92	0.1875	Payment is proposed in priority to financial creditors on approval / implementation of resolution plan	Clause 2.3.3.1
6	Due towards Workmen / Employees	0.30	0.2932	Payment is proposed concurrently with payment to secured financial creditors i.e. within 30 – 90 days of approval by NCLT.	Clause 2.3.8
7	Statutory dues	1.32	-	Proposed to be waived off subject to approval of competent authority	Clause 2.3.3.2
8	Contingent liabilities, including corporate guarantees, if any	0.33	-	Proposed to be waived	Clause 2.3.3.3
8	Infusion of funds towards start up / working capital and capex	-	5.60	Comprises Rs 2.50 cr infusion by way of equity (less CIRP costs and amount to be deployed to meet expenses towards operational creditors/ workmen/ employees) towards start-up expenses and capex, and Rs 5.00 cr towards working capital	Clause 2.4
9	Equity / Preference shareholders	65.00	--	Revision in face value of equity share from Rs 10 per share to Rs 0.10 per share. No actual cash payment envisaged.	Clause 2.5
	<b>TOTAL RESOLUTION AMOUNT</b>	-	<b>67.61</b>		

8. We hereby confirm that the resolution plan complies with the various laws and regulations governing the terms and conditions of the resolution plan and does not contravene any of the provisions of the law for the time being in force.

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

Yours faithfully

Anil Kumar Bhandari  
(Managing Director)

*Date:*

*Place:*

Rare Asset Reconstruction Ltd has been affixed in my / our presence pursuant to the resolution of the board of directors of Rare Asset Reconstruction Ltd dated 04.01.2019

(Signature)  
Name:

**SUMMARY OF THE RESOLUTION PLAN:**

16. The estimated CIRP cost is to the tune of Rs. 2.10 crore. The Resolution Plan proposes to pay the CIRP cost in full and in priority to payment of all other Creditors.
17. It is stated that the total admitted claims as envisaged under the plan from the Financial Creditor of the Corporate Debtor are worth Rs. 428.42 crore. The Financial Creditors will be given a uniform of 14.01% of the admitted claim amount, cumulatively amounting to Rs. 60 crore out of which Rs. 19.25 crore shall be paid towards the claims of the Financial Creditor within 30 days of NCLT approval date. The remaining amount of Rs. 40.75 crore shall be paid within a period of 90 days from the date of the approval by NCLT.
18. The total admitted claim as envisaged under the plan from the Operational Creditor of the Corporate Debtor are worth about Rs. 92 lakh. The Operational Creditors will be given a uniform of 20.32% of the admitted claim amount, cumulatively amounting to Rs. 18.75 lakh within 30 days in priority to the payment towards Financial Creditor.
19. Further the total admitted claim as envisaged under the Plan for employees and workmen of the Corporate Debtor are worth Rs. is Rs. 29.32 lakh. Therefore, the total amount which is proposed under the plan for payment of CIRP cost, Financial Creditor and Operational Creditors is to the tune of Rs. 62.58 lakh.
20. An overview of the payments of CIRP cost, to Financial and Operational Creditors is given below:

<b>Stakeholder</b>	<b>Estimated Admitted Claims (approx. Rs.)*</b>	<b>Total Payment (approx. Rs.)</b>	<b>% of Recovery</b>	<b>Upfront Payment (approx. Rs.)</b>	<b>Balance Payment (approx. Rs.)</b>
<b>CIRP Costs</b>					
CIRP Costs	<b>2,10,00,000</b>	<b>2,10,00,000 or at Actual</b>	<b>100</b>	<b>2,10,00,000</b> <i>(The Resolution Applicant has proposed to pay Corporate Insolvency Resolution Process Cost at actuals in priority to payment for other debts of Corporate Debtor by RA. The estimated CIRP cost at the end of August 2019 is Rs. 2.10 Cr.</i>	-
<b>Financial Creditors</b>					
Financial Creditors	<b>428,41,71,745</b>	<b>60,00,00,000</b>	<b>14.01</b>	<b>19,25,00,000</b> <i>(Within 30 days of the NCLT Approval Date, as mentioned in the Resolution Plan.)</i>	<b>40,75,00,000</b> <i>(Within a period of 90 days from the NCLT approval,</i>
<b>Operational Creditors</b>					
Employees & Workmen (Form D)	<b>15,93,701</b>	<b>15,93,701</b>	<b>100</b>	<b>15,93,701</b> <i>(In priority to the payment towards Financial Creditors)</i>	-
Employees and Workmen (filed through Form E)	<b>13,38,464</b>	<b>13,38,464</b>	<b>100 %</b>	<b>13,38,464</b> <i>(In priority to the payment towards Financial Creditors)</i>	-
Operational Creditors (other than Employees & Workmen)	<b>92,29,204</b>	<b>18,75,000</b>	<b>20.32</b>	<b>18,75,000</b> <i>(Within 30 Days in priority to the payment towards Financial Creditors)</i>	-
<b>TOTAL</b>	<b>431,73,33,114</b>	<b>62,58,07,165</b>		<b>21,83,07,165</b>	<b>40,75,00,000</b>

21. Further the Resolution Applicant submits that the Resolution Applicant proposes to infuse an amount of Rs 2.50 crore towards equity which is to be utilised for CIRP cost and to meet expenses towards running the business. It is further proposed by the RA that an amount of Rs. 3.10 crore shall be infused in the Corporate Debtor on or before 180 days from the NCLT approval date by way of Unsecured Loan. Also additional working capital shall be borrowed from lender as and when required. The total Working Capital proposed to be infused in the Corporate Debtor is Rs. 5.60 crore.
22. The Resolution Applicant states that the entire acquisition under the plan shall be on 100% cash basis. As on 21<sup>st</sup> June, 2019 it had Cash and Bank balance of Rs. 28.69 crore which is adequate to make initial payment. The RA submits that they will bring in balance funds by way of creating pool of funds from its committed investors.
23. The RA has sought that all proceedings against the Company by any Operational Creditor in any court of law/forum/panel of arbitrators or any other adjudicating authority in India or elsewhere shall be in consonance with the Terms of the Resolution Plan, including the waivers / sacrifices/ settlement(s) mentioned in the Resolution Plan. No fresh / further proceedings can be commenced against the Company for any cause of action occurring on or before the date of approval of the Resolution Plan.
24. The RA has sought that any award / order / judgment / decree in any court of law / forum / panel of arbitrators or any other adjudicating authority in India as well as outside India against the Company shall be in consonance with the Terms of the Resolution Plan, including the waivers / sacrifices/ settlement(s) mentioned in the Resolution Plan. No fresh / further proceedings can be commenced against the Company for any cause of action occurring on or before the date of approval of the Resolution Plan.

25. The RA has also sought that any claim for contingent liability of the Company over and above captured in the table above shall stand fully discharged/ settled / waived as per the Resolution Plan.
26. The RP has annexed the Compliance Certificate as per Form H of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, duly perused by this Bench.
27. It is noted that, from the NCLT Approval Date till the implementation of the proposed transaction under the Resolution Plan i.e. payment of the committed amount to the Secured Financial Creditor (Lender), it is envisaged that an effective Implementation and Monitoring Committee shall supervise the functioning of the new Board of the Company, and the implementation of the Resolution Plan by the Resolution Applicant. This Committee shall include a nominee from the Lender to safeguard the concerns/interests of the Lender.
28. The Liquidation Value and Fair Market Value of the Corporate Debtor is stated to be ₹49.27 crore and ₹71.65 crore respectively, as per Form H submitted by the RP. The average of the value determined by the registered valuers is stated below :-

Registered Valuer	Fair Value ( in crore)	Liquidation Value ( in crore)
Rakesh Narula & Company	70.88	49.30
Kakode Associates	72.42	49.24
Average	<b>71.65</b>	<b>49.27</b>

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

### **FINDINGS**

29. Heard the submissions made by the Learned Counsel for the RP. The RP has submitted that the COC unanimously i.e. by 100% majority approved the plan.

Therefore, as per the COC, the plan stands the requirement of being viable and feasible for revival of the Corporate Debtor. By and large, all the compliances have been made by the RP and the Resolution Applicant for making the plan effective after approval by this Bench.

30. The Resolution Applicant has sought an Extinguishment of Claims for creditors other than mentioned above of the company including the creditors who have not submitted their claims during the CIRP process to the Resolution Professional or the claims which have not been admitted by the Resolution Professional, shall be deemed to have been settled or waived off as per the terms of the Resolution Plan. It is directed that the claims which have not been filed before the RP, shall be deemed to have been settled post approval of this resolution plan.
31. 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 and the “Moratorium” imposed under section 14 shall cease to have any effect henceforth. 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. Certified copy of this Order be issued on demand to the concerned parties, upon due compliance. That liberty is hereby granted for moving any Miscellaneous Application if required in connection with implementation of this Resolution Plan. That in respect of stepping by the New Promoters/Resolution Applicant into the shoes of the erstwhile Company and taking over the business, the provisions of Companies Act, 2013 shall be applicable and because of this reason a copy of this Order is to be submitted in the Office of the Registrar of Companies, Mumbai.
32. The RP is further directed to handover all records, premises/factories/documents to RA 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 RP to finalise the further line of action required for starting of the operation.

33. The directions embodied and period of implementation provided hereinabove shall be effective from the date of receipt of this Order.

**Sd/-**  
**CHANDRA BHAN SINGH**  
**MEMBER (TECHNICAL)**

**Sd/-**  
**M.K. SHRAWAT**  
**MEMBER(JUDICIAL)**

**Date : 13.12.2019**

A.M.