

IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD
DIVISION BENCH
COURT - 1

ITEM No.309 - IA/999(AHM)2024 in CP(IB)/166(AHM)2022 with
ITEM No.310- IA/1084(AHM)2024 in CP(IB)/164(AHM)2022

Order under Sections 105, 112 & 114 IBC, 2016
IN THE MATTER OF: IA/999(AHM)2024

Jigar Tarunkumar Bhatt RP in the matter of Shri Mohammad
Hussain Farooqui PG of M/s Texon Global Pvt. Ltd

.....Applicant

With

Order under Sections 105, 112 & 114 IBC, 2016
IN THE MATTER OF: IA/1084(AHM)2024

Mr. Jigar Tarunkumar Bhatt RP in the matter of Shri Ahmed
Hussain Farooqui PG to Texon Global Pvt. Ltd

.....Applicant

Order delivered on 25/10/2024

Coram:

Mr. Shammi Khan, Hon'ble Member (J)
Mr. Sameer Kakar, Hon'ble Member (T)

PRESENT:

For the Applicant :
For the Respondent :

COMMON ORDER
(Hybrid Mode)

The case is fixed for the pronouncement of the order. The order is
pronounced in open Court, vide separate sheet.

-sd-

SAMEER KAKAR
MEMBER (TECHNICAL)

-sd-

SHAMMI KHAN
MEMBER (JUDICIAL)

SEN

**BEFORE THE ADJUDICATING AUTHORITY
THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT-I, AHMEDABAD**

**IA/999(AHM)2024 in CP(IB)/166(AHM)2022
WITH
IA/1084(AHM)2024 in CP(IB)/164(AHM)2022**

In the matter of :

(1.) IA/999(AHM)2024 in CP(IB)/166(AHM)2022

[An application filed under Section 105, 112 and 114 of the code r.w. Regulation 19 of IBBI (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Regulations, 2019 for approval of Repayment Plan submitted by Guarantors]

Mr. Jigar Tarunkumar Bhatt,
Resolution Professional of
Shri Mohammad Hussain Farooqui,
Personal Guarantor of M/s. Texon Global Private Limited
Having address at:
1010, Ship-Zaveri, Shyamal Cross Road,
Satellite, Ahmedabad-380015.

(2.) IA/1084(AHM)2024 in CP(IB)/164(AHM)2022

[An application filed under Section 105, 112 and 114 of the code r.w. Regulation 19 of IBBI (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Regulations, 2019 for approval of Repayment Plan submitted by Guarantors]

Mr. Jigar Tarunkumar Bhatt,
Resolution Professional for
Shri Ahmed Hussain Farooqui,
Personal Guarantor of M/s. Texon Global Private Limited
Having address at:
1010, Ship-Zaveri, Shyamal Cross Road,
Satellite, Ahmedabad-380015.

Order Pronounced on 25.10.2024

CORAM:

SH. SHAMMI KHAN, HON'BLE MEMBER (JUDICIAL)
SH. SAMEER KAKAR, HON'BLE MEMBER (TECHNICAL)

Appearance:

For the Applicant / RP : Mr. Priyam Shah, Adv.
For the PG : Mr. Rushabh Shah, Adv.
For the FC : Mr. Urvesh Gor, Adv. a/w. Mr. Jai
Ram, Chief Manager & Mr.
Chandra Shekhar, Law Officer

COMMON ORDER

[Per: Bench]

1. The above-mentioned applications are filed by the Applicant/Mr. Jigar Tarunkumar Bhatt who is the Resolution Professional of Shri. Mohammad Hussain Farooqui, (hereinafter referred to as **"Personal Guarantor -1"**) and Shri. Ahmed Hussain Farooqui (hereinafter referred to as **"Personal Guarantor-2"**), all the above collectively, Personal Guarantors of M/s. Texon Global Private Limited, under Sections 105, 112 and Section 114 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as **"Code"**) r.w. Regulation 19 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Regulations, 2019 seeking approval of Repayment Plan submitted by

Guarantors.

PRAYERS

2. The prayers made by the Applicant in IA/999(AHM)2024 are as under: -

- A. *This Hon'ble Tribunal be pleased to allow the present interlocutory Application;*
- B. *This Hon'ble Tribunal be pleased to approve the Repayment Plan (Annexure-I) submitted by the Personal Guarantor Shri Mohammad Hussain Farooqui on the basis of the Report dated 22.06.2024 of the meeting of creditors (Annexure-J) submitted under Section 112 of the IB Code;*
- C. *Any other and further reliefs as may be deemed fit by this Hon'ble Tribunal in the interest of justice, equity and good conscience.*

3. The prayers made by the Applicant in IA/1084(AHM)2024 are as under: -

- A. *This Hon'ble Tribunal be pleased to allow the present Interlocutory Application;]*
- B. *This Hon'ble Tribunal be pleased to approve the Repayment Plan dated 01.07.2024 (Annexure-L) submitted by the Personal Guarantor Shri Ahmed Hussain Farooqui on the basis of the Report dated 04.07.2024 of the meeting of creditors (Annexure-M) submitted under Section 112 of the IB Code;*
- C. *Any other and further reliefs as may be deemed fit by this Hon'ble Tribunal in the interest of justice, equity and good conscience.*

IA/999(AHM)2024

4. The brief facts of the IA/999(AHM)2024 are stated to be as under:-

I. This Adjudicating Authority vide its order dated

08.03.2024 admitted the application filed against the Personal Guarantors under Section 95 of the Code and directed the RP to cause public notice, invite claims etc.

- II. In compliance with the directions of this Tribunal, the Applicant issued public notice in Financial Express in English and Gujarati newspapers on 13.03.2024 *inter alia* inviting claims from all creditors with last date for submission of claims as 02.04.2024. A copy of public notice is annexed as Annexure-B.
- III. Till the last date of receipt of claims i.e., till 02.04.2024, the RP received only one claim from the sole financial creditor of INR 18,49,73,587.52 which was admitted by the Applicant after due verification. A copy of list of creditor of the Personal Guarantor is annexed as Annexure-C.
- IV. As per the provisions of the Code, the last date of submission of repayment plan was 23.04.2024 which was informed by the Applicant to the Personal Guarantor during several meetings. The Personal Guarantor assured the Applicant that he shall submit a

comprehensive repayment plan.

- V. The first repayment plan was submitted by the Personal Guarantor on 30.04.2024. Pursuant to which, the Applicant convened the 1st meeting of creditors on 01.05.2024. In compliance of IBBI (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Regulations, 2016 (hereinafter referred to as **“Regulations”**), the Applicant prepared the Statement of Affairs of the Personal Guarantor dated 30.04.2024 from available information inter alia to assist the creditors in evaluating the Repayment Plan. A copy of Statement of Affairs dated 30.04.2024 is annexed as Annexure-D.
- VI. In the first meeting of creditors held on 01.05.2024, the repayment plan was discussed by the Applicant with creditor and the Personal Guarantor wherein the Applicant and creditor informed the Personal Guarantor that 1st repayment plan was not viable legally and commercially. Accordingly, the Personal Guarantor was called upon to provide a revised repayment plan. A copy of 1st meeting is annexed as Annexure-E.
- VII. The Personal Guarantor submitted a composite

repayment plan on 10.05.2024. The said composite revised repayment plan involving 3 guarantors jointly was discussed by the Applicant with the Personal Guarantor and sole creditor in the 2nd meeting of creditors held on 16.05.2024. In the said meeting the Personal Guarantor was called upon to provide individual repayment plan instead of a joint repayment plan and was further instructed that a repayment plan would be considered only if it provides for a value more than realizable value of the assets in question and further, having repayment period as less than 6 months. A copy of 2nd meeting is annexed as Annexure-F.

VIII. The Personal Guarantor submitted individual revised repayment plan on 30.05.2024 to the Applicant. The revised individual repayment plan along with draft report was circulated to the sole creditor on 10.06.2024.

IX. The 3rd meeting of creditors was held on 11.06.2024 wherein the revised repayment plan was deliberated and the sole creditor suggested certain modifications in the plan. The Personal Guarantor incorporated all the modifications and submitted the final repayment plan

on 13.06.2024 which was put for e-voting till 21.06.2024. On 21.06.2024, the sole creditor voted in favour of the repayment plan and accepted the same in entirety. A copy of 3rd meeting and final repayment plan is annexed at Annexures H and I respectively.

X. Pursuant to the approval of repayment plan, the Applicant prepared his report dated 22.06.2024 on the repayment plan under Sections 106 and 112 of the Code which was circulated to the sole creditor and Personal Guarantor vide email dated 23.06.2024.

XI. The salient features of the repayment plan approved by the sole creditor of the Personal Guarantor are as under:-

- a. *Clauses 5 and 9 - Proposed payment of INR 2.83 Crores plus actual resolution process costs in 4 (four) tranches within 180 days from the Effective Date i.e. date of approval of Repayment Plan by this Hon'ble Tribunal, through sale of identified properties. Resolution process costs to be cleared on priority.*
- b. *Clause 12 Personal Guarantor has affirmed his commitment to adhere to payment schedule. In case of any situation adversely affecting of Repayment Plan, Section 118 of the IB Code read with Regulation 20 of the Regulations shall apply.*
- c. *Clause 13 Sole Creditor to issue NOC and List of Documents for secured properties upon receipt of agreed upon payment as per the Repayment Plan.*

5. The details of the admitted claims of creditors are as under:-

Particulars	No. of Claims Received	Amount of Claims Received (RS)	No. of Claims Admitted	Amount Admitted (Rs)
Canara Bank – Secured Financial Creditor	1	18,49,73,587.52	1	18,49,73,587.52
Total		18,49,73,587.52	1	18,49,73,587.52

The claimants and amounts claimed are same for Personal Guarantors being Personal Guarantors Nos. 1 and 2.

6. The proposed payment under the repayment plan is as under:-

Payment Tranches	Amount (Rs)	Timeline
Upfront Deposition Tranche-1	Rs.2.50 Lakh	Within 7 days of approval of Repayment Plan by Creditors
Upfront Payment Tranche-2	Rs.7.50 Lakh plus resolution process cost	On Effective Date – E
First Tranche Payment	Rs.136.50 Lakh	Within E + 90 days
Second and Final Tranche Payment	Rs.136.50 Lakh	Within E + 180 days.

7. A scanned copy of the details of Repayment Plan as mentioned in the report of RP on repayment plan dated 22.06.2024 is as under:-

2. Details of the Repayment Plan

Mr. MOHAMMAD HUSSAIN FAROOQUI has proposed a final repayment plan, after considering modifications as proposed by the creditors in its 3rd meeting, dated 11.06.2024 wherein he has proposed to repay an amount of Rs. 283.00 Lakh towards his personal guarantee obligation to the financial creditor, Canara Bank for the debts of Texon Global Private Limited within six months from the effective date; effective date being the date on which the National Company Law Tribunal (NCLT) approves the repayment plan. The repayment is proposed as under:

Particulars	Payment Amount	Implementation Timeline
Initial Deposit in Escrow Account	Rs 2.50 Lakh	Within 7 days of approval of Repayment Plan by creditors
Payment of Resolution Process Cost (Details available in minutes of 3 rd meeting of creditors)	Resolution Process cost as confirmed by RP	E = effective date
Upfront Payment on effective date (Utilising Initial Deposit balance of Rs 2.50 Lakh plus Rs 7.50 Lakh payment)	Rs 10.00 Lakh	E = effective date
1 st Tranche Payment within 3 months from the effective date	Rs 136.50 Lakh	E + 90 days
Last and Final Tranche Payment within 6 months from the effective date	Rs 136.50 Lakh	E + 180 days
Total:	Rs 283.00 Lakh plus Resolution process cost	

8. The summary on compliances with provisions of the Code as mentioned in the above report dated 22.06.2024 is as under:-

• Summary on compliances with provisions of the code under the proposed Repayment Plan:

Compliance Clause	Requirement	Status	Remarks
Section 105 - Repayment Plan			
Section 105(1)	Debtor to prepare a repayment plan in consultation with the resolution professional	✓	The repayment plan has been prepared in consultation with resolution professional, reviewed by the creditors and discussed in a meeting of creditors. Following this, the Personal Guarantor submitted the final plan.
Section 105(2)(a)	Plan may authorize the resolution professional to carry on the debtor's business or trade on his behalf or in his name	✓	The Personal Guarantor is a senior citizen who is not engaged in any business or trade (Clause 8).
Section 105(2)(b)	Plan may authorize the resolution professional to realize the assets of the debtor	✓	Source of Repayment Plan is proposed as

Compliance Clause	Requirement	Status	Remarks
			disposal of two assets. (Clause 2 and Summary of Assets)
Section 105(2)(c)	Plan may authorize the resolution professional to administer or dispose of any funds of the debtor	✓	The plan proposes to open an Escrow Account for depositing the proceeds from the sale of assets. Payments to creditors will be made from this account by the Resolution Professional (Clause 11).
Section 105(3)(a)	Plan shall include justification for its preparation and reasons for creditor agreement	✓	Neither the Personal Guarantor nor the principal borrower have any business operations or income. The Repayment Plan is proposed by sourcing funds from the sale of two assets of the Personal Guarantor. (Clause 6)
Section 105(3)(b)	Provision for payment of fee to the resolution professional	✓	The Repayment Plan proposes that the fees of the Resolution Professional and the Resolution Process costs be paid in priority, as per the provisions of the code

Compliance Clause	Requirement	Status	Remarks
			(Clause 5 and 10).
Section 105(3)(c)	Inclusion of other specified matters	✓	In case of failure to realize proceeds from the sale of assets within the timeline, the Repayment Plan proposes to bring in the required funds from relatives and family members (Clause 4).
Regulation 17 - Contents of Repayment Plan			
Regulation 17(1)(a)	Term of the repayment plan and implementation schedule, including amounts and dates of repayment to creditors	✓	The total term of the Repayment Plan is six months from the date of its approval by the Hon'ble NCLT (Clause 5 and 9).
Regulation 17(1)(b)	Source of funds for paying resolution process costs, prioritizing such payments over creditors	✓	Raising funds from relatives and family members (Clauses 4 and 10).
Regulation 17(1)(c)	Minimum budget for duration of the plan, covering reasonable expenses of the guarantor and dependents, with at least 10% of realizable income for debt repayment	✓	The Personal Guarantor, a senior citizen with no income, also does not have any dependents.
Regulation 17(1)(d)	Financing required for implementation of the plan	✓	Raising funds from relatives and family members. (Clause 4)
Regulation 17(1)(e)	Manner of conducting the guarantor's business during the plan and role of the resolution professional	✓	Personal Guarantor is a senior citizen, not engaged in

Compliance Clause	Requirement	Status	Remarks
			any business or trade. (Clause 8)
Regulation 17(1)(f)	Handling of funds held for the plan, invested or otherwise dealt with pending repayment to creditors	✓	The plan proposes to open an Escrow Account for the deposition of proceeds from the sale of assets. Payments to creditors will be made from this account by the Resolution Professional. (Clause 11)
Regulation 17(1)(g)	Functions of the resolution professional, including supervision and implementation of the plan	✓	Resolution Professional to monitor the implementation of the repayment plan. (Clause 9 to 14)
Regulation 17(1)(h)	Variation of onerous terms of a contract or transaction involving the guarantor	✓	No such onerous contract or transactions involving the guarantor present.
Regulation 17(1)(i)	Details of excluded assets and excluded debts of the guarantor	✓	The Personal Guarantor confirms that there are no excluded assets or debts. (Clause 7)
Regulation 17(1)(j)	Terms and conditions for the discharge of the guarantor	✓	The Repayment Plan proposes seeking a discharge order upon fulfilment of the obligations as proposed under

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Compliance Clause	Requirement	Status	Remarks
			the repayment plan. (Clause 14)
Regulation 17(2)(a)	Transfer or sale of all or part of the guarantor's assets and mode and manner of such sale	✓	Repayment Plan source of fund is proposed by sale of two assets. (Clause 1 and 13)
Regulation 17(2)(b)	Administration or disposal of any funds of the guarantor	✓	Personal Guarantor is a senior citizen, not engaged in any business or trade. Funds sourced for repayment plan to be placed in an escrow account. (Clause 11)
Regulation 17(2)(c)	Satisfaction or modification of any security interest	✓	Repayment Plan proposes release of the security interest on all the 3 assets as two of the assets are offered for sale for sourcing funds for the repayment plan and third one is to be released upon implementation of the plan. (Clause 1 and 13)
Regulation 17(2)(d)	Reduction in the amount payable to creditors	✓	The Repayment Plan is proposed by one out of the five guarantors against whom the insolvency resolution

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Compliance Clause	Requirement	Status	Remarks
			process is initiated. The plan proposes payment of Rs 2.83 Crore towards the discharge of obligations of Mr. Mohammad Hussain Farooqui only. No further reduction in the amount payable to creditors is sought.
Regulation 17(2)(e)	Curing or waiving of any breach of a debt due from the guarantor	✓	No such waivers sought in the repayment plan.
Regulation 17(2)(f)	Modification in the terms of repayment of any debt due from the guarantor	✓	No such waivers sought in the repayment plan.
Regulation 17(2)(g)	Part of the guarantor's income to be used for debt repayment and manner of calculating the income	✓	Personal Guarantor is a senior citizen, not engaged in any business or trade.
Regulation 17(2)(h)	Handling of funds held for repayment to creditors, and treatment of such funds at the end of the plan	✓	Plan proposed to open an Escrow Account for deposition of realisation of assets and payment from the said account to creditors by Resolution Professional. (Clause 11)

Compliance Clause	Requirement	Status	Remarks
Regulation 17(2)(i)	Other matters as required by the creditors	✓	Three meetings of creditors were convened. The Repayment Plan was negotiated with the Personal Guarantor by creditors, and the final repayment plan, as received, was tabled for the approval of creditors in its third meeting, dated 11.06.2024.

This checklist is intended to ensure comprehensive compliance with the relevant provisions of the Insolvency and Bankruptcy Code, 2016, and associated regulations in the preparation and submission of the repayment plan for Mr. Mohammad Hussain Farooqui.

9. In respect of the Implementation and Monitoring, at para 6 of the report dated 22.06.2024, it is stated that:-

"If approved, the repayment plan will be implemented as per the Schedule provided. The RP will oversee the implementation process, ensuring that payments are made as per the approved plan and reporting any deviation to Adjudicating Authority".

10. In compliance of the order dated 05.07.2024 wherein this Tribunal has directed to file the Valuation Report of both the properties owned by the Personal Guarantor and proper Authorization/Power of Attorney to represent the Personal Guarantor, a compliance affidavit under inward no. D6208 dated 06.08.2024 was filed. In the said affidavit, it is stated that:-

1. The Mortgage Property being all the part and parcel of the open diverted land lying and being at Survey No. 260 and Patwari Halka No. 61, admeasuring about 36122 Sq. Ft at Village: Silotiya, Tehsil and Dist. Dhar (M.P) having valuation of market price is Rs. 1,73,40,000/-, realisable value Rs. 1,56,10,000/- and distress value of Rs. 1,40,50,000/- as per valuation report dated 18.06.2024 received by the Financial Creditor from M/s Manoj Gupta & Associates, a Government Registered valuer, a copy whereof is annexed herewith and marked as Annexure A.
2. The Mortgage property being all the part and parcel of the land admeasuring 675 Sq. Ft or thereabouts designated as Block No. 52, of "Bina Nagar" Co Operative Housing Society Ltd., Tandalja, Vadodara, lying being and situated on Revenue Survey No. 439/1, City Survey Sheet No. 10 of Vadodara along with Common Passages, amenities and ways having valuation of market price is Rs. 1,05,39,000/-, realisable value Rs. 90,00,000/- and distress value of Rs. 80,00,000/- as per

valuation report dated 08.08.2023 received by the Financial Creditor from Best Appraisal Consultants, a Government Registered valuer, a copy whereof is annexed herewith and marked as Annexure-B.

3. The Mortgage property being all the part and parcel of the Immovable property lying and being Super Built-up area admeasuring 194.70 Sq. Meters or thereabouts designated as Flat No. 2 on the ground floor of "Shelter Apartment", Akota, Vadodara, lying being and situated on the land bearing Revenue Survey No. 148/2, City Survey No. 1950 in Village: Mauje Akota, Taluka Dist., Vadodara having valuation of market price is Rs. 67,00,000/-, realisable value Rs. 56,00,000/- and distress value of Rs. 50,00,000/- as per valuation report dated 16.05.2023 received by the Financial Creditor from Best Appraisal Consultants, a Government Registered valuer, a copy whereof is annexed herewith and marked as Annexure-C.
4. The Financial Creditor has approved the Repayment Plan on the basis of above mortgage properties of Personal guarantor considering the valuation of the immovable properties. It is submitted that in repayment plan dated 29.05.2024, personal guarantor has not disclosed any other assets as mentioned above.
5. The sole Financial Creditor has evaluated the repayment plan submitted by personal guarantor and it is viable. Hence, voted in favour of approval of the Repayment Plan of Personal Guarantor.

11. Further, in compliance of the extended order dated 07.08.2024, a compliance affidavit under inward diary no.

D6385 dated 13.08.2024 was filed to place on record the

Power of Attorney. The same was taken on record.

12. During the course of hearing on 13.08.2024, counsel for the RP sought time to file another affidavit clarifying the issues of the mortgaged assets as well as the subsequent payments being upfront payments received from the Personal Guarantor after filing of this application. Accordingly, this Tribunal allowed the Applicant to file the additional affidavit and hold one meeting of CoC within a week. The said order records as under:-

Ld. Counsel for the Applicant/RP, after making submissions, seeks time to file another additional affidavit clarifying the issues of the mortgaged assets as well as the subsequent payments being upfront payments received from the Personal Guarantor after filing of this application in the matter. Liberty is also given to the Applicant/RP to hold one meeting of CoC within a week and file the status thereof along with additional affidavit.

Applicant/RP is also directed to file short synopsis in the matter not exceeding 02 pages.

13. In compliance of the above order, an additional affidavit under inward diary no. D6750 dated 03.09.2024 was filed by the Applicant. In the said affidavit, it is stated that:-

1. In accordance with the payment schedule provided in Clause 5 of the repayment plan, the Personal Guarantor has submitted a Demand Draft bearing no. 505667 dated 04.07.2024 for an amount of INR 2.50 Lakhs as Upfront Deposition under the repayment

plan. The said amount has been credited to the designated PIRP Bank Account. A copy of the Demand Draft and Bank Draft is annexed as Annexure-A of this affidavit.

2. The Personal Guarantor has intimated the Applicant that he has identified proposed purchaser of one of the properties mentioned in Clause 2 of the repayment plan.

3. As per the Statement of Affairs, the Applicant identified following 3 real estate assets:-

- a. 52, Bina Nagar, Vasna Road, Vadodara,
- b. Flat No. 2, Ground Floor, Shelter Apartment, Vasna Road, Vadodara, and
- c. Survey No. 260, Patwari Halka no.61 Village Silotiya dhar, MP.

4. All three properties are mortgaged with the Financial Creditor – Canara Bank. Out of the above, the repayment plan envisages sale of above 2 properties (b) and (c) for realizing the amounts payable under the repayment plan and balance amount of repayment plan, if any, shall be raised by the Personal Guarantor from their family and relatives. As provided in Clause 13 of the repayment plan, Canara Bank has agreed to provide NOC for sale of aforementioned properties to

prospective buyers and has clarified that it shall also release the charge on the mortgaged properties upon full and final payment as per terms proposed in the repayment plan.

5. In order to seek clarification regarding release of charge over all 3 mortgaged properties, as per liberty granted by this Tribunal on 13.08.2024, the Applicant convened 4th meeting of creditors on 17.08.2024 which was attended by the officials of Canara Bank, representative of Personal Guarantor and Applicant. The Canara Bank clarified and confirmed that security interest/charge over the three mortgaged properties of the Personal Guarantor shall be released by the Bank in the following manner:-

Sr No	Property	Payment required to release security interest	Release of security interest
1.	Flat No. 2 Ground Floor Shelter Apartment Vasna Road, Vadodara Proposed for sale in Repayment Plan	Rs 58.00 Lakh	After verifying the receipt of funds in PIRP account
2.	Survey No. 260 Patwari Haika no 61 Village Silotiya Dhar, Madhya Pradesh Proposed for sale in Repayment Plan	Rs 150.00 Lakh	After verifying the receipt of funds in PIRP account
3.	52, Bina Nagar Vasna Road, Vadodara Not Proposed for sale in Repayment Plan	To be released only upon receipt of entire payment as proposed under Repayment Plan	Upon receipt of entire payment as proposed under Repayment Plan

Copy of the minutes of 4th meeting of creditors dated 17.08.2024 is annexed hereto and marked as **Annexure – "B"**.

14. A synopsis on behalf of the Applicant was filed on

03.09.2024 under inward diary no. D6767 which was taken on record.

15. A purshish on behalf of Applicant is filed under inward diary no. D7783 dated 14.10.2024 requesting this Tribunal to pass appropriate directions for payment of personal insolvency process costs incurred by the Applicant (at page 89 and 90) of captioned IA). In the said affidavit, it is stated that “should the repayment plan be rejected under section 114(a) of the code owing to non-cooperation of the Personal Guarantor or for such other reason, this Tribunal be pleased to grant consequent liberty to the Personal Guarantor and/or creditor i.e., Original Petitioner for filing appropriate application under Section 115(2) of the Code”.

IA/1084(AHM)2024

16. The most of the facts of this IA are similar to the facts of IA/999(AHM)2024. Hence, for the sake of brevity, we are not repeating the same here. It is stated that:-

- I. Upon perusal of individual revised repayment plan submitted on 30.05.2024, the Applicant realized that the Personal Guarantor had failed to include certain assets belonging to him in the repayment plan.

Accordingly, on 04.06.2024, the Applicant addressed an email to the Personal Guarantor calling upon to submit a revised plan including such other assets. Thereafter, the Applicant sent reminders through email on 20.06.2024 and 22.06.2024 reiterating to submit revised resolution plan, failing which, the Applicant would be constrained to treat the repayment plan dated 30.05.2024 as final.

- II. Since the Personal Guarantor failed to provide other repayment plan, the Applicant held 3rd meeting of the creditors on 25.06.2024 for discussion of the said plan. In the said meeting, the creditors opined that said plan is not viable and called upon the Personal Guarantor for his final view after taking into consideration the additional assets available in his name.
- III. The 4th meeting of creditors was held on 29.06.2024 wherein the Personal Guarantor submitted a revised resolution plan. In the said meeting, the Applicant informed the creditors that repayment value in the plan was substantially increased from INR 95 Lakhs to INR 180 Lakhs plus resolution costs after inclusion of

identified additional assets by the Personal Guarantor. However, the creditors opined that revised plan did not meet with the guideline rate value of the assets and, hence, called upon the Personal Guarantor to increase the commercial offer.

- IV. In response there to the same, the Personal Guarantor offered to increase the repayment plan value to INR 185 Lakhs plus actual resolution process costs. The upfront payment amount was also agreed to be increased from INR 2.50 Lakhs to INR 5 Lakhs. It was further clarified by the sole creditor that charge on one of the properties of the Personal Guarantor which was jointly owned with one Abdul Majid Farooqui would be released only to the extent of share of the Personal Guarantor i.e., 50% release of charge and balance 50% would be released only after full and final payment by co-owner Abdul Majid Farooqui. The same was also agreed by the Personal Guarantor. Accordingly, the Personal Guarantor was called upon to submit revised repayment plan by 01.07.2024 by including all the agreed upon terms in the 4th meeting.

- V. Pursuant to the above, the Personal Guarantor incorporated all the modifications and submitted the final repayment plan on 01.07.2024 which was put for e-voting till 04.07.2024. On 04.07.2024, the sole creditor accepted the same in entirety. A copy of repayment plan approved by creditor and e-voting are annexed as Annexure-L.
- VI. Considering the time period of 120 days was to end on 06.07.2024, the Applicant prepared report dated 04.07.2024 on the repayment plan. A copy of the said report is annexed as Annexure-M.
17. The salient features of the final Repayment Plan approved by the sole creditor of the Personal Guarantor are as under:-
- a. *Clauses 1, 5 and 9 - Proposed payment of INR 185 Lakhs plus actual resolution process costs in 4 (four) tranches within 180 days from the Effective Date i.e. date of approval of Repayment Plan by this Hon'ble Tribunal, through sale of identified properties. Resolution process costs to be cleared on priority.*
 - b. *Clause 12 - Personal Guarantor has affirmed his commitment to adhere to payment schedule. In case of any situation adversely affecting implementation of Repayment Plan, Section 118 of the IB Code read with Regulation 20 of the Regulations shall apply.*
 - c. *Clause 13 Sole Creditor to issue NOC (to the extent of share of Personal Guarantor) and List of Documents for secured properties upon receipt of agreed upon payment as per the Repayment Plan.*
 - d. *Clause 14 - Upon successful and complete implementation of Repayment Plan, the Applicant to apply to this Hon'ble Tribunal for*

discharge order in relation to the debts mentioned in the Repayment Plan.

18. The proposed payment under the repayment plan is as under:-

Payment Tranches	Amount (Rs)	Timeline
Upfront Deposition	Rs.5.00 Lakh	Within 7 days of approval of Repayment Plan by Creditors
Upfront Payment	Rs.5.00 Lakh plus resolution process cost	On Effective Date – E
First Tranche Payment	Rs.87.50 Lakh	Within E + 90 days
Second and Final Tranche Payment	Rs.87.50 Lakh	Within E + 180 days.

19. A scanned copy of the details of the repayment plan as per the report of the Applicant dated 04.07.2024 is as under:-

2. Details of the Repayment Plan

Mr. AHMED HUSSAIN FAROOQUI has proposed a final repayment plan, after considering modifications as proposed by the creditors in its 4th meeting, dated 29.06.2024 wherein he has proposed to repay an amount of Rs. 185.00 Lakh towards his personal guarantee obligation to the financial creditor, Canara Bank for the debts of Texon Global Private Limited within six months from the effective date; effective date being the date on which the National Company Law Tribunal (NCLT) approves the repayment plan. The repayment is proposed as under:

Particulars	Payment Amount	Implementation Timeline
Initial Deposit in Escrow Account	Rs 5.00 Lakh	Within 7 days of approval of Repayment Plan by creditors
Payment of Resolution Process Cost (Details available in minutes of 4 th meeting of creditors)	Resolution Process cost as confirmed by RP	E = effective date
Upfront Payment on effective date (Utilising Initial Deposit balance of Rs 5.00 Lakh plus Rs 5.00 Lakh payment)	Rs 10.00 Lakh	E = effective date
1 st Tranche Payment within 3 months from the effective date	Rs 87.50 Lakh	E + 90 days
Last and Final Tranche Payment within 6 months from the effective date	Rs 87.50 Lakh	E + 180 days
Total:	Rs 185.00 Lakh plus Resolution process cost	

20. The summary on compliances with provisions of the Code as mentioned in the above report dated 04.07.2024 is as under:-

• Summary on compliances with provisions of the code under the proposed Repayment Plan:

Compliance Clause	Requirement	Status	Remarks
Section 105 - Repayment Plan			
Section 105(1)	Debtor to prepare a repayment plan in consultation with the resolution professional	✓	The repayment plan has been prepared in consultation with resolution professional, reviewed by the creditors and discussed in a meeting of creditors. Following this, the Personal Guarantor submitted the final plan.
Section 105(2)(a)	Plan may authorize the resolution professional to carry on the debtor's business or trade on his behalf or in his name	✓	The Personal Guarantor is a senior citizen who is not engaged in any business or trade (Clause 8).
Section 105(2)(b)	Plan may authorize the resolution professional to realize the assets of the debtor	✓	Source of Repayment Plan is proposed as disposal of two assets. (Clause 2 and Summary of Assets)

Compliance Clause	Requirement	Status	Remarks
Section 105(2)(c)	Plan may authorize the resolution professional to administer or dispose of any funds of the debtor	✓	The plan proposes to open an Escrow Account for depositing the proceeds from the sale of assets. Payments to creditors will be made from this account by the Resolution Professional (Clause 11).
Section 105(3)(a)	Plan shall include justification for its preparation and reasons for creditor agreement	✓	Neither the Personal Guarantor nor the principal borrower have any business operations or income. The Repayment Plan is proposed by sourcing funds from the sale of two assets of the Personal Guarantor. (Clause 6)
Section 105(3)(b)	Provision for payment of fee to the resolution professional	✓	The Repayment Plan proposes that the fees of the Resolution Professional and the Resolution Process costs be paid in priority, as per the provisions of the code (Clause 5 and 10).
Section 105(3)(c)	Inclusion of other specified matters	✓	In case of failure to realize proceeds from the sale of assets within the timeline, the Repayment Plan proposes to bring in the required funds from relatives and family members (Clause 4).

Regulation 17 - Contents of Repayment Plan

Compliance Clause	Requirement	Status	Remarks
Regulation 17(1)(a)	Term of the repayment plan and implementation schedule, including amounts and dates of repayment to creditors	✓	The total term of the Repayment Plan is six months from the date of its approval by the Hon'ble NCLT (Clause 5 and 9).
Regulation 17(1)(b)	Source of funds for paying resolution process costs, prioritizing such payments over creditors	✓	Raising funds from relatives and family members (Clauses 4 and 10).
Regulation 17(1)(c)	Minimum budget for duration of the plan, covering reasonable expenses of the guarantor and dependents, with at least 10% of realizable income for debt repayment	✓	The Personal Guarantor, a senior citizen with no income, also does not have any dependents.
Regulation 17(1)(d)	Financing required for implementation of the plan	✓	Raising funds from relatives and family members. (Clause 4)
Regulation 17(1)(e)	Manner of conducting the guarantor's business during the plan and role of the resolution professional	✓	Personal Guarantor is a senior citizen, not engaged in any business or trade. (Clause 8)
Regulation 17(1)(f)	Handling of funds held for the plan, invested or otherwise dealt with pending repayment to creditors	✓	The plan proposes to open an Escrow Account for the deposition of proceeds from the sale of assets. Payments to creditors will be made from this account by the Resolution Professional. (Clause 11)
Regulation 17(1)(g)	Functions of the resolution professional, including supervision and implementation of the plan	✓	Resolution Professional to monitor the implementation of the repayment plan. (Clause 9 to 14)
Regulation 17(1)(h)	Variation of onerous terms of a contract or	✓	No such onerous contract or

Compliance Clause	Requirement	Status	Remarks
	transaction involving the guarantor		transactions involving the guarantor present.
Regulation 17(1)(i)	Details of excluded assets and excluded debts of the guarantor	✓	The Personal Guarantor confirms that there are no excluded assets or debts. (Clause 7)
Regulation 17(1)(j)	Terms and conditions for the discharge of the guarantor	✓	The Repayment Plan proposes seeking a discharge order upon fulfilment of the obligations as proposed under the repayment plan. (Clause 14)
Regulation 17(2)(a)	Transfer or sale of all or part of the guarantor's assets and mode and manner of such sale	✓	Repayment Plan source of fund is proposed by sale of two assets. (Clause 2)
Regulation 17(2)(b)	Administration or disposal of any funds of the guarantor	✓	Personal Guarantor is a senior citizen, not engaged in any business or trade. Funds sourced for repayment plan to be placed in an escrow account. (Clause 11)
Regulation 17(2)(c)	Satisfaction or modification of any security interest	✓	Repayment Plan proposes release of the security interest on properties exclusively owned by Mr. Ahmed Hussain Farooqui. For properties owned jointly with other persons, the Bank is requested to issue a letter regarding the release of charge for the property share of Mr. Ahmed Hussain Farooqui

Compliance Clause	Requirement	Status	Remarks
			<p>and grant him the first right to acquire the balance share in the event of any legal actions on the said properties warranted by the Bank.</p> <p>Additionally, Canara Bank is requested to issue a No-Objection Certificate ("NOC") for their debts and a List of Documents ("LOD") for the identified properties to the prospective buyer, indicating the release of security interest upon receipt of the agreed-upon payment as per the Repayment Plan. This payment should be made into the designated account operated by the Resolution Professional for remitting payments under the Repayment Plan. Upon receipt of the proceeds against the property as specified in the Repayment Plan, Canara Bank shall release the charge created over such assets within 15 days of receiving the proceeds into the designated account.</p>



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Compliance Clause	Requirement	Status	Remarks
Regulation 17(2)(d)	Reduction in the amount payable to creditors	✓	(Clause 2 and 13) The Repayment Plan is proposed by one out of the five guarantors against whom the insolvency resolution process is initiated. The plan proposes payment of Rs 185 Lakh towards the discharge of obligations of Mr. Ahmed Hussain Farooqui only. No further reduction in the amount payable to creditors is sought.
Regulation 17(2)(e)	Curing or waiving of any breach of a debt due from the guarantor	✓	No such waivers sought in the repayment plan.
Regulation 17(2)(f)	Modification in the terms of repayment of any debt due from the guarantor	✓	No such waivers sought in the repayment plan.
Regulation 17(2)(g)	Part of the guarantor's income to be used for debt repayment and manner of calculating the income	✓	Personal Guarantor is a senior citizen, not engaged in any business or trade. (Clause 8)
Regulation 17(2)(h)	Handling of funds held for repayment to creditors, and treatment of such funds at the end of the plan	✓	Plan proposed to open an Escrow Account for deposition of realisation from sale of assets and payment from the said account to creditors by Resolution Professional. (Clause 11)
Regulation 17(2)(i)	Other matters as required by the creditors	✓	Four meetings of creditors were convened. The Repayment Plan was negotiated with the Personal

Compliance Clause	Requirement	Status	Remarks
			Guarantor by creditors, and the final repayment plan, as received, was tabled for the approval of creditors in its third meeting, dated 29.06.2024.

This checklist is intended to ensure comprehensive compliance with the relevant provisions of the Insolvency and Bankruptcy Code, 2016, and associated regulations in the preparation and submission of the repayment plan for Mr. Ahmed Hussain Farooqui.

21. In respect of the Implementation and Monitoring, at para 6 of the report dated 04.07.2024, it is stated that:-

"If approved, the repayment plan will be implemented as per the Schedule provided. The RP will oversee the implementation process, ensuring that payments are made as per the approved plan and

reporting any deviation to Adjudicating Authority”.

22. In compliance of the order dated 13.08.2024 an additional affidavit and synopsis under inward diary no. D6751 and D6771 were filed on 03.09.2024. In the said affidavit, the Applicant has stated that:-

I. In accordance with the payment schedule provided in Clause 5 of the repayment plan, the Personal Guarantor has submitted a Demand Draft bearing No. 505006 dated 11.07.2024 for an amount of INR 5.00 Lakhs as Upfront Deposition under the repayment plan. The said amount has been credited to the designated PIRP Bank Account. A copy of the Demand Draft and Bank Draft is annexed as Annexure-A of this affidavit.

II. As per the Statement of Affairs, the Applicant identified following 3 real estate assets belonging to the Applicant (individually or jointly):-

- a. *H. No. 2557, Gokulganj Mhow, M.P.,*
- b. *Joint Family Land at Village – Karadiya, Dhar, Madhya Pradesh*
- c. *H. No. 2536, Gokulganj Mhow, M.P (jointly owned property comprising of 50% share of Ahmed Hussain Farooqui).*

III. From the said three properties, two properties being properties (a) and (c) above are mortgaged with the Financial Creditor – Canara Bank. The repayment

plan envisages sale of all three properties to the extent of share of Applicant *inter alia* for realizing the amounts payable under the repayment plan and balance amount of repayment plan, if any, shall be raised by Personal Guarantor from their family and relatives.

IV. As provided in Clause 13 of the repayment plan read with 4th meeting of creditors held on 29.06.2024, Canara Bank has agreed to provide NOC for sale of aforementioned properties to prospective buyers (to the extent of share of Ahmed Hussain Farooqui) and has clarified that it shall also release the charge on the mortgaged properties (to the extent of share of Ahmed Hussain Farooqui) upon full and final payment as per terms proposed in the repayment plan.

V. In order to seek clarification regarding release of charge over the 2 mortgaged properties, as per liberty granted by this Tribunal on 13.08.2024, the Applicant convened 5th meeting of creditors on 17.08.2024 which was attended by the officials of

Canara Bank, representative of Personal Guarantor and Applicant. The Canara Bank clarified and confirmed that security interest/charge over the three mortgaged properties of the Personal Guarantor shall be released by the Bank in the following manner:-

Sr No	Property	Payment required to release security interest	Release of security interest
1.	H.No. 2557 Gokul Ganj Mhow, M.P. Proposed for sale in Repayment Plan	Rs 40.00 Lakh	After verifying the receipt of funds in PIRP account
2.	H. No. 2536 Gokul Ganj Mhow, M.P. Proposed for sale in Repayment Plan	Rs 55.00 Lakh	Since the property is jointly owned by another Personal Guarantor, Mr. Abdul Majid, the security interest cannot be fully released. However, Canara Bank will issue an NOC/ Letter confirming the discharge of liabilities against this asset by Mr. Ahmed Hussain Farooqui. Furthermore, Canara Bank will grant Mr. Ahmed Hussain Farooqui the first right to purchase the remaining share of the asset if it is to be sold under any other legal proceedings.

Copy of the minutes of 5th meeting of creditors dated 17.08.2024 is annexed hereto and marked as **Annexure - "B"**.

23. During the hearing on 14.10.2024, Ld. Sr. Counsel for the Personal Guarantors has requested to submit new repayment plan by tomorrow along with upfront payment and sought adjournment of one day which was allowed by this Tribunal. However, during the hearing on 16.10.2024, counsel for the Personal Guarantor stated that their clients will stick to their previous repayment plan that may be approved. The said order dated 16.10.2024 records as under:-

"It is seen that, on 14.10.2024, Ld. Sr. Counsel for the PG requested to submit new joint repayment plan by the next date along with the upfront amount and sought adjournment for one day.

It was orally agreed to deposit Rs.35.00 Lacs as upfront amount with the Bank along with the repayment plan. However, neither any proof of deposit of upfront amount has been placed before us nor confirmed by the Ld. Counsel for the PG to have been deposited with the FC.

It has been apprised by the Ld. Counsel for the FC that only through e-mail, one letter of revised repayment plan submitted only at 07:48 PM yesterday without any upfront amount. Mr. Jai Ram, Chief Manager and Mr. Chandra Shekhar, Law Officer of the FC Bank submitted that since this letter was received after the banking hours and it was not responded. It will be communicated today and the offer given in the repayment plan is not acceptable to the FC in the present form without upfront amount.

Ld. Counsel for the PG, on instructions from clients, states that since the new repayment proposal is not acceptable to the FC, their clients will stick to their previous repayment plan that may be approved".

24. In the above backdrop of the facts, we have heard the counsels for the Applicant/RP, Personal Guarantors and Financial Creditor and perused the records. At the outset, it may be stated that when the RP convened a meeting of the creditors for the purpose of voting of the Repayment Plan of the Personal Guarantor, it was always open for the creditor to either accept or reject or even suggest modifications in the repayment plan. In this case, the revised repayment plan of Mohammad Hussain Farooqui (Personal Guarantor-1) and Ahmad Hussain Farooqui (Personal Guarantor-2) were approved in entirety at the 3rd and 4th meeting of creditors held on 21.06.2024 and 29.06.2024 respectively.

25. For the sake of ready reference, we reproduce Section

111 of the Code as under:-

"The repayment plan or any modification to the repayment plan shall be approved by a majority of more than three-fourth in value of the creditors present in person or by proxy and voting on the resolution in a meeting of the creditors".

26. Since the creditor has approved the repayment plan with 100% voting share, keeping in view the provision contained in section 114 (1), we are passing an order on the basis of the report prepared by RP under section 106 of the Code which confirms that the repayment plan is in compliance with Section 112 of IBC, 2016.
27. We have also considered the recommendations made by the RP in its report dated 22.06.2024 and 04.07.2024 wherein the RP has recommended for the approval of the repayment plan submitted by the Personal Guarantor-1 and Personal Guarantor-2.
28. The Resolution Professional also submits that the Insolvency Resolution Process for the Personal Guarantor has been conducted in compliance with the IBC, 2016 and other applicable laws.
29. Accordingly, we approve the repayment plan with effect

from the date of this order, with the following directions:-


- a) The Resolution Professional shall supervise the implementation of the Repayment Plan as per the terms and conditions mentioned therein and file his final report soon after the implementation of the plan or upon completion of the timelines mentioned in the plan, whichever is earlier.
- b) Upon completion of the Repayment Plan, the Resolution Professional shall comply with the provisions stated in Section 117 of the Code.
- c) The creditors shall withdraw all the legal proceedings before various fora against the debtor within one month of the fulfillment of repayment obligations by the debtor in accordance with the terms of the repayment plan.
- d) In the event of a maximum 30 days' delay for any unforeseen circumstances, granting a grace period shall be within the jurisdiction of the implementation committee to waive without declaring default.
- e) On full implementation of the Repayment Plan, the Personal Guarantees given by all the Personal Guarantors shall be released by the Financial Creditors.
- f) The debtor is permitted to share a certified copy of this repayment plan and order of this Tribunal

approving this repayment plan with third parties including statutory/government authorities wherever needed.

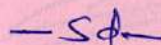
- g) The approval of the Repayment Plan shall not be construed as waiver of excluded debts as defined U/s 79(14) if any.
- h) The Registry is directed to send a copy of this order to IBBI.
- i) The Resolution Professional, the Applicant herein shall forward all the records pertaining to the Insolvency Resolution Process against the Personal Guarantor to IBBI.

30. With the above directions, IA/999(AHM)2024 in CP(IB) No. 166 of 2022 and IA/1084(AHM)2024 in CP(IB) No. 164 of 2022 stand disposed off.

31. A certified copy of this order may be issued, if applied for, upon compliance with all requisite formalities.


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SAMEER KAKAR
MEMBER (TECHNICAL)


-sd-

SHAMMI KHAN
MEMBER (JUDICIAL)

Rajeev/P.S