

**IN THE NATIONAL COMPANY LAW TRIBUNAL  
BENGALURU BENCH**  
*(Exercising powers of Adjudicating Authority under  
The Insolvency & Bankruptcy Code, 2016)*

**I.A No. 245 of 2022**  
U/s 60 (5) (c) of I& B Code,  
In  
**C.P (IB) No. 181/BB/2018**  
U/s 7 of the IBC Code  
r/w Rule 4 of Insolvency and Bankruptcy  
(AAA) Rules, 2016

*In the matter of*

**Karnataka State Financial Corporation**

Ramanagar Branch, No.642, First Floor,  
Opp: Zilla Panchayath Bhavan,  
Vidyanagar, Bengaluru  
Mysuru-Road,  
Ramanagar- 562 159, --- Applicant

*And*

**1. Innovative Film City,**

No.24 & 26, Bidadi,  
Bengaluru-5620109

**2.M/s Suresh Productions Private Limited,**

Regd. Office: D.No.8-2-293/82/J1111/6,  
Ramanaidu Studios, Film Nagar,  
Jubilee Hills,  
Hyderabad-500033  
Andhra Pradesh (INDIA)  
Represented by the Managing Director --- Respondents

**Order delivered on: 9<sup>th</sup> June, 2023**

**Coram:** 1. Hon'ble Justice (Retd) T.Krishnavalli, Member (Judicial)  
2. Hon'ble Shri Manoj Kumar Dubey, Member (Technical)

**Parties/Counsels Present:**

For the R2 in  
I.A No.245/2022 : Shri Rohan Tigadi  
For the Applicant  
in IA No.245/2022 : Shri B.Rajendra (Deputy Manager)

**ORDER**

**Per: T.Krishnavalli, Member (Judicial)**

1. This application is filed on 26.05.2022 by Karnataka State Financial Corporation under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 seeking relief as follow;
  - a) *Allow the instant Application; and,*
  - b) *Direct the Respondent No 2 to complete all formalities and make payment of the balance amount of Rs.85, 70,556-00(Rupees Eighty Five Lakhs Seventy Thousand Five Hundred and Fifty Six Only) to the Applicant Corporation as admitted by the then Official Liquidator and also undertaken by the Respondent No.02 as per the Compromise Scheme dated 08.01.2021;*
  - c) *Pass any other or further Order as this Hon'ble Tribunal may deem fit and proper to grant in the facts and circumstances of the case. Final*
2. The facts of the case are briefly stated as under:
  - a) The application filed against the Corporate Debtor was admitted on 11.04.2019 and on 6.1.2020, this Adjudicating Authority initiated liquidation proceedings.
  - b) In response to an announcement on 28/29.01.2020, the liquidator received a compromise proposal from Respondent No 2 on 9.03.2020 and the stakeholders were apprised of the Scheme. The secured creditors in their meeting held on 30.03.2020 unanimously approved the Compromise Scheme submitted by the Respondent No 2. However, both the secured creditors, while approving the Scheme and making claims, have not relinquished their security interest.
  - c) The Respondent No 2 was the only one Resolution Applicant during the CIRP. Subsequently the respondents no 2 requested the liquidator and in consultation with the Stakeholder's Consultation Committee, has decided to re-open the studios. The Respondent No 2 had also given an undertaking/guarantee to bear the entire cost of re-opening, amounting to approximately Rs.190.00 lakhs and to handover a surplus of Rs.30.00 lakhs that would be generated during the next three months.
  - d) On 08.01.2021, this Tribunal approved the Scheme of Compromise filed by the Respondent No 2 and appointed a Supervisory Committee Chairman and one nominee each from the Applicant corporation (Financial Creditor) and M/s Vel Film International Ltd (Loan assignee of the Applicant corporation) to supervise the implementation of the Scheme

- e)** The Respondent No 2 has to make payment of loan over dues of the erstwhile Corporate Debtor Company to the Applicant corporation, but same has not been made by the Respondent No 2.
  - f)** The official liquidator of the 1<sup>st</sup> respondent company has admitted a claim of Rs.18,86,70,556.00. The Applicant corporation has assigned the loan of Rs.18,01,00,000.00 out of the total liability of Rs.22,31,45,350.37 as on 10.01.2021 in favour of M/s Vels Films International Limited, Chennai, Tamil Nadu. Therefore, the Respondent No.2 is legally bound to make payment of the balance amount of Rs.85,70,556.00 out of the admitted claim of Rs.18,86,70,556.00.
  - g)** Accordingly, this application has been filed seeking directions from this Adjudicating Authority to the Respondent No 2 for payment of Rs.85,70,556/- to the Applicant.
- 3.** The Respondents no 2 filed reply on 6.10.2022 , inter alia contended as under:
- a)** It is stated that Suresh Productions Entertainment LLP ( herein after “SPEL” ) was a party to the Scheme of compromise and arrangement in respect of Innovative Studios Private Limited ( hereinafter “ISPL”). The Respondent No 2 had no role in relation to ISPL. The Respondent No 2 has wrongly been arraigned as a party to the proceedings instead of SPEL.
  - b)** The Applicant assigned security interest in favour of VELS Film International Limited. Subsequently, the liquidator filed an Interlocutory application before this Tribunal seeking permission to accept assignment of security interest and consequently modify the entries in the list of stakeholders; same was disposed of by granting permission on 16.09.2020 in IA No.384 of 2020.
  - c)** On 5.02.2021, the Applicant executed a loan agreement with VELS Film International Limited and assigned the entirety of the loan amount due from the corporate debtor/ISPL in favour of VELS Film International Limited for a consideration of Rs.18,01,00,000/-
  - d)** The entirety of the loan due to the Applicant from ISPL has been settled under the Scheme of compromise in favour of VELS Film International Limited. For the reasons best known to the Applicant, the loans were assigned to VELS Film International Limited at a discount price. Therefore, the Applicant has no rights whatsoever to claim the discounted sum of Rs,85,70,556/- from the Respondent No 2 or SPEL.
  - e)** Moreover, it was SPEL and not Respondent No 2 which was a party to the scheme of arrangement , therefore application against Respondent 2 deserves to be dismissed.

- f) On 19.07.2022, the name of ISPL has changed to VELS Studios and Entertainment Private Limited.
4. On 8.2.2023, this Tribunal directed the parties to file brief synopsis. The Respondent No 2 filed synopsis vide diary no 936 dated 17.02.2023, *inter alia* contenting as under:
- i) It is stated that the Applicant/KSFC assigned the entirety of the loan amount of Rs.18,86,70,556/- due under the scheme of compromise to VELS Film International Limited for a total loan assignment consideration of Rs.18,01,00,000/-(KSFC/Applicant, providing for a discount of Rs.85,70,000/-.Therefore, the Applicant /KSFC cannot claim balance sum from 2<sup>nd</sup> Respondent or Suresh Productions Entertainment LLP
- ii) Suresh Production Entertainment, LLP a related entity of the 2<sup>nd</sup> respondent, was a party to the scheme. Therefore, the application is filed against a wrong entity and is liable to be rejected as not maintainable on that ground alone.
5. On 8.2.2023, the Learned Counsel for the Applicant requested time to amend the cause title in this IA .However, the same was opposed by the respondent counsel on the ground that the respondent no 2 arrayed in the IA is not at all party to the Scheme of Amalgamation and Suresh Production Entertainment LLP was a party to the Scheme. Further, submitted that these two Companies are separate legal entities one being a Company and another a LLP.
6. Heard learned Counsels for the Applicant and the respondent. We have carefully perused the pleadings of the party and extant provisions of the Code and Rules made there under.
7. We observed that, on 8.1.2021, this Tribunal sanctioned the Scheme of Compromise filed by M/s Suresh Productions Entertainment LLP. On 16.09.2020, this Tribunal granted permission to the Liquidator to accept assignment of security interest by the Applicant in favour of VELS Film International Limited and to modify the entries in the list of stakeholders. On 5.2.2021, the Applicant executed a Loan Assignment Agreement with VELS Film International Limited, and assigned the entire loan amount of Rs.18,86,70,556/- for an amount of Rs. 18,01,00,000/- Therefore the balance amount of Rs.85,70,556 cannot be allowed to the Applicant in the present application.Moreover, the Applicant has filed application making the wrong entity as Respondent No 2 as discussed above.In view of the above this **IA NO 245 OF 2022 is dismissed .**

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**(MANOJ KUMAR DUBEY)**  
**MEMBER (TECHNICAL)**

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**(T KRISHNAVALLI)**  
**MEMBER (JUDICIAL)**