

**IN THE NATIONAL COMPANY LAW TRIBUNAL**  
**AHMEDABAD**  
**COURT - 2**

ITEM No.302

**IA/1467(AHM)2023**

**in**

**CP(IB)/184(AHM)2022**

**Order under Section 30(6), 31 r.w 39(4) of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016**

**IN THE MATTER OF:**

Rishabh Chand Lodha RP of Saurashtra Specialities Pvt Ltd      **.....Applicant**

**.....Respondent**

**Order delivered on: 01/02/2024**

**Coram:**

**Mrs. Chitra Hankare, Hon'ble Member(J)**

**Dr. Velamur G Venkata Chalapathy, Hon'ble Member(T)**

**ORDER**

The case is fixed for pronouncement of order.

The order is pronounced in open Court vide separate sheet.

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**DR. V. G. VENKATA CHALAPATHY**  
**MEMBER (TECHNICAL)**

-sd-

**CHITRA HANKARE**  
**MEMBER (JUDICIAL)**

**IN THE NATIONAL COMPANY LAW TRIBUNAL**

**AHMEDABAD (COURT - II)**

**IA No. 1467 / NCLT / AHM / 2023**

**IN**

**CP(IB) No. 184 / NCLT / AHM / 2022**

*(Application Under Section 30(6), Section 31 r w Section 60(5) of the  
IB Code, 2016 r.w. Reg 39(4) of IBBI Regulations 2016)*

**IN THE MATTER OF**

**Mr. Rishabh Chand Lodha**  
**RP of Saurashtra Specialities Pvt Ltd** .... Applicant

**AND IN THE MATTER OF**

**Aries Paper Company** ... **Operational Creditor**

**VERSUS**

**Saurashtra Specialities Pvt Ltd** ... **Corporate Debtor**

Order pronounced on 01.02.2024

**Coram:**

**MRS. CHITRA HANKARE**  
**HON'BLE MEMBER (JUDICIAL)**

**MR. VELAMUR G VENKATA CHALAPATHY**  
**HON'BLE MEMBER (TECHNICAL)**

## **MEMO OF PARTIES**

**Mr. Rishabh Chand Lodha**

**RP of Saurashtra Specialities Pvt Ltd**

Having Registered Office At:

E-5, Basant Vihar,

Bhilwara – 311001, Rajasthan

... Applicant

### **Present:**

For the Applicant : Mr. Harshil Patel, Adv. for  
Mr. Lalit Patel, Adv.

RP in person : Dr. R C Lodha

## **JUDGEMENT**

1. This application under Sec 30(6), Sec 31 read with Sec 60(5) of the Insolvency and Bankruptcy Code (IBC) 2016 is filed by Mr. Rishabh Chand Lodha, Resolution Professional (RP) of Saurashtra Specialities Pvt Ltd – the Corporate Debtor in Corporate Insolvency Resolution Process (for short CIRP) for approval of the resolution plan submitted by Resolution Applicant i.e. M/s Besto Tradelink Limited.
2. The relevant facts in short are as under:
  - a) M/s Saurashtra Specialities Pvt Ltd, having its office situated at Pattani Building, M.G. Road, Rajkot – 360001, Gujarat was admitted in CIRP vide order

dated 31.10.2022 on an application by one operational creditor namely, Aries Paper Company. Mr Ashish Shah was appointment as Interim Resolution Professional vide the order dated 31.10.2022 in CP(IB) 184 of 2022. He made the public announcement in prescribed Form A and called for claims from all creditors on 04.11.2022. Accordingly, on receipt of claims, he constituted the Committee of Creditors as required in Sec 21(1) of the Code and regulation 17(1) of the IBBI on 23.11.2022. The committee comprised of two financial creditors namely; City Union Bank, and Capfloat Financial Services Private Limited.

- b) In its first CoC meeting on 30.11.2022, the members of the CoC unanimously resolved to replace IRP Mr. Ashish Shah with that of the Applicant Rishabh Chand Lodha bearing IBBI Reg, No. IBBI/IPA-001/IP-P01075/2017-2018/ 11766) as the Resolution Professional.
- c) In its second CoC meeting on 29.12.2022 convened by the Interim Resolution Professional, the agenda for appointment of Valuers for each class of assets,

Agenda for publication of FORM-G, approval of eligibility criteria, was proposed, discussed and unanimously approved by the CoC.

- d) Subsequently, this Hon'ble NCLT vide its order dated 19.01.2023 in Interlocutory Application 03 of 2023, confirmed the appointment of the Applicant as the Resolution Professional ("RP").
- e) Thereafter, in the 3rd Meeting of the CoC held on 30.01.2023, the Applicant informed the CoC, that pursuant to the publication of FORM-G, Expression of Interest ("EOI") was received from three prospective resolution applicants. However, considering such lukewarm response to the invitation for EOI, the CoC unanimously resolved to re-publish fresh FORM-G. Furthermore, it was also resolved that the three EOI already received, shall be deemed to be part of fresh EOI process, based upon the same Eligibility Criteria, Evaluation Matrix, and RFRP approved in the 2nd Meeting of the CoC.
- f) In its 4th CoC meeting on 27.02.2023, it was informed that claim of another secured financial creditor

received and that the committee now comprised of three financial creditors namely; City Union Bank, HDFC Bank Limited, and Capfloat Financial Services Private Limited. Further, the CoC unanimously approved the resolution qua issuance of Request for Resolution Plan ("RFRP") and fixed an amount of Rs. 10 lacs as Earnest Money Deposit ("EMD") to be deposited with the submission of resolution plan and the successful Resolution Applicant to provide a performance security of Rs. 100.00 lac or 10% of the resolution amount, whichever is higher.

- g) In its 5th CoC meeting on 03.04.2023, it was apprised to the CoC members that there were five PRAs included in the Final list of PRAs, however, only one Resolution Plan was received and the other PRAs had sought extension for submission of resolution plan. Accordingly, the CoC accorded further extension time for submission of Resolution Plan by the PRAs. The CIRP period was further extended (beyond 180 days) on approval by the CoC and this Tribunal approved the same on 10.05.2023.

- h) The RP again reissued Form G inviting fresh applications on approval of CoC (in its meeting on 16.06.2023) as plan value offered by all the four PRAs was very low compared to the Liquidation Value. The CIRP period was further extended (beyond 270 days) on approval by the CoC and this Tribunal approved the same on 14.07.2023.
- i) After publication of re-issued FORM-G, nine EOIs were received and Eight PRAs were included in the Final List of PRAs. However, merely four resolution plans were received.
- j) In its 10th CoC meeting on 29.08.2023, which was adjourned multiple times and finally concluded on 07.09.2023, it was noted that offers received from the respective four PRAs were less than the Liquidation Value. It was also informed to the members of the CoC that the Applicant has received a bid higher than the Liquidation Value from one Besto Tradelink Limited, who has expressed their interest for submitting a resolution plan and accordingly to demonstrate their seriousness copy of two demand drafts dated

06.09.2023 were also submitted in favour of City Union Bank Account of CD for Rs 75 Lacs. The CoC decided to annul the present resolution process and to re-publish fresh Form G on 11.09.2023. The last date for submission for EoI was stipulated as 26.09.2023. The CIRP period was further extended (beyond 330 days) on approval by the CoC and the Tribunal approved the same on 03.10.2023.

k) In response to the re-issued Form G, nine EoIs were received and all were included in the Final List of PRAs. Pursuant to that applicant received two resolution plan along with the Earnest Money Deposit (EMD) from the following resolution applicant:-

- a. Besto Tradelink Ltd., and
- b. Mr. Kapil Mantri.

l) After hearing the resolution plan submitted by the Resolution Applicants (i) Besto Tradelink Ltd. and (ii) Mr. Kapil Mantri, CoC on 28.11.2023 in its 13<sup>th</sup> meeting approved the resolution plan of Besto Tradelink Ltd. through e-voting by 100.00% majority and rejected Mr. Kapil Mantri's plan . Accordingly, the



applicant submitted the final Resolution Plan approved by the CoC for consideration of this Tribunal through this IA 1467 of 2023.

- m) It is further observed from the application that there were 2 Secured Financial Creditors and 1 Unsecured Financial Creditor of the Corporate Debtor with an admitted Debt of Rs.16,84,41,318/.
- n) On a perusal of the Form H submitted by the RP, the fair value of the Assets of the CD was at Rs.11.33 Crores and liquidation value was Rs.7.53 Crores. The Resolution Plan was approved for Rs.729 lakhs and the financial creditors have been provided for a payment of Rs.615.89 lakhs within 90 days of approval of the plan.
- o) An IA No. 595 of 2023 under Section 19(2) of the code was filed against the members of suspended Board of Director(s) of the CD for non-cooperation with the RP for carrying out the CIRP activities and not providing the requisite information relating to the Corporate Debtor. This tribunal vide its order dated 31.10.2023 directed the members of Suspended Directors to

cooperate with the applicant and provide necessary required information for smooth conduct of CIRP.

p) Also two IAs. 702 of 2023 and 751 of 2023 under Section 43 & 66 of the IBC, 2016 was filed on 24.06.2023, based on transaction audit report, which is pending for adjudication.

3. The RP has submitted the plan along with the necessary documents in Support including the Form H. The CoC after various deliberations and scrutiny has approved the plan with 100% majority. The Resolution Plan meets the requirements of the Sec 30(6), 31, read with 60(5) of IBC 2016 and the regulations of IBBI and the Tribunal accepts the approved resolution plan by COC. On an examination of the Resolution Plan, the decision of the CoC is final and a review of the same under Sec 30(2) has been made and convinced to pass the following order.
4. The judgment passed in India Resurgence Arc Private Limited vs Amit metaliks Limited and others (13.05.2021-SC) – decision of CoC based on its commercial wisdom and

where the statutory provisions have been complied with does not need any further intervention by the appellate authority.

5. After examining resolution plan it appears that the provisions are made for payment of dues, CIRP cost etc. The resolution plan has satisfied that the plan does not contravene any provisions of the law. There is no reason to reject the resolution plan. Hence we approve the plan and pass following order:

### **ORDER**

- I. Application is allowed.
- II. The Tribunal approves the Resolution Plan.
- III. The order of moratorium dated 31.10.2022 passed by this Adjudicating Authority under Section 14 of IBC, 2016 shall cease to have effect from the date of this order.
- IV. The Resolution Plan so approved shall be binding on the Corporate Debtor and its employees, members, creditors, guarantors and other stakeholders involved in the Resolution Plan.

- V. The monitoring committee as proposed in the resolution plan shall be constituted for supervising the effective implementation of the Resolution Plan.
- VI. The Resolution Professional, Mr. Rishabh Chand Lodha shall be released from the duties of the Resolution Professional of the Corporate Debtor as per the provisions of the IBC, 2016 and rules/regulations made thereunder from the date of this order.
- VII. The Resolution Professional shall forward all records relating to the conduct of the corporate insolvency resolution process and Resolution Plan to the Insolvency and Bankruptcy Board of India to be recorded in its database.
- VIII. As regards to various reliefs and concessions which are being sought, we hereby grant the following reliefs and concessions only as against reliefs and concessions claimed by the resolution applicant:
- a) After the payment of the dues to the creditors, as per the resolution plan, all the liabilities/claims of the said stakeholders shall stand extinguished and other claims including Government/Statutory Authority, whether

lodged during CIRP or not, shall stand extinguished after the approval of the resolution plan.

- b) From the date of this order, all claims against the Corporate Debtor, except those provided in the plan of the Corporate Debtor stand extinguished.
- c) From the date of this order, all beneficiaries of guarantees issued by the Corporate Debtor (other than personal guarantee of the Ex Management or Directors), if any, all liabilities of the Corporate Debtor with respect to such guarantees shall extinguished and such recipients shall not thereafter be entitled to raise any claims against the Corporate Debtor.
- d) From the date of this order, all encumbrances on the assets of the Corporate Debtor before the plan shall stand extinguished.
- e) For reliefs and concessions sought from the Government/Statutory Authorities, we direct the resolution applicant to approach the concerned Authorities. The concerned Authorities to consider and decide the matter as per applicable provisions of law for effective implementation of the Resolution Plan.

- f) The Resolution Applicant shall be entitled to review, revise or terminate any appointments/agreements/understanding entered into by or on behalf of the Corporate Debtor in accordance with the terms and conditions of such agreements/MoUs/contracts;
- g) The management of the Corporate Debtor shall be handed over to the Board of Directors as may be nominated by the resolution applicant for the proper running of the operations /business of the Corporate Debtor;
- h) The Board of Directors of the Corporate Debtor shall also be reconstituted and procedural compliances shall be done to give effect to such reconstitution. Any IAs pending adjudication against the Ex-Directors/suspended management under IBC 2016 before the Adjudicating Authority will be continued till disposal by the SRA;
- i) The Resolution Applicant shall, pursuant to the resolution plan approved under Section 31(1) of the Code, obtain necessary approvals required under any law for the time being in force within a period of one year from

the date of approval of the resolution plan vide this order or within such period as provided for in such law, as the case may be;

- j) All the approvals of shareholders/members of the Corporate Debtor shall be deemed to have been obtained and the provisions made in the resolution plan as regard to the restructuring of capital shall be binding on them;
- k) With respect to the grant of license/ Government approval, if the license or approval is terminated, suspended and revoked, the resolution applicant may approach the concerned Department/ Authorities for such approval/ renewal and Government Authorities may consider the request of the resolution applicant as per applicable provisions of law for effective implementation of the resolution plan.

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**DR. V. G. VENKATA CHALAPATHY**  
**MEMBER (TECHNICAL)**

**CHITRA HANKARE**  
**MEMBER (JUDICIAL)**