



**NATIONAL COMPANY LAW TRIBUNAL
AMARAVATI BENCH
(Video Conference)**

**PRESENT: JUSTICE TELAPROLU RAJANI – MEMBER JUDICIAL
ATTENDANCE-CUM-ORDER SHEET OF THE HEARING HELD ON 01.09.2022 AT 10.30 AM**

TC/CP. Nos.	CA/IA No.	Section/ Rule	Name of Parties
CP(IB)No.73/9/AMR/2020	IA(IBC)/183/2022	30(6) of IBC	Malliga Madhusudhana Reddy, RP of M/s Sri Lakshmi Srinivasa Jute Mills Private Limited

Counsel for Petitioner(s):

Ries

Name of the Counsel(s)	Designation	E-mail & Telephone No.	Signature

Counsel for Respondent(s):

Ries

Name of the Counsel(s)	Designation	E-mail & Telephone No.	Signature

ORDER

IA(IBC)/183/2022 is allowed, vide separate orders.

SD/-
**JUSTICE TELAPROLU RAJANI
MEMBER JUDICIAL**



NCLT Amaravati Bench
I.A (IBC) No. 183/2022
IN
CP (IB) No. 73/9/AMR/2020

**NATIONAL COMPANY LAW TRIBUNAL
AMARAVATI BENCH AT MANGALAGIRI**

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**I.A (IBC) No. 183/2022
IN
CP (IB) No. 73/9/AMR/2020**

**Under Section 30 (6) & 31(1) of Insolvency and Bankruptcy Act,
2016 Read with Regulation 39 (4) of Insolvency and Bankruptcy
Board of India (Insolvency Resolution Process for Corporate
Person) Regulations, 2016**

**In the matter of
M/s. SRI LAKSHMI SRINIVASA JUTE MILLS PRIVATE
LIMITED**

Between:

Mr.Maligi Madhusudhana Reddy,
Resolution Professional of
M/s. Sri Lakshmi Srinivasa Jute Mills Private Limited,
Registered office at MMR Lion Corp.,
4th Floor, HSR Eden, Road No.2,
Banjara Hills, Hyderabad - 500034.

... Applicant/Resolution Professional

Date of pronouncement of Order: 01.09.2022

CORAM:

Justice Telaprolu Rajani, Member Judicial

Appearance:

For Applicant/RP: Mr. Maligi Madhusudhana Reddy, RP.

Per:

Justice Telaprolu Rajani, Member Judicial

Sd/-



ORDER

1. The Resolution Professional (in short the RP) in respect of M/s. Sri Lakshmi Srinivasa Jute Mills Private Limited (the Corporate Debtor) seeks approval of the Resolution Plan (in short the Plan) in this Application under Section 30 (6) & 31(1) of Insolvency and Bankruptcy Act, 2016 Read with Regulation 39 (4) of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Person) Regulations, 2016.
2. The brief facts leading to the Application are as under.
 - i) This Bench, vide its order dated 16.03.2022 directed initiation of Corporate Insolvency Resolution Process (CIRP) of the Corporate Debtor and Mr. Maligi Madhusudhana Reddy, Applicant herein, was appointed as Interim Resolution Professional (IRP).
 - ii) The RIP made paper publication by inviting claims from the creditors on 07.01.2022. The IRP received claims from 3 creditors and after verification, the claims were admitted and constituted Committee of Creditors (CoC) on 11.04.2022.
 - iii) In the 1st CoC meeting held on 18.04.2022, CoC approved the appointment of Insolvency Resolution Professional (IRP) as Resolution Professional (RP) with 100% voting and approved the appointment of two registered valuers for valuing the

Sd/-



assets of the Corporate Debtor. The valuers filed their report in Compliance Certificate “Form H”.

- iv) The Applicant/RP made a public announcement in the newspapers, inviting EoI in Form-G on 24.05.2022. The Applicant received requests from 9 Prospective Resolution Applicants (PRAs) seeking detailed information. After verification, one PRA was found to be eligible as per the EoI conditions. The Applicant has announced the provisional list of the PRAs as on 16.06.2022 and final list was announced on 18.06.2022. Further, the Applicant submitted Information Memorandum, Request for Resolution Plan and Evaluation Matrix to the PRAs for inviting Resolution Plans on 18.06.2022. Thereafter, one Resolution Plan was received from M/s.Agrigo Trading Private Limited (Resolution Applicant) on 22.07.2022 through email.
- v) In the 4th CoC meeting held on 30.07.2022, the resolution plan was placed before the CoC for e-voting and in the same CoC meeting, the Resolution Plan submitted by the Successful Resolution Applicant (SRA) i.e., M/s. Agrigo Trading Private Limited was approved with 100% E-voting. The SRA has given an unconditional undertaking on the acceptance of the conditions of the RFRP. The SRA has deposited an amount of Rs.1,00,00,000/- towards

Sd/-



Performance Guarantee by way of two Demand Drafts bearing Nos.475915 & 475835, dated 10.08.2022 & 07.06.2022 respectively.

- vi) The Applicant/RP submitted the Compliance Certificate in Form-H under Regulation 39(4) of the Regulations showing the compliances of the Plan with mandatory requirements under the Code and Regulations and the Plan was approved by the CoC.
- vii) The following is the summary of the Plan/Restructuring Proposal:

- a) The Plan offers an amount of Rs.21,51,65,246/- (Rupees Twenty One Crores Fifty One Lakhs Sixty Five Thousand Two Hundred and Fourty Six only) as detailed below:

S. No.	Category of Claimants	Amount admitted by the RP (Rs.)	Amount provided under the Resolution Plan (Rs.)
1	CIRP costs	25,00,000	25,00,000
2	Government Dues	1,36,75,66,585	4,58,91,836
3	Unsecured Financial Creditors:	11,54,36,990	Nil
	(a) Related Party		
	(b) Others	13,05,79,734	13,05,79,734
5	Operational Creditors a. Operational Creditors	3,50,11,670	3,50,11,670

Sd/-



	(Towards workmen and employees)		
	b. Operational Creditors (Other than workmen and employees)	47,28,02,792	11,82,006
TOTAL		2,12,13,97,771	21,51,65,246

The timelines for the payment of the above mentioned debts of the Corporate Debtor are as follows:

S. No.	Particulars	Terms and amount
1	Settlement Amount Tranche 1: Rs.9,00,00,000/-	a. Before the 30 th business day (or such extended dates as approved by the Monitoring Committee provided the same is with an affirmative vote of nominee of CoC) from the date of receipt of copy of order passed by the NCLT. The amount will be deposited to an Escrow Account constituted by the Resolution Professional/Monitoring Agent after approval of the Resolution Plan. The Amount will be available for distribution to the Creditors as per terms of this Resolution

Sd/-



		plan on a date mutually decided by the CoC and the Resolution Application after receipt of NCLT Order.
2	<u>Settlement Amount Tranche 2:</u> Maximum of Rs.12,51,65,246/-. No penalty shall be levied for any payment made before due date towards settlement amount Tranche 2	a. On the 180 th Business day after settlement amount Tranche 1 date.

b) The RA is proposing to constitute Monitoring Committee consisting of Four (4) members for implementation of the Resolution Plan, as given below:-

- i. Mr.Maligi Madhusudhana Reddy, Resolution Professional, shall be the Chairman of the Monitoring Committee.
- ii. One Authorised Representative appointed by Secured Financial Creditor.
- iii. One Authorised Representative appointed by Resolution Applicant.

viii) Hence this Application.

Sd/-



3. I have heard the Applicant and perused the Resolution Plan and related documents submitted along with Application. The Resolution Plan submitted by the Resolution Applicant is found to be meeting all the requirements of the IBC, 2016 and more importantly Section 30 (2) of the IBC Code and Regulation 38 (1A) and applicable CIRP Regulations. It does not contravene any of the provisions of law. It caters to the interest of all the Stakeholders.
4. Section 30 (2) of the Code as amended up to date enjoins upon the Resolution Professional to examine each Resolution Plan received by him to confirm that such plan :-
 - a) provides for the payment of insolvency resolution process costs in the manner specified by the Board in priority to the payment of other debts of the corporate debtor;
 - b) provides for the payment of debts of the operational creditors in such manner as may be specified by the Board, which shall not be less than-
 - i. the amount to be paid to such creditors, in the event of liquidation of the corporate debtor under section 53; or
 - ii. the amount that would have been paid to such creditors, if the amount to be distributed under the resolution plan had been distributed in accordance with the order of

Sd/-



priority in sub-section (1) of section 53, whichever is higher, and provides for the payment of debts of financial creditors, who do not vote in favour of the resolution plan, in such manner as may be specified by the Board, which shall not be less than the amount to be paid to such creditors in accordance with sub-section (1) of section 53 in the event of a liquidation of the corporate debtor.

Explanation - For the purpose of the above provision is as under:

- (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 (18 of 2013).
- c) Provides for the management of the affairs of the Corporate debtor after approval of the resolution plan;

Sd/-



- d) The implementation and supervision of the resolution plan;
 - e) Does not contravene any of the provisions of the law for the time being in force;
 - f) Conforms to such other requirements as may be specified by the Board.
5. Section 30(4) of the Code reads as follows:
- “(4) The committee of creditors may approve a resolution plan by a vote of not less than sixty-six percent. of voting share of the financial creditors, after considering its feasibility and viability, the manner of distribution proposed, which may take into account the order of priority amongst creditors as laid down in sub-section (1) of section 53, including the priority and value of the security interest of a secured creditor and such other requirements as may be specified by the Board.”*
6. Section 30(6) of the Code enjoins the Resolution Professional to submit the Resolution Plan as approved by the CoC to the Adjudicating Authority. Section 31 of the Code deals with the approval of the Resolution Plan by the Authority, if it is satisfied that the Resolution Plan as approved by the CoC under section 30(4) meets the requirements provided under section 30(2) of the Code. Thus, it is the duty of the Adjudicating Authority to satisfy

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itself that the Resolution Plan, as approved by the CoC, meets the above requirements.

7. On perusal of the Resolution Plan, it is observed that the Resolution Plan provides for the following:
 - a) Payment of CIRP Cost as specified u/s 30(2)(a) of the Code.
 - b) Repayment of Debts of Operational Creditors as specified u/s 30(2)(b) of the Code.
 - c) For management of the affairs of the Corporate Debtor, after the approval of Resolution Plan, as specified U/s 30(2)(c) of the Code.
 - d) The implementation and supervision of Resolution Plan by the RP and the CoC as specified u/s 30(2)(d) of the Code.
 - e) The RP has certified through affidavit that the Resolution Plan is not in contravention to any of the provisions of law, for the time being in force, as specified u/s 30(2)(e) of the Code.
8. In terms of Regulation 27 of the Regulations, Liquidation value was ascertained through registered valuers and the Liquidation value is Rs.21,41,31,241/- and the Resolution Plan offers Rs.21,51,65,246/-.

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9. The RP has complied with the requirement of the Code in terms of Section 30(2)(a) to 30(2)(f) and Regulations 38(1), 38(1-A), 38 (1-B) 38(2) & 38(3) of the Regulations. The Plan also provides for keeping the Company as a going concern and to operate in its normal course of business upon implementation of Resolution Plan. No objection has been filed by anyone in this regard.
10. The RP has filed Compliance Certificate in Form-H along with the Plan. On perusal, the same is found to be in order. The Resolution Plan includes a statement under regulation 38(1A) of the Regulations as to how it has dealt with the interest of the stakeholders in compliance with the Code and the Regulations.
11. In *K Sashidhar v. Indian Overseas Bank & Others* (in Civil Appeal No.10673/2018 decided on 05.02.2019) the Hon'ble Apex Court held that if the CoC had approved the Resolution Plan by requisite percent of voting share, then as per section 30(6) of the Code, it is imperative for the Resolution Professional to submit the same to the Adjudicating Authority (NCLT). On receipt of such a proposal, the Adjudicating Authority is required to satisfy itself that the Resolution Plan, as approved by CoC, meets the requirements specified in Section 30(2). The Hon'ble Court observed that the role of the NCLT is 'no more and no less'. The Hon'ble Court further held that the discretion of the Adjudicating Authority is circumscribed by Section 31 and is limited to scrutiny

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of the Resolution Plan “as approved” by the requisite percent of voting share of financial creditors. Even in that enquiry, the grounds on which the Adjudicating Authority can reject the Resolution Plan is in reference to matters specified in Section 30(2) when the Resolution Plan does not conform to the stated requirements.

12. **In CoC of Essar Steel** (Civil Appeal No.8766-67 of 2019 decided on 15.11.2019) the Hon’ble Apex Court clearly laid down that the Adjudicating Authority would not have power to modify the Resolution Plan which the CoC in their commercial wisdom have approved. In para 42 Hon’ble Court observed as under:

*“Thus, it is clear that the limited judicial review available, which can in no circumstance trespass upon a business decision of the majority of the Committee of Creditors, has to be within the four corners of section 30(2) of the Code, insofar as the Adjudicating Authority is concerned, and section 32 read with section 61(3) of the Code, insofar as the Appellate Tribunal is concerned, the parameters of such review having been clearly laid down in **K. Sashidhar** (supra).”*

13. In view of the discussion and the law thus settled, the instant Resolution Plan is found to be meeting the requirements of Section 30(2) of the Code and Regulations 37, 38, 38(1A) and 39 (4) of the Regulations. The Resolution Plan is not in contravention of any of

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the provisions of Section 29A of the Code and is in accordance with law. The same needs to be approved. Hence ordered.

ORDER

- i. The Resolution Plan annexed to the Application is hereby approved. It shall become effective from this date and shall form part of this order. It shall be binding on the Corporate Debtor, its employees, members, creditors, including the Central Government, any State Government or any local authority to whom a debt in respect of the payment of dues arising under any law for the time being in force is due, guarantors and other stakeholders involved in the Resolution Plan.
- ii. The Memorandum of Association (MoA) and Articles of Association (AoA) shall accordingly be amended and filed with the Registrar of Companies (RoC), Andhra Pradesh for information and record. The Resolution Applicant, for effective implementation of the Plan, shall obtain all necessary approvals, under any law for the time being in force, within such period as may be prescribed.
- iii. The moratorium under Section 14 of the Code shall cease to have effect from this date.
- iv. The Applicant shall supervise the implementation of the Resolution Plan and file status of its implementation before this Authority from time to time, preferably every quarter.

Sd/-



- v. The Applicant shall forward all records relating to the conduct of the CIRP and the Resolution Plan to the IBBI along with copy of this Order for information.
- vi. The Applicant shall forthwith send a copy of this Order to the CoC and the Resolution Applicant.

Accordingly, I.A.No.183/2022 in CP (IB)
No.73/9/AMR/2020 is disposed of.

sdt

**JUSTICE TELAPROLU RAJANI
MEMBER JUDICIAL**

Swamy Naidu