

**NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH- 1**

IA (plan) NO. 7/2024

IN

CP No. (IB) 97/7/HDB/2022

Application u/s 30(6) of the Insolvency and Bankruptcy Code, 2016 (“Code”)
read with Regulation 39(4) of the IBBI (Insolvency Resolution Process for
Corporate Persons), 2016, (“CIRP Regulations”)

IN THE MATTER OF

MR. KATEPALLI VENKATESWARA RAO

VERSUS

M/s BIO GREEN PAPERS LIMITED

Filed by

**Mr. Chinna Gurappa
Resolution Professional
For M/s Bio Green Papers Limited**

... Applicant/Resolution Professional

Date of Order: 28.05.2024

Coram:

Dr. N. Venkata Ramakrishna Badarinath, Hon’ble Member Judicial

Shri Charan Singh, Hon’ble Member Technical

Appearance:

For Applicant: Shri Yash Vardhan, Advocate

PER: BENCH

ORDER

1. The application is filed by Mr. Chinna Gurappa, Resolution Professional (“RP”/ “Applicant”) of M/s Bio Green Papers Limited (“Corporate Debtor”) under Section 30(6) of the Insolvency and Bankruptcy Code, 2016 (“Code”) read with Regulation 39(4) of the IBBI (Insolvency Resolution Process for Corporate Persons), 2016, (“CIRP Regulations”) for approval of the resolution plan submitted by Mr Krishna Mohan Meenavalli (Resolution Applicant) under Section 31(1) of the Code approved by the Committee of Creditors (COC) with 88.63% of voting share.
- 2.1 To put precisely, this Tribunal vide its order dated 30.05.2023 in CP (IB) No. 97/7/HDB/2022 (“Company Petition”) admitted the application filed by Mr. Katepalli Venkateswara Rao /Financial Creditor under Section 7 of the Code and ordered Corporate Insolvency Resolution Process (CIRP) against the Corporate Debtor i.e. M/s Bio Green Papers Limited, further to which moratorium was declared and Mr. Machar Rao Meenavalli was appointed as the Interim Resolution Professional.

- 2.2 The IRP, so appointed made Public Announcement on 09.06.2023 in Nava Telangana and Financial Express Edition, in the state of Telangana inviting claims from different Creditors/stakeholders of the Corporate Debtor indicating the due date for claims as 23.06.2023.
- 2.3 Upon receipt of claims, the IRP collated and verified the claims and constituted COC on 01.07.2023 in accordance with the Regulation 16 and filed a Memo with the Adjudicating Authority in accordance with Regulation 17. Consequently, the meeting of the Committee of Creditors was conducted on 07.07.2023 after giving due notice to creditors as per the provisions of Section 22(1) of the Insolvency and Bankruptcy Code, 2016 and COC with 80.13% voting share resolved to appoint Mr. Chinna Gurappa as Resolution Professional. It is further submitted that the CoC constituted on 01.07.2023 was reconstituted on 23.08.2023 after receipt of further claims from Creditors as the members of COC.
- 2.4 The details of the final list of claims received, collated, and admitted as on 04.01.2024 along with their voting % is as under:

S. No	Name of the Creditor	Amount of Claim submitted (Rs)	Final Claim admitted (Rs)	FC/ OC	Voting %
A: Financial Creditor (Non-Related)					
1	B.Rupavathi	37,58,455	37,58,455	FC	9.10%
2	P.Mohan	37,58,455	37,58,455	FC	9.10%
3	M.Bala Krishna Murthy	15,41,875	-	FC	0.00%
4	M.Jitendra	52,61,821	52,61,821	FC	12.73%
5	Katepalli Venkateswara Rao	1,89,56,302	1,89,56,302	FC	45.88%
6	N.Krishna Murthy (behalf of Nageswara Rao)	16,50,098	-	FC	0.00%
7	M.Rohith	17,17,110	-	FC	0.00%
+8	Krishna Prasad Potluri	57,00,000	25,00,000	FC	6.05%
9	Dikshant Agri India Pvt. Ltd.	35,20,000	22,00,000	FC	5.32%
10	M.Sri Lakshmi	48,85,976	48,85,976	FC	11.82%
	Total (A)	5,07,50,091	4,13,21,009	-	100.00%
B: Financial Creditors (Related)					
1	Jagadesh Velamala	21,76,510	21,76,510	FC	-
2	M.Pushpalatha	39,44,000	39,44,000	FC	-
3	V.Venkateswarlu	37,58,455	37,58,455	FC	-
4	V.Baghya sree	67,65,203	67,65,203	FC	-
5	Dr. Aveena Gudapati	3,32,00,000	77,20,214	FC	-
6	Vivessa Industries Pvt. Ltd.	2,16,47,273	30,70,831	FC	-
	Total (B)	7,14,91,441	2,74,35,213	-	-
	Total Financial Creditors (A+B)	12,22,41,532	6,87,56,222	-	-
C: Operational Creditors					
1	V.Venkateswarlu	718,00,000	-	OC	-

2	Jagadish Velamala	20,00,000	-	OC	-
3	Link Intime India Pvt Ltd	2,08,810	2,08,810	OC	-
4	Eastern Power Distribution Company of Andhra Pradesh Limited	2,00,27,557	2,00,27,557	OC	-
	Total (C)	2,40,36,367	2,02,36,367	-	-
D: Operational Creditors (Govt dues)					
1	BSE Ltd.	55,07,143	55,07,143	OC	-
2	Deputy Commissioner of Income Tax-1(1)	94,47,169	94,47,169	OC	-
	Total	1,49,54,312	1,49,54,312	-	-
	Total (C+D)	3,89,90,679	3,51,90,679	-	-
	Total - A+B+C+D	16,12,32,211	10,39,46,901	-	100.00%

2.5 It is further stated that the Interim Resolution Professional has appointed two IBBI Regd. Valuers each for valuation of Land & Buildings, Plant & Machinery and Securities or Financial Assets (SFA) on 22.08.2023. On 03.01.2024 one of the valuer for SFA informed the inability to take assignment & the RP has appointed another valuer on 06.01.2024. In order to support the valuation of the Corporate Debtor, the RP further appointed a valuer on 08.01.2024 in SFA category for valuation of associate company M/s. Vivessa industries Private Limited, in which the Corporate Debtor is holding 41.43% of shareholding. Details of fair value and liquidation value of the Corporate Debtor is given below:

S.No	Asset Class	Fair Value (Rs.)	Liquidation Value (Rs.)
1	Land & Buildings		
	(a) Badam Sundara Rao	4,39,00,000	3,51,00,000
	(b) Pro Valuers (OPC) Pvt Ltd	3,94,00,000	3,15,00,000

	Average	4,16,50,000	3,33,00,000
2	Plant & Machinery		
	(a) Chandra Prakash	67,95,000	47,57,000
	(b) KS Chiranjeevi	68,38,200	51,28,650
	Average	68,16,600	49,42,825
3	Securities or Financial Assets		
	(a) Lakshmi Nallamilli	0	0
	(b) Gutta Koteswara Rao	0	0
	Average	0	0
	Total Average value of the CD	4,84,66,600	3,82,42,825

- 2.6 Pursuant to publication of Expression of Interest (EOI) in Nava Telangana (Telugu) in Telangana & Prajashakti (Telugu) in Andhra Pradesh and Financial Express (English) in the state of Telangana on 16-09-2023, the resolution professional has received 31 EOIs. The Resolution Professional has announced the provisional list of applicants as on 23-10-2023 as per the Regulation 36 of the IBC, 2016.
- 2.7 In the 5th meeting of the Committee of Creditors (COC) held on 01.12.2023 the Resolution Plan submitted by **Krishna Mohan Meenavalli** was placed before the COC by the Resolution Professional. After due deliberations, the final revised resolution plan was approved by the members with 88.63% voting share in favour of it.
- 2.8 The Resolution Plan submitted by the successful Resolution Applicant along with the Scheme of merger / arrangement is annexed and marked as Annexure-6.

2.9 The Resolution Applicant deposited demand draft for Rs. 50,00,000/- issued by Axis Bank Limited towards the EMD in favour of the Corporate Debtor at the time of submission of the proposal and the same would be used towards performance guarantee. The Copy of the demand draft is annexed and marked as Annexure -9.

3. Contour of Resolution Plan:-

- (a) The Successful Resolution Applicant i.e. **Mr. Krishna Mohan Meenavalli** is residing in Hyderabad. He has diverse background in finance and e-gaming industries. He is currently the Managing Director of M/s String Metaverse Ltd. and proposes to carry out information technology and e-gaming activities in the Corporate Debtor, post-acquisition of the Corporate Debtor.
- (b) The CoC comprises of the following financial creditors and distribution of voting share among them is as under:

Sl. No.	Name of Creditor	Voting Share (%)	Voting for Resolution Plan (Voted for / Dissented / Abstained)
1	B Rupavathi	9.10%	Voted for
2	P Mohan	9.10%	Voted for
3	M Jitendra	12.73%	Voted for
4	Katepalli Venkateswara Rao	45.88%	Voted for
5	M Sri Lakshmi	11.82%	Voted for
	Sub-total	88.63%	
6	Krishna Prasad Potulri	6.05%	Not voted
7	Dikshant Agri India Pvt Ltd	5.32%	Not voted
	Sub-total	11.37%	
	Total	100.00%	

(c) **FINANCIAL PROPOSAL:**

The amount of Rs. 3,30,00,000 /- provided for the stakeholders under the Resolution Plan is as under:

(Fig in Rs.)

Sl. No.	Category of Stake holder*	Sub-Category of Stakeholder	Amount Admitted	Amount Provided under the Plan#	Amount Provided to the Amount Claimed (%)
1	2	3	5	6	7
1	Secured Financial Creditors	(a) Creditors not having a right to vote under sub-section (2) of section 21	-	-	-
		(b) Other than (a) above:			
		(i) who did not vote in favour of the resolution Plan	-	-	-
		(ii) who voted in favour of the resolution plan	-	-	-
		Total[(a) + (b)]	-	-	-
2	Unsecured Financial Creditors	(a) Creditors not having a right to vote under sub-section (2) of section 21	2,74,35,213	13,71,761	5%
		(b) Other than (a) above:			
		(i) who did not vote in favour of the resolution Plan	47,00,000	30,55,000	65%
		(ii) who voted in favour of the resolution plan	3,66,21,009	2,38,03,656	65%
		Total[(a) + (b)]			
	Operational Creditors	(a) Related Party of Corporate Debtor	-	-	
		(b) Other than (a) above:	3,51,90,679	17,59,533	5%
		(i) Government			
		(ii) Workmen	-	-	-
		(iii) Employees	-	-	-

		(iv) Other Operational Creditors	2,02,36,367	10,11,818	5%
		a. Regulatory dues	1,49,54,312	7,47,715	5%
		b. Other creditors	-	--	-
		Total[(a) + (b)]	3,51,90,679	17,59,533	5%
4	Other debts and dues	CIRP Cost (Estimate)	30,00,000	30,00,000	100%
5		Contingencies	-	10,050	-
		Grand Total	10,69,46,901	3,30,00,000	

Out of the Resolution Amount of Rs.3,30,00,000/- an amount of Rs.10,050/- has been allocated for contingencies to meet any other expenses & CIRP cost if any after February 2024.

(d) The revised proposed distribution schedule given below:

S No	Description	Payment Schedule	Amount (Rs.)
I	Upfront Cash Payment		
i	CIRP Cost	<30 days of the NCLT Order	30,00,000
ii	Unsecured Financial Creditors	<30 days of the NCLT Order	2,68,58,656
iii	Unsecured Financial Creditors-Related Parties	<30 days of the NCLT Order	13,71,761
iv	Operational Creditors	< 30 days of the NCLT Order	17,59,534
II	Funds to meet the stakeholder's claims		3,29,89,950
III	To meet the contingencies	< 30 days of the NCLT Order	10,050
IV	Total Financial outlay (upfront)		3,30,00,000
V	To meet the need based working capital	within 12 months of the NCLT Order	1,70,00,000
VI	Total funds infusion under the Plan		5,00,00,000

(e) **Monitoring Committee**

On approval of the resolution plan, a Monitoring Committee comprising of the Resolution Professional and any other Insolvency Professional or any other person, will be constituted to supervise day-to-day operations and to monitor the implementation of the Resolution Plan. After the effective date, the implementation will be supervised by a suitable management team deployed by the Resolution Applicant.

(f) Compliance of mandatory contents of Resolution Plan under the Code and Regulations.

The Applicant has conducted a thorough compliance check of the Resolution Plan in terms of the Code as well as Regulations 38 & 39 of the Insolvency and Bankruptcy Board of India (Corporate Insolvency Resolution Process) Regulations, 2016 and has filed Form 'H' prescribed under Regulation 39(4) of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. The fair value and Liquidation value as submitted in Form-H is Rs. 4,84,66,600/- and Rs.3,82,42,825/- respectively.

(g) The Resolution Applicant contemplates a corporate restructuring by merging M/s String Metaverse Ltd with and into the Corporate Debtor (Transferee/Resulting Company) as part of the insolvency resolution of the Corporate Debtor, pursuant to approval of the Board of Directors of the Transferor Company i.e. M/s String Metaverse Ltd, vide Board Resolution dated 08.12.2023. The Scheme further provides for allotment of shares of the Corporate Debtor to the shareholders of the Transferor Company.

- (h) The rationale behind the scheme of arrangement is to help facilitate the revival of M/s Bio Green Papers Limited as a going concern and enhance the scale of operations and help in reduction in overheads, administrative, managerial and other expenditure, operational rationalization, share of organizational efficiency and optimal utilisation of resources. Further, the amalgamation would enhance shareholder value for both companies by way of improved financial position and cash flows, increased asset base and stronger consolidated revenue and profitability. The combined entity will help to undertake larger expansion strategies and tap bigger opportunities in the industry.
- (i) Adequate approval under Section 230 to 232 and other relevant provisions of the Companies Act, 2013 for the merger as of the Implementation Date will be obtained upon approval by this Tribunal. Upon merger becoming effective, the name of the Corporate Debtor would be renamed as “M/s String Metaverse Limited”
- (j) Upon approval of the resolution plan, the Corporate Debtor would allot equity shares to the shareholders of M/s String Metaverse Ltd (Transferor Company) in the following swap ratio, which has been arrived at based on the Valuation Report prepared by Mr. Dhileep Kumar Ganta, Registered Valuer.
- “6 (six) equity shares of Rs. 10/- each of M/s Bio Green Papers Ltd shall be issued for every 10 (Ten) Equity Shares of Rs. 1/- each to every shareholder of M/s String Metaverse Ltd held on Record Date”.*
- (k) The interests of existing shareholders have been altered by the Resolution plan & merger as under:

S	Category	No of shares	Voting	No of Shares	Voting
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No		held before CIRP (Rs.10/- each)	Shares (%) before CIRP	held after CIRP (Rs.10/- each)	Shares (%) held after CIRP
1	Existing Promotor	66,00,614	25.57%	0	0
2	Existing Public Shareholders	1,92,17,328	74.43%	9,60,866	0.90%
3	Resolution Applicant	0	0	50,00,000	4.67%
4	Shares allotted to the Shareholders of String Metaverse Ltd Consequent to the merger under the Plan i. Promoters holding (93.95%) ii. Public holding (6.05%)	0	0	9,01,89,624	84.32%
		0	0	58,10,376	5.44%
5	Preferential Allotment to the Strategic Investors (Public Shareholders)	0	0	50,00,000	4.67%
	Total	2,58,17,942	100%	10,69,60,866	100%

4. In the above backdrop we heard Shri Yash Vardhan, Ld. Counsel for the Resolution Professional. He submits that the Resolution Plan meets the requirement of Section 30 (2) of the Code, as under: -

- a. **Compliance of Section 30 (2) (a): (Chapter IV (1)(i) of the Resolution Plan).** The Resolution Plan considers payment of the CIRP Costs estimated by the Resolution Professional at Rs. 30,00,000/- which includes the payment to the Resolution Professional and all amount of expenses incurred by RP, to the extent duly ratified or approved by the Committee of Creditors (CoC) in priority to all other payments under the Resolution Plan within 30 days of the Effective Date. Any higher amount over and above this (as approved by CoC) shall be borne and paid by the Resolution Applicant on a priority basis.

the stakeholders of the Corporate Debtor, keeping in view the objectives of the Code. (Chapter IV page 13 of the Resolution Plan)

- c. **Compliance of Regulation 38 (1) (B):** Declaration by the Resolution Applicant that neither the Resolution Applicant nor any of its related party has either failed or contributed to the failure of the implementation of any Resolution Plan approved under the Code. (Chapter IX (1) (xiii) of the Resolution Plan).
6. Further Chapter IX (5) (Avoidance Transactions) of the plan provides that post approval of the resolution plan, any avoidance applications shall be continued by the Corporate Debtor and any recovery from the past dues/litigations or from any fraudulent transaction undertaken by the promoters of the Company shall be distributed for the benefit of the COC and other creditors and will not be for the benefit of the Resolution Applicant after the resolution is complete. As per the resolution plan, the cost of litigation initially would be borne by the Corporate Debtor and will be adjusted or reimbursed from the proceeds of the avoidance transaction, if any.
7. ***In K. Sashidhar v. Indian Overseas Bank & Others (in Civil Appeal No. 10673/2018) 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. On receipt of such proposal, the Adjudicating Authority (NCLT) is required to satisfy itself that the resolution plan as approved by CoC meets the requirements specified in Section 30(2). No more and no less"*.

8. The Hon'ble Supreme Court has further held at para 35 of the above judgement that ***the discretion of the adjudicating authority (NCLT) is circumscribed by Section 31 limited to scrutiny 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.***

9. The Hon'ble Supreme Court in **Committee of Creditors of Essar Steel India Limited Vs. Satish Kumar Gupta & Ors**, held that *"the limited judicial review available to AA has to be within the four corners of section 30(2) of the Code. Such review can in no circumstance trespass upon a business decision of the majority of the CoC. As such the Adjudicating Authority would not have power to modify the Resolution Plan which the CoC in their commercial wisdom have approved"*.

10. The Hon'ble Supreme Court of India, in the recent ruling in re **Vallal RCK vs M/s Siva Industries and Holdings Limited & Ors**, has held as under:-

21. This Court has consistently held that the commercial wisdom of the CoC has been given paramount status without any judicial intervention for ensuring completion of the stated processes within the timelines prescribed by the IBC. It has been held that there is an intrinsic assumption, that financial creditors are fully informed about the viability of the corporate debtor and feasibility of the proposed resolution plan. They act on the basis of thorough examination of the proposed resolution plan and assessment made by their team of experts. A reference in this respect could be made to the judgments of this Court in the cases of K. Sashidhar v. Indian Overseas

Bank and Others, Committee of Creditors of Essar Steel India Limited through Authorised Signatory v. Satish Kumar Gupta and Others, Maharashtra Seamless Limited v. Padmanabhan Venkatesh and Others, Kalpraj Dharamshi and Another v. Kotak Investment Advisors Limited and Another, and Jaypee Kensington Boulevard Apartments Welfare Association and Others v. NBCC (India) Limited and Others.

27. This Court has, time and again, emphasized the need for minimal judicial interference by the NCLAT and NCLT in the framework of IBC. We may refer to the recent observation of this Court made in the case of **Arun Kumar Jagatramka v. Jindal Steel and Power Limited and Another**:

“95.However, we do take this opportunity to offer a note of caution for NCLT and NCLAT, functioning as the adjudicatory authority and appellate authority under the IBC respectively, from judicially interfering in the framework envisaged under the IBC. As we have noted earlier in the judgment, the IBC was introduced in order to overhaul the insolvency and bankruptcy regime in India. As such, it is a carefully considered and well thought out piece of legislation which sought to shed away the practices of the past. The legislature has also been working hard to ensure that the efficacy of this legislation remains robust by constantly amending it based on its experience. Consequently, the need for judicial intervention or innovation from NCLT and NCLAT should be kept at its bare minimum and should not disturb the foundational principles of the IBC.....”

11. Therefore, the resolution plan, when tested on the touch stone of the aforesaid facts and the rulings, we are of the view that the instant resolution plan satisfies the requirements of Section 30 (2) of the Code and Regulations 37, 38, 38 (1A) and 39 (4) of the Regulations. We also found that the Resolution Applicant is eligible to submit the Resolution Plan under Section 29A of the Code.
12. We therefore, hereby approve the Final revised Resolution Plan (dated 24.02.2024) submitted by **Krishna Mohan Meenavali** (“Successful

Resolution Applicant”) along with annexure, schedules forming part of the Resolution Plan annexed to the Application and order as under:-

- (i) The Resolution Plan along with annexures and schedules forming part of the plan 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) All crystallized liabilities and unclaimed liabilities of the Corporate Debtor as on the date of this order shall stand extinguished on the approval of this Resolution Plan.
- (iii) The approval of the Resolution Plan shall not be construed as waiver of any statutory obligations/ liabilities of the Corporate Debtor and shall be dealt with by the appropriate Authorities in accordance with law. Any waiver sought in the Resolution Plan, shall be subject to approval by the Authorities concerned as held by Hon’ble Supreme Court in the matter of ***Ghanashyam Mishra & Sons Private Limited Versus Edelweiss Asset Reconstruction Company Limited in CIVIL APPEAL NO.8129 OF 2019 dated 13.04.2021.***
- (iv) Post approval of the resolution plan, any pending avoidance applications shall be continued by the Corporate Debtor as provided under Chapter IX (5) of the plan

- (v) It is hereby ordered that the deposit of 50,00,000/- in lieu of Performance Bank Guarantee, made by the Resolution Applicant shall remain as performance Guarantee till the amount proposed to be paid to the creditors under the plan, is fully paid off and the plan is fully implemented.
- (vi) The Memorandum of Association (MoA) and Articles of Association (AoA) shall accordingly be amended and filed with the Registrar of Companies (RoC) Hyderabad 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.
- (vii) Henceforth, no creditors of the erstwhile Corporate Debtor can claim anything other than the liabilities referred to supra.
- (viii) The moratorium under Section 14 of the Code shall cease to have effect from this date.
- (ix) 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.
- (x). The Applicant shall forthwith send a copy of this order to the CoC and the Resolution Applicant.
- (xi). The Registry is directed to furnish free copy to the parties as per Rule 50 of the NCLT Rules, 2016.

- (xii) The Registry is directed to communicate this order to the Registrar of Companies, Hyderabad for updating the master data and also forward a copy to IBBI.
- (xiii). Accordingly, IA (plan) 7/2024 stands disposed of.

Sd/-

Charan Singh
Member Technical

sd/-

Dr. Venkata Ramakrishna Badarinath Nandula
Member Judicial

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