



**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT NO. II
KOLKATA**

I.A. (IB) No. 1121/KB/2023

In

C.P. (IB) No. 1540/KB/2019

*An Application under Sub-Section 5 of the Section 60 of the Insolvency and
Bankruptcy Code, 2016 read with Rule 11 of the National Company Law Tribunal
Rules, 2016*

IN THE MATTER OF:

JAI KISHORE GUPTA, Proprietor of M/s. Laita Prasad Shaw & Co, 11/1, Nather
Bagan Street, Kolkata – 700005.

... Operational Creditor

Verses

BALAJI PAPER & NEWSPRINT PRIVATE LIMITED, 23, Brabourne Road,
Kolkata – 700001.

... Corporate Debtor

AND

IN THE MATTER OF:

ANIL AGARWAL, residing at 8, Burdwan Compound Circular Road, Lalpur, ranchi-
834001.

... Applicant

Verses

BIJAY MURMURIA, Resolution Professional in the matter of Balaji Paper &
Newsprint Private Limited, having its office at 6A, Geetanjali Apartment, 8B,
Middleton Street, Kolkata.

... Respondent

Date of Hearing: June 27, 2023

Date of Pronouncing this Order: August 29, 2023

CORAM:

SMT. BIDISHA BANERJEE, HON'BLE MEMBER (JUDICIAL)

SHRI BALRAJ JOSHI, HON'BLE MEMBER (TECHNICAL)

**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT NO. II
KOLKATA**

I.A. (IB) No. 1121/KB/2023
In
C.P. (IB) No. 1540/KB/2019

Ld. Counsel(s) on Record Appeared Physically/ through Video Conferencing:

For the Applicant:

1. Ms. Manju Bhuteria, Advocate
2. Ms. Tanvi Luhariwala, Advocate
3. Ms. Madhuj Barman, Advocate on Record for the Applicant

For the Resolution Professional:

1. Mr. Anuj Singh, Advocate
2. Mr. Aman Agarwal, Advocate
3. Mr. Parikshit Poddar, Advocate
4. Mr. Bijay Murmuria, RP in person

ORDER

Per: Bidisha Banerjee, Member (Judicial):

1. This Court is congregated through hybrid mode.
2. This instant Application is filed under **Sub-Section 5 of the Section 60** of the Insolvency and Bankruptcy Code, 2016 (for brevity “**I&B Code**”) read with Rule 11 of the National Company Law Tribunal Rules, 2016 (for brevity “**NCLT Rule**”) by one Mr. Anil Agarwal, one of the directors of the Suspended Board of Directors of the Corporate Debtor and also a shareholder of the Corporate Debtor, against the Resolution Professional (hereinafter referred as “**RP**”) in the matter of Balaji Paper & Newsprint Private Limited, seeking the following relief:
 - a) *An order and/or direction upon the Resolution Professional to consider the EOI of the Applicant and to include the name of the Applicant in the final list of Prospective Resolution Applicants eligible to submit the Resolution Plan in respect of the Corporate Debtor;*
 - b) *An Order and/or direction be passed directing the resolution professional to provide the Information Memorandum, Evaluation Matrix and Request for Resolution Plan to the Applicant;*

**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT NO. II
KOLKATA**

I.A. (IB) No. 1121/KB/2023

In

C.P. (IB) No. 1540/KB/2019

- c) *An Order be passed directing the Resolution Professional to rectify the list of provisional and final list of Prospective Resolution Applicants by including the name of the applicant in the list of provisional and final list of the Prospective Resolution Applicants;*
- d) *An order be passed directing the Resolution professional to not to proceed with and/or give effect to the purported list of prospective Resolution Applicants being Annexure “M”, till the disposal of the present application;*
- e) *Such further orders or direction be passed as this Tribunal may deem fit and proper.*

3. Applicant’s Contention:

3.1. Ld. Counsel for the Applicant contends that a Corporate Insolvency Resolution Process (CIRP) with respect to the Corporate Debtor was initiated by the order of this Tribunal dated 6th May, 2022. *Vide* an Order dated **May 15, 2023** passed in **IA(IBC)/549/KB/2023**, it is proposed that *“fresh EOIs be invited, if possible, for consideration of any plans received in the interest of resolution of the corporate debtor. All prospective resolution applicants may apply to the resolution professional in response to the invitation for expression of interest.”*

3.2. Ld. Counsel for the Applicant further states that accordingly, on May 23, 2023, the Respondent (Resolution Professional, for brevity **“RP”**) has published **Form G** for invitation for EOI. On June 05, 2023, an email was issued by the applicant to the respondent, *inter alia*, informing that the applicant, Mr. Anil Kumar Agarwal, being one of the suspended Director of the Corporate Debtor intends to place on record his Expression of Interest (EOI) in the proposal as *“Resolution Applicant”*. The Applicant further informed that as the Corporate Debtor is a registered ‘Micro Small

**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT NO. II
KOLKATA**

I.A. (IB) No. 1121/KB/2023
In
C.P. (IB) No. 1540/KB/2019

and Medium Enterprises' ("MSME" for brevity) having Registration Number **UDYAM-WB-10-0000369**, therefore, in accordance with section 240A of I&B Code, the provisions of clauses (c) and (h) of section 29A of I&B Code shall not apply to the resolution applicant. The applicant further requested for the detailed information and further steps to move ahead in the matter.

- 3.3.** It is further contended that on June 06, 2023, the applicant received an email from the respondent, wherein the respondent had, *inter alia*, stated that as per the Form G dated May 23, 2023, the last date for submission of Expression of Interest for the Corporate Debtor is to expire on June 07, 2023 and the Term Sheet for Submission of EOI along with relevant documents has been uploaded on the official website of the Corporate Debtor i.e., www.ipbpnpl.com.
- 3.4.** Ld. Counsel for the Applicant submits that On the website at <https://www.ipbpnpl.com/>, the process document has been uploaded for the submission of the EOI, along with relevant formats, eligibility criteria, terms and conditions etc and as per the terms and conditions for the submission of EOI, one of the conditions which have been mentioned is that a process participation deposit of Rs. 5 Lakh is to be paid.
- 3.5.** The Ld. Counsel of Applicant states that by way of an email dated 7th June, 2023, the applicant submitted his Expression of Interest along with his undertaking under Section 29A of the I&B Code and other relevant documents as required. The Applicant has also made payment of Rs. 5 Lakhs towards the process participation deposit.
- 3.6.** Further, it is contended that on June 09, 2023, the applicant received a reply email from the respondent, wherein the respondent has, *inter alia*, rejecting the EOI submitted by the applicant for failing to fulfil the criteria of being the eligible prospective resolution applicant without mentioning any reason

**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT NO. II
KOLKATA**

I.A. (IB) No. 1121/KB/2023

In

C.P. (IB) No. 1540/KB/2019

or justification for such alleged disqualification in the said email. Therefore, on June 09, 2023, the applicant vide an email to the respondent, sought for specific reasons behind the disqualification of the applicant.

- 3.7.** As the Respondent (RP) did not reply to the email dated June 09, 2023 issued by the applicant, the applicant issued another email dated June 13, 2023, inter alia, requesting the respondent to provide comprehensive explanation for the grounds on which the EOI of the applicant was rejected. In the said email the applicant has stated that the applicant satisfies all necessary qualification required under the I&B Code.
- 3.8.** It is further contended that on June 14, 2023, the respondent issued a reply to the emails dated June 09, 2023 and June 13, 2023 issued by the applicant. In the said email the resolution professional alleged that the EOI submitted by the applicant in the name of “Balaji Paper & Newsprint Private Limited” does not comply with the provisions of Section 29A read with 240A and relevant Regulations under I&B Code, 2016 and is therefore rejected.
- 3.9.** The Ld. Counsel for the Applicant states that the applicant was under the impression that as, in respect of MSME, the promoter shareholder was eligible to submit an EOI and resolution plan, as such, the application was to be made in the name of the Corporate Debtor and details of the Corporate Debtor was required to be mentioned. Such mistake was unintentional and if the resolution professional would have pointed out the same to the applicant, then the applicant would have rectified the same forthwith. The applicant issued clarification to the resolution professional by its email dated 15th June, 2023. In the said email the applicant has, inter alia, clarified as:
- (i) That, the EOI was filed in the personal name of Anil Kumar Agarwal, not on behalf of “Balaji Paper & Newspaper Private Limited”

**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT NO. II
KOLKATA**

I.A. (IB) No. 1121/KB/2023
In
C.P. (IB) No. 1540/KB/2019

- (ii) That, the process participation deposit was also paid from the personal account of Anil Kumar Agarwal, not from any account associated with the 'Balaji Paper & Newsprint Private Limited'
- (iii) That, the EOI was made on the letter head of Anil Kumar Agarwal, accompanied by his personal KYC documents and send with the personal email ID, the undertaking under section 29A of the IBC has been provided on the stamp paper purchased in the personal name of the applicant.

The applicant, requested the respondent to consider the aforementioned points and to review the EOI once again.

- 3.10.** Despite issuance of the aforementioned clarificatory email dated June 15, 2023, the applicant did not receive any response from the respondent. It is submitted that the respondent has arbitrarily rejected the EOI submitted by the applicant, sans proper reason for such rejection.
4. The Ld. Counsel for the Applicant during argument referred to the decision passed by the Ld. NCLT, Kochi Bench in the case of *K. Satheesh Babu Rajesh v. George Varkey* reported in **2021 SCC OnLine NCLT 8079** (relevant paras 3, 5, 8, 10) where the Applicant in his individual capacity submitted its EOI and his Resolution Plan was allowed.
5. **The Ld. Counsel for the Resolution Professional (Respondent) of Balaji Paper & Newsprint Private Limited (Corporate Debtor) through Written Submission has admitted the following:**
- 5.1. That, in compliance of the Order dated May 15, 2023 in **IA(IBC)/549/KB/2023**, the RP revised Form G- Version 3 on May 23, 2023 inviting fresh EOI from Prospective Resolution Applicant wherein the last date for the submission of EOI was noted as on June 07, 2023 in line with the regulations

**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT NO. II
KOLKATA**

I.A. (IB) No. 1121/KB/2023

In

C.P. (IB) No. 1540/KB/2019

5.2. That, consequently, the Applicant submitted its EOI on June 07, 2023 to the RP of “Balaji paper & Newsprint Limited” (Corporate Debtor). The EOI was submitted through the promoter and member of the suspended board of director of the Corporate Debtor on the premise that Balaji paper & Newsprint Private Limited is registered as a Micro, Small & Medium Enterprise (MSME) having Registration No. **UDYAM-WB-10-0000369** and upon preliminary verification of the EOI submitted by the Applicant, the RP through email dated June 09, 2023 informed the Applicant that the Applicant failed to fulfil the criteria of being the eligible prospective resolution applicant towards the process of submission of EOI.

5.3. Further, RP vide an email dated June 14, 2023 also replied to the emails dated June 09, 2023 and June 13, 2023 issued by the Applicant seeking the clarification on the grounds for rejection of its EOI as:

“Considering the aforementioned provisions of Section 29A read with Section 240A and relevant regulations, 2016 the Express of Interest submitted in the name of “Balaji paper & Newsprint Private Limited-the Corporate Debtor” does not comply with the said provisions and is thereby liable to be rejected.”

6. The contention of the Ld. Counsel of the Resolution Professional:

6.1. The Ld. Counsel for the RP claims that upon verification of the MSME status of the Corporate Debtor in designated website of the Ministry of Micro, Small & Medium Enterprises on 10/07/2020, the Corporate Debtor is found to be a “Medium Enterprise” for providing manufacturing services at Kolkata. However, the Ministry of Micro, Small and Medium Enterprises vide its Notification dated June 01, 2020 published in the Gazette of India, Extraordinary notified the criteria for classification of micro, small and medium enterprises which stated that an enterprise shall

**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT NO. II
KOLKATA**

I.A. (IB) No. 1121/KB/2023

In

C.P. (IB) No. 1540/KB/2019

be classified as “**Medium Enterprise**” only where the investment in Plant & Machinery or Equipment *does not exceed Fifty Crore Rupees and turnover does not exceed Two Hundred And Fifty Crore Rupees which shall be effective from 01.07.2020*. It is contended that as per the Audited Balance Sheet for the year ended 31.03.2021 it is evident from the “**Annexure to Note 12**” (at **Page 19** of the **Annexure “A”** of the Written Submission by the RP) that the “**Original Cost of Plant & Machinery**” as on **01.04.2020** was **Rs. 104,93,15,976/-** (Rupees One Hundred and Four Crores Ninety-Three Lakh Fifteen Thousand Nine Hundred and Seventy-Six only) i.e., during the year of registration as MSME. Further, the “**Net Block Value**” of the “**Plant & Machinery**” as on 31.03.2021 was **Rs. 68,16,08,433/-** (Sixty-Eight Crores Sixteen Lacs Eight Thousand Four Hundred and Thirty-Three Only) thereby **exceeding the mandatory limit of 50 Crore, hence not entitled to be called a “Medium Enterprise”**.

- 6.2.** It is alleged that the member of the suspended board of directors being the Applicant herein submitted a false declaration in the designated website of the Ministry of MSME classifying as a Medium Enterprise and hence, such false declaration has not been taken into consideration while determining the status of the Corporate Debtor as the Medium Enterprise under the Provision of Section 7 of the MSMED Act, 2007. The copy of the Notification of Ministry of Micro, Small and Medium Enterprises dated 01.06.2020 and the Audited Balance Sheet for the year ended 31.03.2021 is annexed as **Annexure “A”** of the Written Submission by the RP.
- 6.3.** The Ld. Counsel for the RP argues that the EOI submitted by the Applicant failed to comply the following statutory provisions:
- a) **Regulation 36A (8)** of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016

**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT NO. II
KOLKATA**

I.A. (IB) No. 1121/KB/2023

In

C.P. (IB) No. 1540/KB/2019

b) **Section 29A read with 240A** of the I&B Code, 2016

Hence the EOI submitted by the Applicant is rejected by the RP.

7. Applicants' response to the allegation made by the Resolution Professional:

- 7.1. That the said contention was raised by the RP for the first time and the same was never cited as the reason for rejection of the EOI of the Applicant in any earlier occasion.
- 7.2. That, the EOI submitted by the Applicant was merely rejected on the ground that the same was submitted in the name of the Corporate Debtor instead of the name of the Applicant. In any event, the contention of the RP is untenable in law and contrary to records and his own statement.
- 7.3. In the email issued by the RP dated June 15, 2023, the RP has himself mentioned that *“Please note that despite Balaji Paper & Newsprint Private Limited being a registered MSME does not comply with the provisions of Section 240A...”* (annexed to the Application as **Annexure “K”** at **Page 50-52**, Relevant Page 52). Thus, on every occasion, the RP itself has recognized that the Corporate Debtor is an MSME.
- 7.4. It is further claimed that the Corporate Debtor is registered in consonance with the Ministry of MSME Notification dated 26th June, 2020, that came into effect on July 01, 2022 and falls within the category of MSME, as the Income Tax Return (ITR) of the Financial Year 2019-20 (Assessment Year 2020-21) reflects that the investment in Plant and Machinery in terms of the ITR of the CD is less than fifty crores, i.e., **Rs. 31,09,46,242/-**. Copy of the relevant portion of the ITR for the Assessment Year 2020-2021 is annexed as **Annexure “B”** at Page 9-10. The calculation of investment in plant and machinery or equipment is linked to the Income Tax Return (ITR) of the previous years filed under the Income Tax Act, 1961. Thus, the Corporate Debtor is an MSME. The RP has incorrectly relied on the

**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT NO. II
KOLKATA**

I.A. (IB) No. 1121/KB/2023

In

C.P. (IB) No. 1540/KB/2019

Balance Sheet, wherein the value of Plant and Machinery is in terms of the Provisions of the Companies Act, 2013 and not as per the Income Tax Act, 1961.

8. Heard the rival contentions submitted and perused the documents filed.

Analysis and Findings:

9. The key issues appear as:

- i. *Whether, a Promoter and/or Director of a Suspended Board of the Corporate Debtor, which is a registered MSME with UDYAM shall be eligible to submit the EOI or Resolution Plan for the Corporate Debtor in its individual capacity.*
- ii. *Whether, the eligibility of the applicant to have MSME Registration with UDYAM can be adjudicated by this Tribunal.*

10. The Discernible Facts:

- a) The Corporate Debtor is a registered MSME with the Central Government under the category of “Medium” Enterprise having Registration No. **UDYAM-WB-10-0000369** and as per Section 240A of the I&B Code, 2016, the provision of Clauses (c) and (h) of the Section 29A of I&B Code shall not apply to the Resolution Applicant to be seen whether it is a bar and the same was clearly indicated by the Applicant in his EOI dated June 07, 2023.
- b) The RP has rejected the Applicant’s EOI on the ground that EOI is submitted in the name of Corporate Debtor not in the name of Applicant and the Corporate Debtor is not a Medium Enterprise as the cost of Plant and Machinery of the Corporate Debtor is exceeding Fifty Crore Rupees, whereas the Corporate Debtor still holds the registration certificate with UDYAM.

**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT NO. II
KOLKATA**

I.A. (IB) No. 1121/KB/2023
In
C.P. (IB) No. 1540/KB/2019

11. The Statutory Provisions:

- (i) **Section 29A of the I&B Code debars a category of persons to be a Resolution Applicant and the following as:**

A person shall not be eligible to submit a resolution plan, if such person, or any other person acting jointly or in concert with such person—

- (a) is an undischarged insolvent;*
(b) is a wilful defaulter in accordance with the guidelines of the Reserve Bank of India issued under the Banking Regulation Act, 1949;
(c) at the time of submission of the resolution plan has an account, or an account of a corporate debtor under the management or control of such person or of whom such person is a promoter, classified as non-performing asset in accordance with the guidelines of the Reserve Bank of India issued under the Banking Regulation Act, 1949 or the guidelines of a financial sector regulator issued under any other law for the time being in force, and at least a period of one year has lapsed from the date of such classification till the date of commencement of the corporate insolvency resolution process of the corporate debtor:

Provided that the person shall be eligible to submit a resolution plan if such person makes payment of all overdue amounts with interest thereon and charges relating to non-performing asset accounts before submission of resolution plan;

Provided further that nothing in this clause shall apply to a resolution applicant where such applicant is a financial entity and is not a related party to the corporate debtor.

Thus, the section 29A of I&B Code prevents a related party of the Corporate Debtor to become a resolution applicant to submit a resolution plan to revive the Corporate Debtor

- (ii) **Section 240A of I&B Code, however carves out an exception for the MSME and envisages the following:**

Application of this Code to micro, small and medium enterprises.

(1) Notwithstanding anything to the contrary contained in this Code, the provisions of clauses (c) and (h) of section 29A shall not apply to the resolution applicant in respect of corporate insolvency resolution process or pre-packaged insolvency resolution process of any micro, small and medium enterprises.

**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT NO. II
KOLKATA**

I.A. (IB) No. 1121/KB/2023

In

C.P. (IB) No. 1540/KB/2019

(2) Subject to sub-section (1), the Central Government may, in the public interest, by notification, direct that any of the provisions of this Code shall—

(a) not apply to micro, small and medium enterprises; or

(b) apply to micro, small and medium enterprises, with such modifications as may be specified in the notification.

xxx xxx xxx

Explanation. — For the purposes of this section, the expression “micro, small and medium enterprises” means any class or classes of enterprises classified as such under sub-section (1) of section 7 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006).

The Corporate Debtor has already classified as an MSME by way of UDYAM Registration Certificate having registration date on July 10, 2020, hence, the bar under Section 29A of I&B Code, shall not apply to its Promoter or Director who are as such eligible to participate as a Resolution Applicant in the CIR Process of the Corporate Debtor. Thus, the bar under Section 29A of I&B Code does not come into play when the resolution applicant is a related party of the Corporate Debtor which is clarified as an MSME.

12. Judicial Pronouncements:

12.1. We rely upon the celebrated decision of the Hon’ble Apex Court in the case of *Swiss Ribbons Pvt. Ltd. v. Union of India* reported in **MANU/SC/0079/2019: (2019) 4 SCC 17** at Para 79 that

“However, given that MSMEs are the bedrock of the Indian economy, and the intent is not to push them into liquidation and affect the livelihood of employees and workers of MSMEs, the Committee sought it fit to explicitly grant exemptions to corporate debtors which are MSMEs by permitting a promoter who is not a wilful defaulter, to bid for the MSME in insolvency. The rationale for this relaxation is that a business of an MSME attracts interest

IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT NO. II
KOLKATA

I.A. (IB) No. 1121/KB/2023

In

C.P. (IB) No. 1540/KB/2019

primarily from a promoter of an MSME and may not be of interest to other resolution applicants.

(Emphasis Added)

12.2. Further, we rely upon the judgment passed by the Hon'ble NCLAT, New Delhi in the case of *Saravana Global Holdings Ltd. v. Bafna Pharmaceuticals Ltd.*, being **Company Appeal (AT) (Insolvency) No. 203 of 2019**, reported in **MANU/NL/0280/2019** at Para 21 and 22 that:

“21. The Parliament with specific intention amended the provisions of the ‘I&B Code’ by allowing the Promoters of ‘MSME’ to file ‘Resolution Plan’. The intention of the legislature shows that the Promoters of ‘MSME’ should be encouraged to pay back the amount with the satisfaction of the ‘Committee of Creditors’ to regain the control of the ‘Corporate Debtor’ and entrepreneurship by filing ‘Resolution Plan’ which is viable, feasible and fulfils other criteria as laid down by the ‘Insolvency and Bankruptcy Board of India’.”

“22. Therefore, we hold that in exceptional circumstances, if the ‘Corporate Debtor’ is MSME, it is not necessary for the Promoters to compete with other ‘Resolution Applicants’ to regain the control of the ‘Corporate Debtor’.”

(Emphasis Added)

12.3. Further, we rely upon a decision rendered by the Hon'ble NCLAT, Delhi in the case of *Harkirat Singh Bedi v. The Oriental Bank of Commerce* reported in **MANU/NL/0008/2021** at Para 39 that

“39. The appellant in its EOI claimed the advantage of section 240A of the code claiming exemptions from applicability of section 29A(c) and 29A(h) in terms of eligibility to be a resolution applicant as a medium level enterprise under MSME Development

IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT NO. II
KOLKATA

I.A. (IB) No. 1121/KB/2023
In
C.P. (IB) No. 1540/KB/2019

Act, 2006. On reading the provisions under section 29A along with section 240A of I&B Code. It can be concluded that the exemption is only in respect of clause (c) and (h) of Section 29A of the I&B Code.

(Emphasis Added)

12.4. Further, in the case of *K. Satheesh Babu Rajesh v. George Varkey* reported in 2021 SCC OnLine NCLT 8079: MANU/NC/1186/2021 where the National Company Law Tribunal, Kochi Bench has ordered as under:

“In view of the above, considering the facts situation and since the Corporate Debtor qualifies as a MSME under the revised norms, this application is disposed of with the following order:”

“(i) The applicant shall submit the Expression of Interest/Resolution Plan in his individual capacity within two weeks from today.”

“(ii) If the applicant submits the EOI/RP in his individual capacity, the Resolution Professional shall register the Corporate Debtor as an MSME, provided he produces the certificate of Registration as an MSME under the “Udhayam Registration” of the Ministry of Micro Small and Medium Enterprises. After considering the Expression of Interest of the applicant, the Respondents shall publish the list of Prospective Resolution Applicants, without further delay.”

(Emphasis Added)

12.5. In a similar matter, by this Bench in the case of *HDFC Bank Limited v. Tamra Dhatu Udyog Private Limited* being IA (I.B.C.)/78(KB)2023 in C.P. (IB)/128(KB)2020 reported in MANU/NC/1836/2023 held:

“16. Hence, in the aforesaid backdrop, when the cited decisions failed to convince us to be satisfied about their applicability in the present case we would place reliance on the proposition laid down

IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT NO. II
KOLKATA

I.A. (IB) No. 1121/KB/2023

In

C.P. (IB) No. 1540/KB/2019

in Arcelor Mittal (supra) and Swiss Ribbons (supra) to hold that CD having assumed the status of a medium enterprise under MSME Act, as on the date of filing Resolution Plan the erstwhile/Director of the Suspended Board of CD, Mr. Damodar Das Singhee, was legally and validly allowed to participate in the CIRP Process.

(Emphasis Added)

13. This is evident that the RP has alleged that the Corporate Debtor is a “Medium Enterprise” under the provision of MSME Act, 2007 is false and wrongly declared. The MSME registered status, indicates that the Corporate Debtor (Balaji Paper and Newsprint Pvt Ltd) is a “Medium Enterprise”, (having UDYAM Registration Number: UDYAM-WB-10-0000369, Classification year 2020-21 and Date of UDYAM Registration on July 10, 2020). Irrefutably, this Tribunal is not in a position to make a roving and fishing enquiry to discern whether the Corporate Debtor is falsely registered as an MSME by misleading the concerned authority. It is observed that the MSME status was awarded by the appropriate conferring authority on July 10, 2020 which is way before the initiation of CIR Process by this Tribunal. Hence, we refrain from entering into the controversy in regard to the eligibility of the Corporate Debtor to be conferred with a MSME Status, as the same is not within our jurisdiction. **We hold that eligibility of the applicant to have an MSME Registration Certificate with UDYAM cannot be adjudicated upon by this Tribunal.**
14. In this context, we would rely upon the decision passed by the Ld. NCLT, Bengaluru Bench, in the matter of *Raghavan Srinivas v. R.S. Doddabyregowda RP of Southern Batteries Pvt. Ltd.* being I.A. No. 521 of 2020 in C.P. (IB) No. 357/BB/2019 reported in MANU/NC/0292/2021 at Para 13 that:
- “13. As regards the issue raised by the Respondent RP that the conferment of UDYAM registration by the concerned Authority, MSME, was not acceptable as the criteria of WDV as against original cost of investment*

IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT NO. II
KOLKATA

I.A. (IB) No. 1121/KB/2023

In

C.P. (IB) No. 1540/KB/2019

was incorrectly adopted, as also because it could not have sought this status since CIRP had already commenced, the same are also not tenable. We are of the considered view that once a decision has been taken by the concerned and legitimate Authority, MSMED, to award the UDYAM registration and MSME status to the Applicant, the RP was neither qualified nor justified in questioning the same. For the same reason we too refrain from entering into this debate, and would like to observe that when the Applicant has been granted UDYAM registration as MSME, the same has to be accepted as such.

(Emphasis Added)

15. Our Inference:

15.1. In terms of analysis as above, we are of the considered opinion that the rejection of the Expression of Interest (EOI) submitted by Anil Agarwal, Director and Promoter of Suspended Board of Director of the Balaji Paper & Newsprint Private Limited (Corporate Debtor) is not proper and hence, the Resolution Professional of the Corporate Debtor is directed to allow the applicant to participate in the resolution process, to consider its EOI already submitted and issue the list of 'Prospective Resolution Applicants' at the earliest..

15.2. To question the MSME Registration of the Corporate Debtor with UDYAM, the RP shall have the liberty to apply before the appropriate authority to take necessary action, if required, the outcome whereof will govern the fate of the applicant's consideration.

16. Accordingly, this Interlocutory Application being **I.A. (IB) No. 1121/KB/2023** is **disposed of** in terms of the order above.

**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT NO. II
KOLKATA**

I.A. (IB) No. 1121/KB/2023

In

C.P. (IB) No. 1540/KB/2019

17. Certified copy of the Order may be issued, if applied for, upon compliance with all the requisite formalities with the Registry.

Balraj Joshi
Member (Technical)

Bidisha Banerjee
Member (Judicial)

This order is signed on the 29th Day of August, 2023

Bose, R. K. [LRA]