

**IN THE NATIONAL COMPANY LAW TRIBUNAL,  
SINGLE BENCH, CHENNAI**

*CA/147/IB/2018 filed in CP /509 /IB /  
2017 by Mr. V.Mahesh, Resolution  
Professional under Section 30(6) of the  
Insolvency and Bankruptcy Code, 2016.*

In the matter of

**M/s. Haldia Coke & Chemicals Limited,**

*...Corporate Debtor*

*Order delivered on 27<sup>th</sup> of March, 2018*

CORAM :

**CH. MOHD SHARIEF TARIQ, MEMBER (JUDICIAL)**

*Corporate Debtor: Through RP viz., Mr. V.Mahesh*

**ORDER**

Per: CH MOHD SHARIEF TARIQ, MEMBER (J)

1. Under consideration is Company Application No. CA/147/IB/2018 filed in CP/509/IB/2017. The Application has been filed by the Resolution Professional viz., Mr.V.Mahesh, under Section 30 (6) of Insolvency and Bankruptcy Code, 2016 (I&B Code, for short) and Regulation 39 (4) of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Amendments)



Regulations, 2017 (for short, Regulations), with the prayer to approve 'Resolution Plan', under Section 31(1) of the I&B Code, 2016.

2. It may be recalled that an Application under Section 10 of I&B Code, 2016 was filed by M/s. Haldia Coke and Chemicals Private Limited (in short, 'Corporate Debtor'). The Application was admitted on 11.07.2017, CIRP was initiated, moratorium was declared and Mr. Anup Kumar Singh was appointed as IRP, who has caused public announcement and constituted the CoCs comprising of Axis Bank, Jammu & Kashmir Bank Limited, Corporation Bank, Bank of Baroda and Union Bank of India.

3. The 1<sup>st</sup> meeting of CoCs was convened on 18.08.2017 wherein Mr. V. Mahesh has been proposed for being appointed as RP. Accordingly, this Adjudicating Authority vide Order dated 22.09.2017 appointed him as RP. The 2<sup>nd</sup> meeting of CoCs was convened on 07.11.2017 and 3<sup>rd</sup> meeting of CoCs was convened on 08.12.2017 for considering key issues.



relating to the 'draft Resolution Plan' received from the Corporate Debtor.

4. This Authority vide its Order dated 05.01.2018 had extended the CIRP for a further period of 90 days, which will expire on 07.04.2018. The publication of EoI inviting investors / Resolution Applicants has been effected on 12.01.2018. The 5<sup>th</sup> meeting of the CoCs was convened on 12.02.2018 for considering the 'Resolution Plan' submitted by M/s. Rare ARC Private Limited, (in short, 'Resolution Applicant'). The 'Resolution Plan' was considered by the CoCs in its meeting conducted on 09.03.2018 wherein in principle approval was given to the same. The CoCs in its 7<sup>th</sup> Meeting conducted on 16.03.2018 had finally approved the 'Resolution Plan', annexed with the Application.

5. The 'Resolution Plan' submitted before this Adjudicating Authority *in alia* provides for Liquidation Value as Rs.6.61 Crores, Fair Market Value as Rs.7.25 Crores. The acquisition price payable for the total acquisition based on the entire acquisition being of



100% cash basis, which will be Rs.98.50 Crores. The break-up of the consideration payable, would be as under:

Bank name	Admissible claim amount	Percentage	Crystalized amount (100% cash) (INR Crores)
Axis Bank	107.17	31.182%	30.71
Union Bank of India	50.13	14.586%	14.37
Bank of Baroda	54.95	15.988%	15.75
J & K Bank	74.64	21.717%	21.39
Corporation Bank	56.80	16.527%	16.28
Total	343.69	100.000%	98.50

6. In the light of the above, M/s. Rare ARC, Private Limited would restructure the debt take over as under:-

a) Rare ARC will set up trust for acquisition of the financial assets from the secured lenders under section 5 of SARFAESI Act.

b) The acquisition price payable by the Trust(s) would be Rs.98.50 crores for acquisition of 100% of secured debts of the company.

c) The cash payment of 100% will be made (to the selling Banks) within 30 days of approval of the resolution plan by NCLT or before March 31, 2018.

d) The Proposed Trust will issue Security Receipts (SRs) to eligible investors to fund the above,



acquisition. The investors in the trust shall be Rare ARC (and its Associates, if necessary) and outside investors (NOT the selling Bank).

e) For SRs issued on 15:85 Cash: SR Basis (Note: The Selling Banks are NOT investors in SRs, having been paid 100% Cash – The balance funding will be from Outside eligible investors).”

- SRs will be issued to SR holders on pari-passu basis.
- Rare ARC will subscribe to minimum of 15% of value of SRs issued.
- Outside Investors will subscribe to 85% value of SRs issued.

f) Priority of distribution of net realization from financial assets (received by the ARC Trusts) is proposed to be as under:

- (i) Expenses, liabilities of the trust in connection with the Trust Property on actual basis;
- (ii) Trusteeship fees payable to the Trustee: 2% per annum of the outstanding SRs at the beginning of the year or on the Net Asset Value (NAV) whichever is lower as per the prevailing guidelines issued by RBI. However, Trusteeship fees shall be charged as a percentage of the actual outstanding value of SRs before availability of the NAV of SRs;
- (iii) Net realizations after deduction of (i), (ii) & (iii) as above will be shared as follows:

- a. 5% as Recovery Incentive for quantum of SRs redeemed.



- b. There shall be no indicative coupon or yield on the SRs.
- c. Excess realizations, if any, after redemption of SRs shall be shared as follows:
- 20% to Rare ARC and 80% to Outside SR Investor.

The above terms and conditions are brief in nature; the detailed terms and conditions shall be part of the offer document to be issued pursuant to setting up of the Trusts.”

7. Repayment Schedule of Secured Financial Creditors, Banks/FIs taken over by M/s. Rare ARC (Total Crystallised Amount of INR 98.50 crores):

“The secured financial debts taken over by the ARC shall be repaid by the Borrower to the Trust(s) in the following manner at the end of every quarter / year until they are repaid in full. The Trust(s) shall distribute the amount within 4(four) business days of receipt, as provided in Clause 2.2.2(f) above).

Year of repayment	Crystalized amount	Interest
Year 1	25% (Rs.24.625 cr)	5% p.a.
Year 2	25% (Rs.24.625 cr)	5% p.a.
Year 3	25% (Rs.24.625 cr)	5% p.a.
Year 4	25% (Rs.24.625 cr)	5% p.a.



*The interest will be paid at 5% p.a., quarterly on outstanding crystalized reducing balance. On payment as per schedule, the balance debt would be written off.”*

8. Besides the above, the ‘Resolution Plan’ provides that the Fair Value of the equity shares would be reduced from Rs.10 – to Rs.0.05/- each. Compulsorily Convertible Preference Shares and Optionally Convertible Preference Shares will be converted into equity shares.

9. The revised Shareholding Pattern of the Corporate Debtor would be as follows: -

<i>Particulars</i>	<i>No. of New Equity Shares of Rs.0.05/- each</i>	<i>Face value of new equity shares (Rs. Cr)</i>	<i>%</i>
<i>Rare ARC &amp; its Associates</i>	<i>18,00,00,000</i>	<i>0.900</i>	<i>51.30%</i>
<i>Original Equity Shareholders</i>	<i>5,58,74,591</i>	<i>0.229</i>	<i>13.07%</i>
<i>Original CCPS Shareholders</i>	<i>10,84,36,850</i>	<i>0.542</i>	<i>30.91%</i>
<i>Original OCPS Shareholders</i>	<i>1,65,61,950</i>	<i>0.083</i>	<i>4.72%</i>
<i>Total</i>	<i>35,08,73,391</i>	<i>1.754</i>	<i>100.00%</i>



10. The 'Resolution Plan' also provides that the Operational Creditors, Corporate Guarantors and statutory liabilities prior to the insolvency period has not been proposed to be paid. The Corporate Insolvency Resolution Process cost is Rs.1.50 Crores.

11. In short, the "Resolution Plan" is not contravening any of the conditions stipulated under Section 29 A of I&B Code, 2016 as amended from time to time. The 'Resolution Plan' meets the requirement laid down under Sub-section (2) of Section 30 of the I&B Code, 2016 and Regulations 37, 38 & 39 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. The CoCs has already approved the 'Resolution Plan' under Sub-section (4) of Section 30 of I&B Code, 2016. with 100% voting share,

12. It is pertinent to record that the management of the Corporate Debtor after approval of the Plan, will be carried on by the Resolution Applicant viz., M/s. Rare





ARC through its nominees on the Board, for which it shall identify and appoint suitable professional to manage the affairs of the Company on day-to-day basis with the support of the key managerial personnel of the Company and guidance from Board of Directors. M/s. Rare ARC Private Limited/Management Team will ensure that the Resolution Plan will be implemented in accordance with the compliance of all applicable laws and regulations governing the terms and conditions of the Resolution Plan and shall not contravene any of the provisions of the law for the time being in force.

13. The implementation and supervision of Plan will be managed by the professional appointed by M/s. Rare ARC Private Limited. Implementation of the 'Resolution Plan' shall be on or before 31.03.2018. The sources of funds for meeting payments under the 'Resolution Plan' have also been identified and assessed. In short, the Resolution Plan annexed with the CA/147/IB/2018 is in compliance with the applicable provisions of the I&B Code, 2016 and



Regulations made thereunder governing the terms and conditions therefor, and it does not contravene any of the provisions of law for the time being in force.

14. In view of the above, the Resolution Plan annexed with the Application No. CA/147/IB/2018 filed in CP/509/IB/2017 is hereby approved under Section 31(1) of I&B Code, 2016. The Resolution Plan approved shall be binding on the Corporate Debtor, its employees, members, creditors, guarantors and other stakeholders involved therein, including the resolution applicant.

15. The order of moratorium dated 11.07.2017 passed by this Adjudicating Authority under Section 14 of I&B Code, 2016 shall ceased to have effect from the date of this Order.

16. The Resolution Professional viz., Mr. V. Mahesh is directed to forward all record relating to the conduct of the CIRP and the Resolution Plan to the IBBI, so that the Board may record the same on its data base.



17. The Resolution Plan shall become effective from the date of passing of this Order.

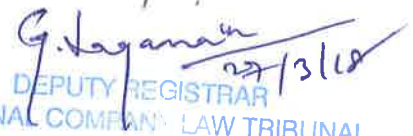
18. The RP shall forthwith send a copy of this Order to the participants and the Resolution Applicant.

19. Order is pronounced in open court.

P. ATHISTAMANI

  
**(CH. MOHD SHARIEF TARIQ)**  
MEMBER (JUDICIAL)

**Certified to be True Copy**

  
DEPUTY REGISTRAR  
27/3/18  
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