

Restructuring & Insolvency

Monthly Newsletter

August 2022

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RECENT JUDGMENTS

Asset Reconstruction Company (India) Ltd v. Tulip Star Hotels Ltd & Ors

Supreme Court of India | Judgment dated August 01, 2022 | Civil Appeal Nos. 84-85 of 2020

Background facts

- V. Hotels Ltd (**Corporate Debtor**) had executed a Loan Agreement in March 2002 with a consortium of banks consisting of Bank of India, Punjab National Bank, Union Bank of India, Vijaya Bank, Canara Bank and Indian Bank, led by Bank of India (**Consortium**), pursuant to which, a loan of INR 1,29,00,00,000 was sanctioned collectively by the Consortium to the Corporate Debtor.
- Thereafter, the Corporate Debtor entered into an agreement with Abu Dhabi Commercial Bank (**ADCB**) under which ADCB agreed to advance USD 29,000,000 to the Corporate Debtor for repayment of the loan taken from the Consortium. However, between August and December 2003, the Corporate Debtor repaid the sum disbursed by Bank of India under the Loan Agreement from the funds disbursed to the Corporate Debtor by ADCB.
- Around August 2008, a bank guarantee issued by Bank of India in favour of ADCB on behalf of the Corporate Debtor, was invoked by ADCB and an amount of INR 24,49,59,208 was paid by Bank of India to ADCB under the bank guarantee. On December 01, 2008, the account of Corporate Debtor was classified as a Non-Performing Asset by Bank of India (**NPA**) and on December 31, 2008, an Assignment Agreement was executed by Bank of India assigning its receivables to Asset Reconstruction Company (India) Ltd (**Appellant**).
- Vide a letter dated February 07, 2011, the Corporate Debtor proposed a settlement to the Appellant followed by a revised proposal on February 10, 2011. Subsequently, the parties entered into a Settlement Agreement on February 28, 2011, wherein it was agreed that the Corporate Debtor would pay the settlement amount of INR 1,50,75,83,970 along with accrued interest at 22% p.a at monthly rests from July 01, 2010 till September 30, 2011.
- Due to its inability to mobilize funds, the Corporate Debtor continuously requested for extension of time to pay its outstanding dues while simultaneously acknowledging its outstanding liability. The said requests were acceded to by the Appellant. Ultimately, the Appellant revoked the Settlement Agreement on June 17, 2013, in terms of the default obligations set out in the Settlement Agreement. Pursuant thereto, the Corporate Debtor vide its letter dated July 01, 2013, acknowledged its obligation to repay the aggregate assigned debt inclusive of interest.
- Due to non-payment of outstanding dues, the Appellant issued a notice under Section 13(2) of SARFAESI Act to the Corporate Debtor enforcing its security interests and a possession notice under Section 13(4) of the SARFAESI Act was also issued. The Appellant then invoked the personal guarantee of Mr. Ajit Kerkar, Managing Director of the Corporate Debtor, on May 06,

2014. It is to be noted that the Corporate Debtor also acknowledged its liabilities towards the Appellant in its financial statements from 2008-09 to 2016-17.

- On April 03, 2018, the Appellant filed an Application under Section 7(2) of the IBC before the NCLT for initiation of CIRP against the Corporate Debtor. Thereafter, the Corporate Debtor filed a Miscellaneous Application before the NCLT seeking dismissal of the Appellant's Application. Vide Order dated May 01, 2019, NCLT dismissed the said Miscellaneous Application and vide Order dated May 31, 2019, NCLT admitted the Appellant's Application and appointed Mr. Anish Nanavaty as the IRP, who was later confirmed by the CoC as the RP of the Corporate Debtor.
- Aggrieved by the Order dated May 01, 2019, the Corporate Debtor filed an Appeal before NCLAT. Whereas the shareholders of the Corporate Debtor namely, Tulip Star Hotels Ltd and Tulip Hotels Pvt Ltd (**Respondents**) filed an Appeal before NCLAT against the Order dated May 31, 2019.
- Vide a common Judgement and final Order dated December 11, 2019 (**Impugned Judgment**), NCLAT allowed both the appeals and held that CIRP initiated by the Appellant against the Corporate Debtor was barred by limitation.
- Aggrieved by the Impugned Judgment passed by the NCLAT, the Appellant filed an Appeal before the SC.

Issues at hand?

- Whether entries in books of accounts/balance sheet of Corporate Debtor can be treated as acknowledgement of liability of debt payable to Financial Creditor?
- Whether the Application under Section 7 of IBC was barred by limitation?

Decision of the Court

- The SC allowed the Appeal filed by the Appellant and held that the entries in books of account/balance sheet of a company can be treated as acknowledgement of liability in respect of debt payable to a Financial Creditor.
- While arriving at this decision, SC carefully examined relevant provisions pertaining to Financial Creditors under the IBC and highlighted the importance of such provisions to be liberally construed.
- With respect to the issue of limitation, SC relied on its decision in the matter titled ***Sesh Nath Singh & Anr v. Baidyabati Sheoraphuli Cooperative Bank Ltd***¹, wherein it was held that the words 'as far as may be' used in Section 238A of IBC mean that the provisions of the Limitation Act, 1963 does not apply verbatim to the proceedings in NCLT/NCLAT. SC clarified that the period of limitation for making an application under Section 7 or 9 of the IBC is three years from the date of accrual of the right to sue, i.e., the date of default.
- Considering the averments regarding default/acknowledgment and upon placing reliance on a plethora of judgments, SC observed that even if Section 18 of the Limitation Act, 1963 and principles thereof were applicable, the same would not apply to the Application under consideration. In this regard, SC placed reliance on the Sesh Nath Singh judgment and ***Laxmi Pat Surana v. Union Bank of India***², wherein it was held that there was no reason to exclude the effect of Section 18 of the Limitation Act, 1963 to proceedings initiated under the IBC.
- SC analysed Section 18 of the Limitation Act, 1963 which provides that an acknowledgement of liability in writing has the effect of commencing a fresh period of limitation from the date on which the acknowledgement is signed. SC relied upon the decisions in ***Asset Reconstruction Company (India) Ltd v. Bishal Jaiswal & Anr***³, ***Bengal Silk Mills Co v. Ismail Golam Hossain Ariff***⁴, ***South Asia Industries (P) Ltd v. General Krishna Shamsher Jung Bahadur Rana***⁵, amongst others, wherein it was held that an acknowledgement of liability that is made in a balance sheet can amount to an acknowledgement of debt.
- Further, by placing reliance upon ***Jignesh Shah & Anr v. Union of India***⁶ and ***Dena Bank (Now Bank of Baroda) v. C Shivakumar Reddy & Anr***⁷, SC opined that an application under Section 7 of IBC would not be barred by limitation, on the ground that it had been filed beyond a period of three years from the date of declaration of the loan account of the Corporate Debtor as NPA, if there were an acknowledgement of the debt by the Corporate Debtor before expiry of the

¹ 2021 SCC Online SC 244

² (2021) 8 SCC 481

³ (2021) 6 SCC 366

⁴ SCC OnLine Cal 128

⁵ ILR (1972) 2 Del 712

⁶ (2019) 10 SCC 750

⁷ (2021) 10 SCC 330

HSA Viewpoint

This judgment clarifies the issue on the applicability of Limitation Act, 1963 on IBC proceedings. SC has reiterated and reimposed the largely settled proposition as held in Bishal Jaiswal judgment, where the entries in a balance sheet were held to be an acknowledgement of liability. It elucidates that the creditors, who were earlier prevented from initiating IBC proceedings despite their debts being acknowledged in the balance sheet of the corporate debtor, are now allowed to initiate proceedings under IBC by relying upon Section 18 of Limitation Act, 1963.

period of limitation of three years, in which case the period of limitation would get extended by a further period of three years.

- Accordingly, SC noted that since the Corporate Debtor acknowledged its liability and proposed a settlement vide its letter dated February 07, 2011 and subsequently in its communications and balance sheets, and the application under Section 7 of IBC was filed on April 03, 2018, the same falls within the extended period of limitation of three years.

Yadubir Singh Sajwan & Ors v. Som Resorts Pvt Ltd

NCLT (New Delhi Bench) | Order dated August 02, 2022 | Company Petition No. (IB) 67 (ND)/ 2022

Background facts

- Som Resorts Pvt Ltd (**Corporate Debtor**) had launched a commercial cum residential project named 'Casa Italia' in Ghaziabad, Uttar Pradesh (**Project**). Subsequently, the Corporate Debtor entered into an Agreement dated October 10, 2013, with Cosmic Structures Ltd (**Agent**) appointing it as its marketing agency for the marketing and advertisement of the Project.
- Mr. Yadubir Singh Sajwan along with 25 other homebuyers (**Financial Creditors**) booked spaces in the Project and made payments to the Corporate Debtor and its Agent. The Financial Creditors also entered into Builder Buyer Agreement (**BBA**) with the Corporate Debtor, whereby the possession of the booked spaces was to be handed over by the Corporate Debtor within 36 months from the commencement of date of construction of the Project. However, the Corporate Debtor failed to hand over the possession and refund the deposits to the Financial Creditors.
- Thereafter, the Delhi High Court (**HC**) vide Order dated January 11, 2017, in Winding up Petition No. 152/2016 titled Rajni Anand v. Cosmic Structures Ltd ordered liquidation of the Agent and the official liquidator sealed the Project considering the same to be a property of the Agent. Accordingly, the Financial Creditors approached the EOW and lodged an FIR against the Corporate Debtor and its promoters for committing criminal breach of trust, cheating and criminal conspiracy.
- Pursuant thereto, a Memorandum of Settlement (**MoS**) dated September 14, 2018 was executed between the Corporate Debtor, Agent and the Financial Creditors, for the Corporate Debtor to complete the construction of the Project within 18 months of de-sealing of the same by HC. The Corporate Debtor further undertook to hand over the possession to the Financial Creditors, failing which the Financial Creditors would be entitled to refund of their amount along with 18% interest p.a. However, the Corporate Debtor yet again failed to honor its obligations and hand over the possession within the stipulated time, despite the Project being de-sealed by the HC.
- Consequently, the Financial Creditors filed an Application under Section 7 of the IBC before NCLT seeking initiation of CIRP against the Corporate Debtor for a default of INR 15,37,19,463 including interest at 18% p.a.

Issues at hand?

- Whether the Application filed by the Financial Creditors is time barred?
- Whether the Financial Creditors are entitled to maintain the Application being homebuyers and meet the threshold limit of 100 of such allottees or 10% of the total number of such allottees?
- Whether any relationship subsists between the Corporate Debtor and the Agent and whether the Agent was entitled to receive the amount from the Financial Creditors on behalf of the Corporate Debtor to book the units in the Project?
- Whether there was any default on part of the Corporate Debtor in completion of the Project and in repayment and whether on that basis CIRP can be initiated against the Corporate Debtor?

Decision of the Tribunal

- Upon careful examination of pleadings and considering the rival contentions of the parties, NCLT firstly dealt with the issue regarding the claim being barred by the law of limitation. NCLT noted that Section 7 of IBC is governed by Article 137 of the Limitation Act, 1963 which provides the limitation period of 3 years from the date when the right to apply accrues. NCLT observed that the cause of action or default in case of homebuyers arises when the agreed date of possession as per the BBA has lapsed and till date the possession of the units in the Project has not been handed over, being in breach of BBA and thus, amounting to continuing default committed by the Corporate Debtor. Thus, the NCLT held that the application qualifies the test for limitation.
- With respect to the second issue on threshold limit of allottees under the same real estate project, NCLT held that since the Application has been filed by 26 allottees out of total 69 allottees which is more than 10% in the Project, it thus satisfies the criteria as provided in Section 7(1) of the IBC.

- On deliberating over the third and the last issue, NCLT held that the Agreement dated October 10, 2013, providing marketing rights to the Agent, is purely an agency agreement where the Agent company was acting as an agent of the Corporate Debtor. NCLT placed reliance upon the decisions in *National Textile Cooperation Ltd v. Nareshkumar Badrikumar Jagad & Ors*⁸ and *Chairman, Life Insurance Corporation v. Rajiv Kumar Bhasker*⁹, wherein the Supreme Court dealt with the concept of agency which can be created either expressly or by necessary implications.
- On the contention of the Corporate Debtor that the payments were made directly to the Agent without knowledge of the Corporate Debtor, NCLT noted that the Agreement dated October 10, 2013, is a matter of internal affairs of the Corporate Debtor and the Financial Creditors being outsiders are not privy to the internal affairs of the Corporate Debtor. Thus, NCLT held that the doctrine of indoor management applies, and it is not open to the Corporate Debtor to take advantage of irregularities at the cost of the Financial Creditors. NCLT further held that the Agent was sufficiently empowered to allot, sanction the units, and receive the payments and thus, the Financial Creditors cannot be penalized for the acts of the Agent of which they were unaware. It was also noted that the BBA established beyond doubt that the allotment of units and receipt of payments were made with the knowledge of Corporate Debtor since it was executed between the Corporate Debtor as the developer and the Financial Creditors as the proposed space buyers.
- NCLT also lifted the corporate veil of the Corporate Debtor and held that the Corporate Debtor and Agent were being indirectly controlled by the same person i.e., Mr. Sandeep Pahwa. NCLT observed that lifting of corporate veil is an exception to the distinct personality of a company, and it can be invoked if public interest so requires or if there is allegation of violation of law using the device of a corporate entity. NCLT opined that the Corporate Debtor had used the Agent to enter into BBA and collect monies from the Financial Creditors with an ulterior motive to conceal the real transaction. Thus, NCLT held that it would be unfair to the Financial Creditors if the Corporate Debtor indirectly achieves its agenda of defrauding homebuyers in the disguise of separate legal entity, which it could not have done directly.
- In view of the above, NCLT held that the Corporate Debtor was the ultimate beneficiary of all the impugned transactions and had failed to complete the construction as well as refund the monies collected from the Financial Creditors. Thus, the NCLT admitted the Application under Section 7 of IBC and initiated CIRP against the Corporate Debtor.

HSA **Viewpoint**

The present case reiterates the proposition of law settled by the Supreme Court in the case of *Pioneer Urban Land & Infrastructure Ltd & Anr v. Union of India & Ors* (WP (Civil) No. 413 of 2019) by way of which the homebuyers have been included within the ambit of financial creditors under the IBC giving them the liberty to initiate insolvency proceedings against real estate developers. This decision paves the way with regards to the rights of the homebuyers to recover the monies invested by them for purchase of the flats in the event the developers fail to abide by the terms of the purchase agreement.

Praful Nanji Satra v. Vistra ITCL (India) Ltd & Ors

NCLAT | Judgment dated August 02, 2022 | CA(AT) (Ins) 713 of 2020

Background facts

- The Corporate Debtor, Satra Properties (India) Ltd (**SPIL**) in order to execute some projects, proposed to raise finances up to INR 56 crore by way of issuing Non-Convertible Debentures (**NCDs**). In view of the same, the Corporate Debtor, through corporate entity Vistra (ITCL) India Ltd agreed to subscribe to 5600 secured redeemable NCDs having face value of INR 1,00,000 i.e. Rupees one lakh each for a total consideration of INR 56 crore. In addition, a personal guarantee was executed by Mr. Praful Nanji Satra (**Appellant**) on March 15, 2014, and an escrow agreement was executed on December 02, 2014.
- In furtherance of this objective, a Secured Redeemable NCD Subscription Agreement was executed on March 01, 2014 (**Debenture Subscription Agreement**). The said NCDs were to be redeemed after the end of 12 months from the date(s) of issue with interest in accordance with redemption schedule annexed to the Debenture Subscription Agreement.
- Since the debentures could not be redeemed in accordance with the redemption schedule provided in the Debenture Subscription Agreement, the Respondents filed an Application under Section 7 of the IBC. The Section 7 was admitted by the NCLT, Mumbai Bench vide order dated August 03, 2020 (**Impugned Order**).
- Aggrieved by this Order, the Appellant filed an Appeal before NCLAT on the ground that the Impugned Order which allowed the initiation of Corporate Insolvency Resolution Process (**CIRP**) on the basis of documents, namely Secured Redeemable Non-Convertible Debentures Subscription Agreement dated March 01, 2014 and Debenture Trust Deed dated March 01, 2014, being insufficiently stamped and under the Maharashtra Stamps Act could not be admitted as evidence of debt and default.

⁸ Civil Appeal No. 7448 of 2011.

⁹ (2005) 6 SCC 188

Issue at hand?

- Whether insufficiently stamped redeemable Non-Convertible Debentures Subscription Agreement and the Debenture Trust Deed can be relied upon as valid legal documents while considering an application filed under Section 7 of the IBC?

Decision of the Tribunal

- The NCLAT dismissed the instant appeal on the ground that the issue of debt being due and payable in the present case is not interdicted by any law but only a technical deficiency of insufficiency of their stamping has been raised which can be cured. Therefore, the Non-Convertible Debentures Subscription Agreement and the Debenture Trust Deed are not novated as a result of the 'Settlement' and are relevant in establishing the debt of the corporate debtor as claimed in Section 7 application, whose repayment is in default as per Clause 11 of the Debenture Trust Deed.
- While arriving at the instant decision, the NCLAT relied upon the law laid down by the Supreme Court in *Innovative Industries Ltd v. ICICI Bank & Anr*¹⁰, wherein the Supreme Court clearly held that while considering an application under Section 7 of the IBC, what is to be seen is that there is 'debt' which is due and payable.

Kotak Mahindra Bank Ltd v. Kew Precision Parts Pvt Ltd & Ors

Supreme Court of India | Judgment dated August 05, 2022 | Civil Appeal No. 2176 of 2020

Background facts

- Kew Precision Parts Pvt Ltd (**KPPPL/Corporate Debtor**) sought for financial assistance from the Kotak Mahindra Bank (**Appellant**). Due to the continuous default by the Corporate Debtor, in September 2015, the account of the Corporate Debtor was declared as a Non-Performing Asset (**NPA**). Thereafter, in December 2018, the parties arrived at an agreement for settlement of dues of the Corporate Debtor.
- Due to default in the execution of the said agreement, in 2019, an Application for initiation of Corporate Insolvency Resolution Process (**CIRP**) under Section 7 of the IBC was filed by Kotak Mahindra Bank Ltd, the Financial Creditor. The NCLT vide order dated September 06, 2019 (**Admission Order**) admitted the Application and passed an order to initiate the CIRP of KPPPL.
- Aggrieved by the order of admission, the suspended directors of the Corporate Debtor filed an Appeal before the NCLAT on the ground that the Application under Section 7 was barred by limitation as there was no admission of debt by the Corporate Debtor during the period of limitation and that the NCLT relied on Article 62 of the Limitation Act, 1963 while determining the period of limitation.
- The NCLAT vide judgment dated January 08, 2020 allowed the Appeal filed by the suspended directors and directed for termination of the CIRP of the Corporate Debtor. The NCLAT in the Impugned Order stated that the acknowledgment of debt has to be made within the period of limitation and, it cannot be gainsaid that an acknowledgement given after the expiry of the usual period is not sufficient to keep the 'debt' alive. If a claim is barred, the fact that there was an acknowledgement of liability will not resuscitate a barred claim because of the reason that in any law, there can only be an acknowledgement of an existing/subsisting liability.
- Consequently, Kotak Mahindra Bank filed an Appeal before the Supreme Court against the NCLAT judgment terminating the CIRP of the Corporate Debtor. It was contended on behalf of the Appellant that since the Corporate Debtor issued cheques within the period of limitation and, thereafter, the Corporate Debtor offered various OTS offers for settlement of its dues, therefore, in terms of Section 25(3) of the Indian Contract Act, 1872, the period of limitation stood extended for admitting the Section 7 filed before the NCLT.

Issue at hand?

- Whether an agreement executed between the parties under Section 25(3) of the Indian Contract Act, 1872 after the period of limitation stood expired would account for extension of the period of limitation?

Decision of the Court

- The Supreme Court allowed the instant Appeal and held that an Appeal being the continuation of original proceedings, the provision of Section 7(5)(b) of the Code, for intimating the Financial Creditor before rejection of a claim, would be attracted.

HSA **Viewpoint**

This judgment yet again clarifies that a Section 7 Application filed under IBC cannot be merely rejected on technical grounds, which are otherwise rectifiable. This judgment also clarifies the position regarding objections of Corporate Debtors regarding insufficient stamping of financial documents.

¹⁰ (2018) 1 SCC 407

- While arriving at the said decision, the Supreme Court distinguished between application of Section 18 of the Limitation Act, 1963 and Section 25(3) of the Indian Contract Act, 1872 and observed that both promise and acknowledgment in writing, signed by a party or its agent authorised in that behalf, have the effect of creating a fresh starting of limitation. The difference is that an acknowledgment under Section 18 of the Limitation Act, 1963 has to be made within the period of limitation and need not be accompanied by any promise to pay. If an acknowledgment shows existence of jural relationship, it may extend limitation even though there may be a denial to pay. On the other hand, Section 25(3) is only attracted when there is an express promise to pay a debt that is time barred or any part thereof. Promise to pay can be inferred on scrutinising the document. Only the promise should be clear and unconditional.
- For the invocation of Section 25(3) of the Indian Contract Act, 1872, the Supreme Court laid down the following parameters:
 - It must refer to a debt, which the creditor, but for the period of limitation, might have enforced
 - There must be a distinct promise to pay such debt, fully or in part
 - The promise must be in writing and signed by the debtor or his duly appointed agent
- In this regard, the Supreme Court further stated that Section 25(3) applies only where the debt is one which would be enforceable against the defendants, but for the law of limitation. Where a debt is not binding on the defendant for other reasons, and consequentially not enforceable against him, there is no question of applicability of Section 25(3).
- While reading the aforementioned provisions with the decision laid down in **Dena Bank (Now Bank of Baroda) v. C Shivakumar Reddy & Anr**¹¹, the Supreme Court held that the condition precedent for condonation of the delay in filing an Application or Appeal, is the existence of sufficient cause. Section 5 of the Limitation Act, 1963 enables the court to admit an Application or Appeal if the Applicant or the Appellant, as the case may be, satisfies the Court that he had sufficient cause for not making the Application and/or preferring the Appeal, within the time prescribed. A Court/Tribunal may exercise its discretion to condone delay, even in the absence of a formal Application.
- On the basis of the basis of the aforesaid observations, the Supreme Court concluded that the NCLAT proceeded on the basis that the CIRP proceedings were barred by limitation in the absence of any acknowledgement of debt within the period of limitation, and closed the CIRP proceedings in the NCLT, without considering the question of applicability of Section 5 of the Limitation Act, 1963 for condonation of delay. Further, since the NCLAT was also not made aware of the Settlement Agreement arrived between the parties on account of the OTS offered by the Corporate Debtor, the NCLAT did not, therefore, have the occasion to consider whether Section 25(3) of the Indian Contract Act, 1872 would be attracted. Hence, the decision of the NCLAT was set aside and the matter was remanded back to the NCLT.

HSA
Viewpoint

By way of the said judgment, the Supreme Court has laid the law on the application of Section 25(3) of the Indian Contract Act, 1872 and its effect on the extension of the period of limitation. The said judgment is a sigh of relief to the various creditors who were unable to enforce their rights against the borrowers despite written acknowledgements of debt.

¹¹ Civil Appeal No. 1650 of 2020



RECENT DEALS

Resolution of Mataji Dyeing Mills Pvt Ltd

- The NCLT, Ahmedabad Bench, vide an order dated August 05, 2022 approved the Resolution Plan submitted by Padam Shree Fabric, the Successful Resolution Applicant, in the CIRP of Mataji Dyeing Mills Pvt Ltd, the Corporate Debtor.
- Vide order dated October 07, 2020, the NCLT, Ahmedabad Bench admitted the Company Petition filed by Punjab National Bank and Hero Fincorp Ltd under Section 9 of the IBC and ordered for initiation of the CIRP of the Corporate Debtor. Ms. Neelam Modi was appointed as the IRP and thereafter confirmed the Resolution Professional.
- After issuance Form G, only one Prospective Resolution Applicant submitted the Resolution Plans. After due discussion and deliberation, the Resolution Plan received from the Successful Resolution Applicant was approved with 100% voting share by the CoC.
- A perusal of the Resolution Plan shows that the Resolution Plan provides for a total payment of INR 6,19,50,171 against an admitted debt of INR 11,01,81,827 (approximately) i.e. almost a 60% haircut is being borne by the creditors. Additionally, the Plan proposes to continue the operation of the Corporate Debtor as a going concern. Hence, in terms of the law laid down in ***Ghanshyam Mishra and Sons vs Edelweiss Asset Reconstruction Company Ltd***¹², all the subsisting rights, consents, licenses, entitlements etc granted to the Corporate Debtor notwithstanding any provision to the contrary in their terms, be deemed to continue without disruption for the benefit of the Corporate Debtor.

NCLT, Ahmedabad gives nod to Resolution Plan submitted by Limore MultiComm Pvt Ltd for resolution of CLS Industries Pvt Ltd

- CA Mr. Dharmendra Dhelariya, the Resolution Professional of CLS Industries Pvt Ltd (CLS), the Corporate Debtor, placed the approved Resolution Plan submitted by Limore MultiComm Pvt Ltd, the Successful Resolution Applicant, before the NCLT, Ahmedabad Bench for approval under Section 30(6) and Section 31(1) of the IBC.
- The CIRP of CLS was initiated pursuant to the admission order dated September 02, 2019 by NCLT, Ahmedabad Bench. Subsequently, a public announcement for the collation of claims in terms of Regulation 6(1) of the CIRP Regulations was made by the IRP and the CoC of the Corporate Debtor was constituted.

¹² Civil Appeal No. 8129 of 2019

- The Resolution Professional thereafter published the Form G inviting the EoI. In response to the same, two EOIs were received out of which one of the Resolution Applicant's withdrew the plan. Subsequently, the plan by the Successful Resolution Applicant was received and after rounds of deliberations the CoC approved the Resolution Plan submitted by the Successful Resolution Applicant by a 100% majority.
- The Resolution Applicant has proposed an amount of INR 17.50 lakh for the CIRP costs. It is also proposed to pay an amount of INR 3,96,75,000 against the admitted claim of INR 23,86,51,063 to the Sole Financial Creditors and no amount was proposed for the payment to the Operational Creditors including State Tax Department and Income Tax Department. The admitted claim of the Operational Creditors was INR 8,02,30,926. Further, no amount was proposed to be paid to the equity shareholders also as the liquidation value of the equity shareholders was nil.



COMPANIES ADMITTED TO INSOLVENCY IN JULY 2022

Companies admitted to insolvency

#	Name of Corporate Debtor	NCLT Bench	Industry
1	AMS Trading and Investment Pvt Ltd	Mumbai	Wholesale of metals and metal ores
2	AJS Impex Pvt Ltd	Mumbai	Trading of iron and steel products such as HR plates, HR coil and HR sheets
3	Slogan Infotech Pvt Ltd	Mumbai	Outsourcing agency involved in providing IT related services such as maintenance of websites, creation of multimedia presentations, etc.
4	Kalpak Industrial Technologies (India) Pvt Ltd	Mumbai	Manufacturing machinery and equipment
5	Rishra Steel Ltd	Kolkata	Manufacturing of steel
6	Hygiene Feeds & Farms Pvt Ltd	Chandigarh	Production of poultry feed
7	Phoenix Logistics Pvt Ltd	Kolkata	Logistics services
8	Jain Infraprojects Ltd	Kolkata	Construction of real estate projects
9	Sadhna Communications Pvt Ltd	New Delhi	Telecommunication services
10	Heaven Textiles Pvt Ltd	Ahmedabad	Manufacturing of textiles
11	Calzini Fashions Ltd	New Delhi	Manufacturing of socks and other garments
12	V4 Infrastructure Pvt Ltd	New Delhi	Construction and providing civil engineering services
13	Eurolife Healthcare Pvt Ltd	Mumbai	Pharmaceutical manufacturing
14	Syrex Infoservices (India) Pvt Ltd	New Delhi	Marketing services
15	Sri Ekshwaka Sands Pvt Ltd	Hyderabad	Civil engineering services
16	Indian Pulp & Paper Pvt Ltd	Kolkata	Manufacturing of paper and paper products, publishing, printing and reproduction of recorded materials
17	Panoramic Holidays Ltd	Mumbai	Hospitality services such as providing stay accommodation at hotels, camping sites, etc.

18	Sreesai Trading India Pvt Ltd	Chennai	Trading business
19	Whitefield Spintex (India) Pvt Ltd	Ahmedabad	Manufacture of cotton yarn
20	Gagan I-land Township Pvt Ltd	Mumbai	Real-estate and renting business
21	PSB Industries (India) Pvt Ltd	New Delhi	Manufacturing of water tanks
22	Gotan Limes Pvt Ltd	Jaipur	Mining and quarrying business
23	Kosher Pharmaceuticals Pvt Ltd	Hyderabad	Manufacturing of chemical products
24	Fandan Health and Beauty Pvt Ltd	Jaipur	Distribution of fitness and spa equipment
25	Zicom Electronic Security Systems Ltd	Mumbai	Manufacturing of security systems and related components
26	Shravan Medisales Pvt Ltd	Mumbai	Trading of square edge single piece lenses, hydrophilic acrylic lenses, etc.
27	SAFECO Hygiene Films Pvt Ltd	Ahmedabad	Manufacturing of PVC rolls, gumming sheets and films
28	Som Resorts Pvt Ltd	New Delhi	Hospitality services such as providing accommodation at hotels, camping sites and other provisions of short stay accommodation
29	Stros Esquire Elevators and Hoist Pvt Ltd	Ahmedabad	Manufacturing of elevators
30	Nitya Realtech Pvt Ltd	New Delhi	Construction and renting of real-estate
31	Proview Infrastructure Pvt Ltd	New Delhi	Construction real estate
32	Megi Agro Chem Ltd	Mumbai	Production of chemical products that are utilized for agricultural activities

Companies directed to be liquidated

#	Name of Corporate Debtor	NCLT Bench	Industry
1	Global Towers Ltd	Mumbai	A leading network services company, offering services and solutions to address the Network Life Cycle requirements of telecom operators, technology providers (OEM's) and tower companies
2	Guntur Multi Packaging industries Pvt Ltd	Amravati	Logistics industry and provides packaging solutions
3	Alfalfa's Infra Projects Pvt Ltd	Mumbai	Construction of residential projects
4	Lloyd's Shipping Pvt Ltd	Amravati	Transportation and storage solutions
5	Azimuth Software India Pvt Ltd	Chennai	Outsourcing agency involved in BPO services, software development, healthcare records management and medical transcriptions
6	Techno Power Combines Pvt Ltd	Chennai	The company is a wholesale supplier of VRV AC, roof top AC & chillers.
7	Rolson Synthetics Pvt Ltd	Mumbai	Manufacturing paper product & publishing, printing and reproduction of recorded media
8	Mir Kings Industries Pvt Ltd	Chandigarh	Manufacturing of fabricated structural products of iron or steel such as bridges and bridge parts, towers, masts, columns, girders, trusses, arches, sluice gates, piers and jetties
9	Khator Fibre & Fabrics Ltd	Jaipur	Spinning, weaving and finishing of textiles
10	Hariom Rice Mill Pvt Ltd	Cuttack	A fully automatic rice milling plant which operates in production of rice, right from cleaning and husking the paddy, whitening, polishing and length grading the rice to weighing and packaging the end product
11	Giridharilal Sugar & Allied Industries	Indore	Manufacturing of crystal sugar used for domestic purposes, confectionery and pharmaceuticals

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