

SVG FASHIONS PRIVATE LIMITED

(A GOVERNMENT Recognised Export House)

Reg.Off: 719, Somnath Roadm Road, Daman 396210(U.T.) Tel.: 0260-2242033/2242328

Corp.Off.: Agarwal Golden Chamber, 2nd / 3rd Flr, Off Fun Republic Road,

A-13, Veera Desai Industrial Estate, Andheri (W), Mumbai- 53. Tel.: 4250 9700 Fax : 4250 9709

E-mail: info@svgindia.com Website : www.svgindia.com CIN : U99999DN1994PLC000067



February 9, 2021

To,

Shri Abhishek Nagori,

Resolution Professional.

In the matter of Raj Rayon Industries Limited

330/348, 3rd Floor, Tower A,

Atlant Opp. Vododara – 390032, Gujarat

Dear Sir,

Sub: Resolution Plan relating to the corporate insolvency resolution process (“CIRP”) of Raj Rayon Industries Limited (“Corporate Debtor”).

Set out below is the resolution plan relating to the CIRP of the Company submitted to your request for resolution plan dated 19.08.2020.

Detailed Resolution Plan, Business model, applicable appendix and other attachments as per Request for Resolution Plan dated 19th August, 2020 are attached herewith.

Regards,

For and on behalf of

SVG Fashions Pvt. Ltd.

(Resolution Applicant)

For **SVG FASHIONS PVT. LTD.**

Director
Sandiip Agarwwal

Director



RESOLUTION PLAN
FOR

RAJ RAYON
INDUSTRIES
LIMITED

Submitted by

SVG FASHIONS
PVT. LTD.



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SECTION I - DEFINITIONS AND INTERPRETATIONS



i. Definitions and Interpretations

Definitions

"Applicable Laws" means, any statute, law, regulation, ordinance, rule, judgment, order, decree, clearance, approval, directive, guideline, policy, requirement, or other governmental restriction or any similar form of decision, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Agency of India whether in effect as of the date of this RFRP or thereafter and in each case as amended or modified.

"Affiliate" shall mean a Company that directly or indirectly:

(a) controls; or

(b) is controlled by; or

(c) is under the common control;

With the Company or the Resolution Applicant(s), as the case may be

"Adjudicating Authority" shall mean the bench of the National Company Law Tribunal, Ahmedabad Bench, Ahmedabad or any appellate authority under IBC.

"CCPS" shall mean 0% Compulsory Convertible Preference Shares

"CIRP Regulations" shall mean the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Amendment) Regulations, 2020 amended up to date of submission of the plan.

"Committee of Creditors or CoC" means, the committee of creditors of the Corporate Debtor constituted under Section 21 of the IBC.

"Company" shall mean a company incorporated under the provisions of the Companies Act, 1956 or Companies Act, 2013.

"Corporate Debtor" shall mean Raj Rayon Industries Limited.

"Claim" means a right to payments, right to remedy arising pursuant to a contract, under any law for the time being in force, if such breach gives rise to a right to payment, whether or not such right is reduced to judgment, fixed, disputed, undisputed, legal, equitable, matured, un-matured, secured or unsecured, contingent, crystallized or fructified, of any nature whatsoever including interest, damages, sanctions, penalties and fines whether claimed by any Government Authority, creditor or any other Person;

"Debt" shall have the meaning ascribed to it under Section 3(11) of the Code;

"Dissenting Financial Creditor" means a financial creditor, secured or unsecured, who have a right to vote under sub-section (2) of section 21 and did not vote in favour of the resolution plan, shall be paid in priority over financial creditors who voted in favour of the plan;

"Effective Date" means the date of Order of NCLT approving the Plan or such other date as may be agreed between the Resolution Applicant and the CoC, on which the Plan shall be operative;

"Employees" means employees of the Corporate Debtor entitled to receive amounts, if any, pursuant to Section 53(1)(c) of the Code but excluding every member of the Promoter Group;

"Encumbrance" means any mortgage, pledge, options, equitable interest, assignment by way of security, hypothecation, right of other Person, claim, security interest, encumbrance, title defect,



title retention agreement, voting trust agreement, interest, lien, charge, restriction or limitation of any nature whatsoever, encroachment, right of way, easementary rights, including restrictions on use, voting rights, transfer, receipt of income or exercise of any other right related to ownership, or any other security interest of any kind whatsoever, or any arrangement, whether conditional or otherwise, to create any of the above;

"Equity Shares" means an equity share of the Corporate Debtor of a face value of Re. 1 each;

"Existing Shareholders" shall mean the current shareholders of Raj Rayon Industries Limited existing before the approval of the Resolution Plan by Hon. NCLT.

"Financial Creditor" shall mean the financial creditor, as defined under the IBC, of the Corporate Debtor.

"Government Authority" shall mean the President of India, the Government of India, the Governor and the Government of any State in India, any Ministry or Department of the same, any municipal or local government authority, any authority or private body exercising powers conferred by Applicable Law and any court, tribunal or other judicial or quasi-judicial body, and shall include, without limitation, any stock exchange, depository and any regulatory body;

"IBBI" shall mean the Insolvency and Bankruptcy Board of India;

"IBC" or "Code" shall mean Insolvency and Bankruptcy Code, 2016, as amended from time to time;

"Insolvency Resolution Process Cost" shall have the meaning assigned to the term under the provisions of the IBC read together with the CIRP Regulations;

"Information Memorandum" shall mean the Information Memorandum (as defined in IBC), as shared by the Resolution Professional and as updated from time to time;

"Implementation Period" means a period upto 3 months from Effective Date;

"Insider Trading Regulations" shall mean the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time;

"Liquidation Value" shall have the definition as defined under the Code and/or its relevant Regulations.

"MCA" means the Ministry of Corporate Affairs, Government of India;

"NCLT" shall mean the Mumbai bench of the National Company Law Tribunal;

"NCLT Approval Date" shall mean the date of approval of the Resolution Plan by the Adjudicating Authority in accordance with Section 31 of the IBC.

"Non-Compliance" means any delay, default, non-compliance, breach, violation, contravention by the Corporate Debtor, any member / shareholder of the Corporate Debtor or any Person associated with the Corporate Debtor in any manner under the terms of Applicable Law or any agreement or arrangement binding on the Corporate Debtor along with all fines, penalties, default interest, damages, and any amounts of whatsoever nature in relation thereto;

"Other Creditors" shall mean a creditor other than Financial Creditor or Operational Creditor as per regulation 9A of CIRP Regulation;



"Operational Creditor" shall mean, operational creditor, as defined under the IBC, of the Corporate Debtor;

"Person" shall mean an individual, a partnership firm, an association, a corporation, a limited Company, a trust, a body corporate, bank or financial institution or any other body, whether incorporated or not.

"Preference Shares" means 15% non-convertible non-cumulative redeemable preference share of the Corporate Debtor of a face value of INR 10 (Indian Rupees Ten only) each aggregating to Rs. 14 crores as per latest provisional balance sheet;

"Resolution Applicant" or "RA" shall mean SVG Fashions Private Limited.

"Resolution Plan" means, a resolution plan submitted under section 30(1) of the IBC and which meets the Evaluation Criteria and the provisions of section 30(2) of the IBC and regulation 38 of the CIRP Regulations and any addendum issued thereafter;

"Resolution Professional" means, the resolution professional of the Corporate Debtor (Mr. Abhishek Nagori) appointed in accordance with Section 22 of the IBC.

"Representatives" shall include directors, officers, employees, affiliates, agents, consultants, advisors or such other representatives of the relevant Person expressly authorized by such Person pursuant to corporate authorizations, powers of attorney, or contract.

"Resolution Fund" shall mean the amount of fund to be brought in/arranged by the Resolution Applicant to fund the Cost of Resolution Plan in the form of capital and internal accruals of the Resolution Applicant.

"RBI" shall mean the Reserve Bank of India.

"SEBI" shall mean the Securities and Exchange Board of India.

"Statutory Dues" means verified amount of claims made by the Government authorities;

"Taxes" or **"Tax"** shall mean any and all present or future, direct or indirect, claims for tax levy, impost, duty, cess, statutory dues or other charge of similar nature (including any penalty, or interest payable in connection with any failure to pay or any delay in paying any of the same) including on gross receipts, sales, turnover, value addition, use, consumption, property, service, franchise, capital, occupation, licenses, excise, documents (such as stamp duties) and customs and other taxes, duties, assessment, or fees, however, imposed, withheld, levied, or assessed by any Government Authority;

"Unpublished Price Sensitive Information" or **"UPSI"** shall have the meaning ascribed to the term in the Insider Trading Regulations.

"Unsecured loans" shall mean any loan / advance taken by Company including inter corporate loans and appearing in the books.

"Unrelated Financial Creditor" means following Financial Creditors which are not related to the Corporate Debtor, as understood from the Information Memorandum:

Name of Financial Creditor	Claim Admitted as % of Total Claim Admitted
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State Bank of India, Stressed Asset Management Branch – I, Mumbai	94.71%
Phoenix ARC Private Limited, Trustee of Phoenix Trust FY 17-18	5.29%

ii. Interpretations

- a. Words and expressions used but not defined here but defined in the Insolvency Bankruptcy Code, 2016 and its regulations, the Indian Contract Act, 1872(9 of 1872), the Indian Partnership Act, 1932 (9 of 1932), the Securities Contract (Regulation) Act, 1956 (42 of 1956), the Securities Exchange Board of India Act, 1992 (15 of 1992), the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (51 of 1993), the Companies Act, 2013 (18 of 2013), shall have the meanings respectively assigned to them in those Acts and/or Code.
- b. Words and expressions used but neither explicitly defined here nor in any of the applicable laws shall have the meaning of the context in which they have been used in the Resolution Plan.
- c. The schedules, if any, form part of this Resolution Plan and shall have the same force and effect as if expressly set out in the body of this Resolution Plan, and any reference to this Resolution Plan shall include schedules to it. Any references to Clauses and Schedules are to Clauses and Schedules to this Resolution Plan. Any references to parts or paragraphs are, unless otherwise stated, references to parts or paragraphs of the schedule in which the reference appears.
- d. Headings to Clauses, parts and paragraphs of schedules and schedules are for convenience only and do not affect the interpretation of this document.
- e. Any words following the terms **including, include, in particular, for example or any similar expression** shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- f. Reference to Company shall mean Raj Rayon Industries Limited.



SECTION II – PROFILE OF RESOLUTION APPLICANT



iii. Profile of Resolution Applicant

Basic information

Company Name	SVG Fashions Private Limited (Formerly known as SVG Fashions Limited)
Date of Incorporation	07/06/1994
Registered Office	719- Somnath Road, Nani Daman, Daman - 396 210.
Website	www.svgindia.com
CIN	U99999DN1994PTC000067
Country of origin	India
Address for correspondence	Shree Venkateshwar Group, SVG Fashions Pvt. Ltd., Agarwal Golden Chambers, 2 nd / 3 rd floor, A 13 - Veera Desai Road, Off Fun Republic Road, Mumbai - 400053.
Year and date of incorporation	07/06/1994
Company's business activity	Manufacturer of Yarn and Fabrics
Name of representatives	Mr. Sandiip Agarwal
Name of details of all connected persons	Mr. Satyanarayan Agarwal Mr. Rajkumar Agarwal
Telephone number	+91 9820511388
Email address	Sandiip.agarwal@svgindia.com arun@bagariaco.com
Fax number	NA

Background

SVG fashions Private Limited ("SVG") is a private company incorporated on 7th June, 1994 under the Companies Act, 1956 with the name SVG Fashions Limited. Name of the company was changed from SVG Fashions Limited to SVG Fashions Private Limited with effect from 26th February, 2020 bearing CIN - U99999DN1994PTC000067 and having its registered office at 719- Somnath Road, Nani Daman, Daman - 396 210 and corporate office at Shree Venkateshwar Group, SVG Fashions Pvt. Ltd., Agarwal Golden Chambers, 2nd / 3rd floor, A 13 - Veera Desai Road, Off Fun Republic Road, Mumbai - 400053.

SVG Fashions Private Limited along with its group companies is vertically and laterally integrated textile manufacturer and was founded by Mr. Satyanarayan Agarwal, with a vision to convert fibre to fashion. It has grown immensely over the years and has become one stop solution for texturized yarn to knitted & embroidered fabric and readymade garments due to its high quality and competitive price in Indian and International markets. SVG produces a range of diversified products such as - Polyster Texturized Yarn between 80 to 300 deniers, Fabrics, Garments, and home furnishing products such as Draperies, Bed Covers, table Linen & Pillows.

The company is associated with various reputed brands like Reliance, Adidas, Puma, Reebok, Peter England etc.



SVG Group has a modernized and state-of-art manufacturing facilities in Daman/ Silvassa and Ankleshwar. The facilities have production capabilities as under:

Facilities	UoM	Capacity
Fabric Processing	Meters/annum	4,00,00,000
Knitted Fabrics	Tonnes/ annum	12,000
Furnishing Fabrics	Meters/ annum	18,00,000
Embroidery Fabric	Meters/annum	24,00,000
Ready-made Garments	Pieces/annum	12,00,000

SVG Fashions Private Limited is the flagship company in the SVG Group which also includes Sunflag Filaments Ltd and Laxmi Technical Textiles Pvt Ltd.

Sunflag Filaments Ltd is primarily engaged in manufacture of texturised yarn having its units at Daman & Silvassa with an annual capacity of approx. 12000 tonnes p.a. Sunflag Filaments Ltd is one of the key suppliers to SVG Fashions Pvt Ltd.

Laxmi Technical Textiles Pvt Ltd is engaged in manufacturing activity of warp knits fabrics having its units at Silvassa with an annual capacity of approx. 7000 tonnes p.a.

Profile of Key Management Personnel of Resolution Applicant:

Mr. Satyanarayan Agarwal:

Mr. Satyanarayan Agarwal is the founder and Chairman of the SVG Group. In course of his illustrious career extending as far as 60 years, Mr. Satyanarayan Agarwal has been mentor and anchor to the SVG group. Under his guidance, the SVG Group has developed from its modest beginning as a trader and manufacturer of shirting and suiting into a manufacturer for texturized yarn, knitted & embroidered fabric and readymade garments. Mr. Satyanarayan Agarwal is respected name in the Indian textile industry and currently serves as the President of the All India Texturisers Association. He has been instrumental in recovery of several textile industries under distress.

Mr. Rajkumar Agarwal:

Mr. Rajkumar Agarwal holds the position of Managing Director of the SVG Group. He has been at the helm of the company for the last 30 years. He has been involved with almost all mega initiatives of the group through its growth journey. Under his leadership the company diversified into ready-made garment manufacturing with core focus on sport apparels.

Mr. Sandip Agarwal:

Mr. Sandip Agarwal holds the position of executive director of the SVG Group. He has completed his master's in business administration from NMIMS University, Mumbai. He has rich experience of 25 years of in the textile industry. He is the founder and chairperson of "Karma", the home furnishing division of SVG Group with a vision of establishing the SVG Brand as an identifiable household name.



SECTION III - OVERVIEW OF CORPORATE DEBTOR



iv. Overview of Corporate Debtor

Basic information

Company Name	Raj Rayon Industries Limited (Formerly known as Raj Rayon Limited)
Date of Incorporation	17/08/1993
Registered Office	Survey No. 177/1/3, Village - Surangi, Dist- Silvassa, Dadra and Nagar Haveli (U.T.) - 396 230 (India)
Corporate Office	5- C. 196 & 197, "AKSHAY", Mittal Industrial Estate, Sakinaka, Andheri (East), Mumbai- 400 059, Maharashtra (INDIA)
Website	www.rajrayon.com
CIN	L17120DN1993PLC000368
Class of Company	Public
Company Category	Company limited by Shares
ROC Code	RoC - Ahmedabad
Registration Number	000368
Nature of Business	Manufacturer of Texturized Yarn, Knitted & Embroidered Fabrics and Ready-made garments.
Listing of Stock Exchange	Bombay Stock Exchange Limited National Stock Exchange of India Limited
Stock Code	BSE-530699 NSE Symbol-RAJRAYON
DEMAT ISIN No.	INE533D01024
Share Transfer And Demat Registrars	M/S Link Intime India Private Limited C-13, Pannalal Silk Mills Compound L. B. Marg, Bhandup (w) Mumbai - 400078
PAN	AAACR7820E
GSTIN	26AAACR7820E1ZL
Status	Under Corporate Insolvency Resolution Process

This information has been compiled on the basis of RFRP and the information memorandum and addendums thereto received from the Resolution Professional ("RP") of Raj Rayon Industries Limited ("Company" / "Corporate Debtor") from time to time.

The Company was engaged in the manufacturing and sales of polyester texturized yarn (PTY), partially oriented yarn (POY) and fully drawn yarn (FDY), dope dyed yarns. They also offered yarn of various cross sections, principally triobal and octalobal, full dull, semi dull, bright yarns, cationic yarn, colored yarn, fire retardant, and anti-microbial yarns. They exported their products to Brazil, Chile, Colombia, Egypt, Guatemala, Iran, Mexico, Morocco, Peru, Poland, Spain, Syria, Thailand, and Vietnam. The company is having four manufacturing plants located at Silvassa, India in the Union Territory of Dadra and Nagar Haveli.

On the basis of the Information Memorandum and the addendums shared from time to time by the RP, we understand that the Company was facing stiff competition with the big player in the market and also import of yarn from China had wiped out the margin in the business. Due to negative margin, the Company has incurred heavy losses and accordingly lenders have classified the facilities as non-performing asset. Subsequently, the lenders had initiated the strategic debt restructuring but later on backed out from the said proposal. As the Company was unable to repay its debts SARFAESI notice was issued on the Company and in July 2018 State Bank of India took the possession of the property including its plant and machinery. No production activity has been



carried out since then. Later, Corporate Insolvency Resolution Process was initiated in respect of the company vide Hon'ble NCLT order no. C.P. (IB) No. 350/ NCLT/ AHM/ 2019, dated 23rd January, 2020 and pursuant to the order Mr. Abhishek Nagori, Insolvency Professional was appointed as Interim Resolution Professional by Hon'ble NCLT, Ahmedabad Bench. On 15th February, 2020 Mr. Abhishek Nagori was appointed as Resolution Professional of the Company.

As per information available in addendum 1 to IM shared by RP dated 12th May, 2020 production capacity in units of the Company is as under:

Sr. No.	Products	Capacity (MT per day)
1	Pet Chips (Textile grade)	1,06,774
2	Partially oriented yarn (POY)	46,891
3	Polyester texturized yarn (PTY)	49,766

Shareholding details of the Company having more than 1% shares as per original IM provided by RP dated 29th February, 2020

Name of the shareholder	No. of fully paid up equity shares held	Shareholding as a % of total no. of Shares
Promoter Group		
Raj Money Market Limited	9,47,20,930	27.3401
Rajkumari Kanodia	91,75,000	2.6483
Sushil Kumar Kanodia	68,00,000	1.9627
Other Holding		
Fine Fashion Private Limited	2,16,61,258	6.2523
Jitendra B Salecha	2,06,44,848	5.9589
Subramanian P	1,21,97,200	3.5206
Sampodevi Kailash Chandra Kanodia	1,04,50,100	3.0163
Loyal Apparels Private limited	65,00,000	1.8762
Suryakant Kailash Chandra Kanodia	55,52,091	1.6025
Ritu Ajay Kanodia	51,13,829	1.4760
Ajay Kumar Kailash Chandra Kanodia	50,22,296	1.4496
Seemadevi Suryakant Kanodia	49,47,899	1.4282
Roshni Neetish Doshi	42,97,890	1.2405



Financial snapshot of the Company on the basis of original IM dated 29th February, 2020

Overview of Company's financial performance



On the basis of information available in original IM shared by Resolution Professional, dated 29th February, 2020, we understand that the existing plants are not operational as pursuant to provisions of Securitisation and Reconstruction of Financial Asset and Enforcement of Security Interest Act, 2002, State Bank of India had taken over possession of the properties of the Company including plant & machinery and there has been no production activity since then. The operations cannot be commenced without further capex and renewal of various licenses which has already been expired as per the information provided by RP in addendum 1 dated 12th May, 2020. List of such expired licenses is given below:

Sr. No.	License Name / Approval
1	License to work a factory
2	Orange Category Renewal Certificate (Pollution Control Committee)
3	Factory license to import and store petroleum in an installation
4	Certificate of Gujarat Enviro Protection & Infrastructure (D&NH) Private Limited

On the basis of information available in addendum 1 to IM dated 12th May, 2020 provided by RP, connection of utilities like electricity and water is also currently not available.

Also as per addendum 4 to IM dated 9th September, 2020 provided by RP we understand that a notice from Atomic Energy Regulatory Board, Anushti Nagar, Mumbai is received regarding radioactive material with the Company which cannot be disposed of as normal waste or scrap. It needs to be sent back to the Country of origin i.e. Germany. To comply with the order of Atomic Energy Regulatory Board, it is required to identify the material lying with M/s Raj Rayon Industries Limited and follow the procedures specified by Atomic Energy Regulatory Board. We understand that the plant cannot be started unless the said material is disposed off. We also understand that the identification and safe disposal of such radioactive material would be the responsibility of the corporate debtor and the Resolution Professional and the same should be disposed off before the Effective date. Alternatively, RP in consultation with the RA take necessary steps to preserve those radioactive materials with necessary permissions for the use of RA.



We also understand that there have been significant amount of damages due to water accumulation and leakages and thefts at the plant including the electrification, major electronics & controllers.



SECTION IV - BUSINESS MODEL



v. BUSINESS MODEL

The Resolution Applicant proposes to:

1. Acquire assets including Land, Factory Building and Plant & Machinery for Rs. 54.90 Crores in cash payment towards CIRP Cost and payment to Operational and Financial Creditors and part conversion of financial debt into Compulsory Convertible Preference Shares ('CCPS') for Financial Creditors at such terms and conditions as described in detail hereinunder.
2. Have estimated to further infuse funds to the tune of Rs. 250 Crores approx. by way Capital/ Quasi Capital and borrowings to make the plant operative and viable.
3. The RA plans to operationalise capabilities for manufacturing 450 tonnes per day of Polymers, 450 tonnes per day of Partially Oriented Yarn and 275 tonnes per day of Texturised Yarn in the initial phase. Over the period of next 10 years, the capabilities of Continuous Polymerisation Plant shall be increased to 600 tonnes/ day and corresponding PoY and Texturising capabilities shall be increased to match the Continuous Polymerisation plant capacities.
4. The company has identified markets in India (primary focus being Maharashtra) to sell both the Partially Oriented Yarn and Texturised Yarn and is of the opinion that the entire produced capacity can be successfully marketed to external customers as well as group companies.
5. The Financial model of the company is attached herewith.



SECTION V - SUMMARY OF PROPOSAL



vi. Summary of proposal of the resolution applicant

Without prejudice to the applicant's legal rights to challenge or question the illegalities or irregularities that may be committed by any participants, RP or any of the applicant the Resolution Applicant is hereby submitting resolution plan.

- a. The equity shares held by the existing shareholders on NCLT Approval Date shall be structured and reduced / cancelled as follows:
 1. The equity shares held by the promoters of the corporate debtor shall stand cancelled and no amount will be payable to the said shareholders.
 2. Where the equity shares held by the shareholders other than the promoters is less than hundred in number, such equity shares shall stand cancelled and no amount will be payable to the said shareholders.
 3. Where the equity shares held by the shareholders other than the promoters is hundred or more than hundred in number, such equity shares shall stand reduced to 1 share of Re. 1 each for every 100 shares. The fractional share/s, if any, in this process shall stand cancelled and no amount will be paid to the shareholders towards any fraction arising out of such structuring of shares.
 4. The Resolution Applicant on acceptance of the resolution plan would be allotted such no. of fresh equity shares of Re. 1 each for the aggregate amount brought in by them towards equity capital and such shares would be listed on the stock exchange.
 5. The listing status of the corporate debtor would be continued on Bombay Stock Exchange ("BSE") and National Stock Exchange of India ("NSE") and the suspension of the listing of those shares will be revoked from the Effective date on the basis of approved resolution plan.
- b. Also as a part of the Resolution Plan the RA will cancel the 15% non-convertible non-cumulative redeemable preference shares, if any, of the Corporate Debtor appearing in the books as on Effective Date to zero. The liabilities under preference shares of the Corporate Debtor would cease to exist.
- c. The existing (but suspended) Board members will stand resigned by virtue of order of Hon. NCLT approving the said plan and Resolution Applicant shall nominate new directors on the Board of Directors of the Corporate Debtor.
- d. All inter-corporate loans/ advances/ deposits taken by the corporate debtor appearing in the books as on the NCLT Approval date shall stands cancelled. RA assumes no liability to settle any inter-corporate loans/ advances/ deposits.
- e. RA assumes no liability on account of any violation of insider trading regulations, any other regulation whatsoever related to unpublished price sensitive information of the company and on account of non-payment of any NSE / BSE / Depository / SEBI fees, charges, interest and penalties upto to the date of reinstatement of trading in shares by the stock exchanges and SEBI or the Effective date whichever is later and also for any other offenses relating to breach of any SEBI or stock exchange rules or regulations including the listing agreement or any other policy.



- f. The Cost of Resolution Plan shall be Rs. 79.90 Crores including cash payment towards CIRP Cost and payment to Operational and Financial Creditors and part conversion of financial debt into Compulsory Convertible Preference Shares ('CCPS') for Financial Creditors at such terms and conditions as described in detail hereinunder.
- g. The composition of the Cost of Resolution Plan shall be as follows:

Particulars	Period	Absolute Value	Present Value discounted @8% p.a.
Money to be brought in by way of Capital by RA	30 days from the Effective Date	54.90 Crores	54.54 Crores
Conversion of Debt into 100,000 Compulsory Convertible Preference Shares ('CCPS') of Rs. 100 each	Can be converted after three years by the CCPS holder	25.00 Crores*	19.68 Crores*
Total		79.90 Crores	74.22 Crores

* This amount is estimated realization by the Financial Creditors from sale of converted Equity shares in the open market after three years. The same is an estimation based on DCF calculation of the equity value and the same may vary on actuals.

Payment to the Financial Creditors:

Particulars	Period	Absolute Value	Present Value discounted @8% p.a.
Money to be brought in by way of Capital by RA	30 days from the Effective Date	53.49 Crores	53.14 Crores
Conversion of Debt into 100,000 Compulsory Convertible Preference Shares ('CCPS') of Rs. 100 each	Can be converted after three years by the CCPS holder	25.00 Crores*	19.68 Crores*
Total		78.49 Crores	72.82 Crores

* This amount is estimated realization by the Financial Creditors from sale of converted Equity shares in the open market after three years. The same is an estimation based on DCF calculation of the equity value and the same may vary on actuals.

- h. The Resolution Plan implementation period shall be 3 months from the Effective date.
- i. On successful implementation of the Resolution Plan within a period of 3 months as narrated above, the performance guarantee deposited by the Resolution Applicant shall be released.
- j. The Cost of Resolution Plan would go towards payments as summarised below:

Sr. No.	Particulars	Amount in crores	Section No As per Resolution Plan
1	Outstanding Insolvency Resolution Process Cost	1.30	VI (1)
2	Unrelated Financial Creditors including Dissenting Financial Creditors		
	- Actual monetary payment	53.49	VI (2)

	- Estimated realisation from 100,000 CCPS of Rs. 100 each	25.00*	VI (2)
3	Operational Creditors - Workmen & Employees	Nil*	V (5)(b)
4	Operational Creditors - Trade Creditors, Liabilities & Provisions (other than Statutory/Government Dues, Workmen & Employees)	0.11	VI (5)(a)
5	Statutory/Government Dues	-	VI (5)(c)
	Total	79.90	

*as per point 11 of IM shared by RP dated 29th February, 2020 *"at present the company does not have any workers / employees except the Whole Time Director / CEO & CFO and the Company has settled the dues of the workers / employees and no pending claims as on CIRP initiation date i.e. 23.01.2020"*

Details of settlement plan to various creditors:

Rs. in crores

Amount in Crores	CIRP Cost	Operational Creditors	Financial Creditors	Total
Effective date - Day 0				
Day 30 from Effective Date	1.30	0.11	53.49	54.90
After Month 36 from the Effective Date	-	-	25.00*	25.00*
Total	1.30	0.11	78.49	79.90

* This amount is estimated realization by the Financial Creditors from sale of converted Equity shares in the open market after three years. The same is an estimation based on DCF calculation of the equity value and the same may vary on actuals.

- k. Financial Creditors shall be issued CCPS of estimated value of Rs. 25.00 crores. The CCPS shall be issued by way of conversion of amount due to Financial Creditors to the extent of Rs. 1.00 crore into 1,00,000 CCPS of Rs. 100 each.
- l. The CCPS can be converted into Equity Shares at the option of the Financial Creditors / CCPS holder after three years but not later than 7 years from the date of allotment of such CCPS. At the end of 7 years, the same would be compulsorily be converted into Equity Shares if the option is not exercised by the Financial Creditors / CCPS holder.
- m. Company shall have the right to convert the CCPS into Equity shares for the first three years from the issuance of the CCPS. After completion of three years, the right to convert shall vest with the CCPS holder.
- n. CCPS shall be converted into such number of Equity Shares (Face value 1) that the prevailing market value of the Equity Shares, so converted, shall be Rs. 25.00 crores or 8% of the company valuation, whichever is lower.
- o. Since Company is listed on the Stock Exchange, Company Valuation will be the Market Capitalization of the Company as on the date of conversion of CCPS into Equity Shares.
- p. In case, on the date of conversion of CCPS into Equity, 8% of the company valuation is less than INR 25.00 Crs then, RA or Corporate Debtor shall pay the balance amount (ie INR 25.00



Crs less 8% of the Company Valuation) to the Financial Creditors in cash. Suitable terms in this regard is to be incorporated in the CCPS instrument issued by the Corporate Debtor.

g. Rationale for estimated value on conversion of CCPS into Equity Shares:

- The RA plans to operationalize capabilities for manufacturing 450 tonnes per day of Polymers, 450 tonnes per day of Partially Oriented Yarn and Fully Drawn Yarn & and 275 tonnes per day of Texturised Yarn and 100 tonnes per day of Knitted Fabrics in 2 phases over 7 years.
- RA has prepared a business projection (refer Annexure A). Following a Discounted Cash Flow Method, the valuation of Corporate Debtor (post acceptance of Resolution Plan) comes to approx. Rs. 700 crores.
- Please refer Annexure B for DCF calculation.

r. Specific other prayers have been made for the successful implementation of the Resolution Plan as per SECTION VIII of the Resolution Plan.

s. The Resolution Plan is a complete plan including the Specific other prayers, key reliefs, concessions, and entitlements and shall be accepted as a whole. Any part acceptance, negotiation or modification of the plan will be valid only when accepted by the RA in writing.

t. All liabilities (including non- fund based facilities/debt of the company) (whether contingent or crystallized) in relation to any corporate guarantees, indemnities and all other forms of credit support provided by the Corporate Debtor prior to the NCLT Approval Date shall stand extinguished. However, extinguishment of any liability shall not be a plea for Creditor providing utilities and necessities (like Power, Water etc.) for the discontinuation of future services/supplies to the Company if so sought by the Company and the new Promoters against payment of cost for such future services.

u. As per Information Memorandum provided by the Resolution Professional dated 29th February, 2020 the Corporate Debtor is engaged in the manufacture and sale of polyester texturized yarn (PTY), partially oriented yarn (POY) and fully drawn yarn (FDY), dope dyed yarns. They also offered yarn of various cross sections, principally trilobal and octalobal, full dull, semi dull, bright yarns, cationic yarn, colored yarn, fire retardant, and anti-microbial yarns. They exported their products to Brazil, Chile, Colombia, Egypt, Guatemala, Iran, Mexico, Morocco, Peru, Poland, Spain, Syria, Thailand, and Vietnam. The company is having four manufacturing plants located at Silvassa, India in the Union Territory of Dadra and Nagar Haveli. The existing capacity of plants which is in running condition is as under:

Sr. No.	Products	Capacity (MT per day)
1	PET CHIPS (Textile grade)	1,06,774
2	Partially oriented yarn (POY)	46,891
3	Polyester texturized yarn (PTY)	49,766

v. The Licenses which are expired or will be expiring during the Implementation Period of Resolution Plan, the relevant authorities or departments may be directed to provide sufficient time to the Resolution Applicant to avail those licenses within a period of 1 year from the Effective Date or the Date of its expiry which ever falls later.

w. Specific prayers mentioned by Resolution Applicant in this regard:



- i. **Cash Balance in the books of the Corporate debtors as at Effective Date or date of takeover by Resolution Applicant whichever falls later:**
As per the audited financial statements for FY 2019-20 provided by the Resolution Professional via the addendum 8 to the IM dated 24th October 2020, Company is having Cash and Cash Equivalent of Rs Rs. 0.78 Lakhs which is considered as upfront cash recovery for resolution plan. There shall be no negative closing adjustment on account of any negative balance of cash or cash equivalent or working capital.
- ii. **Extinguishment of corporate guarantee**
All liabilities (whether contingent or crystallized) in relation to any corporate guarantees, indemnities and all other forms of credit support provided by the Corporate Debtor prior to the NCLT Approval Date shall stand extinguished.
- iii. However, it is clarified that all the liabilities, personal guarantee, corporate guarantee provided by the erstwhile promoters/directors/guarantors of the Corporate Debtor shall be in subsistence and financial creditors shall have the right to proceed against the erstwhile promoters/directors/guarantors which shall not include corporate debtor.
- iv. On and from the NCLT approval date, the Resolution Applicant shall have the right to replace the existing auditors of the Company and appoint new auditors as deemed fit by the Resolution Applicant.
- v. Any right of subrogation, reimbursement, recompense, under any corporate guarantee, letters of comfort or similar instruments of debt or any obligation provided by Company/Corporate Debtor shall stand extinguished and become null and void as of the NCLT Approval Date. However, it is clarified that all the liabilities, personal guarantee, corporate guarantee provided by the erstwhile promoters/directors/guarantors of the Corporate Debtor shall be in subsistence and financial creditors shall have the right to continue and proceed against the erstwhile promoters/directors/guarantors which shall not include corporate debtor.
- vi. The Memorandum of Association of the Company shall stand revised in the manner as may be determined by the RA. The amendment to the Memorandum of Association, including the revisions to the capital clause therein, shall be pursuant to the order of the Hon'ble Adjudicating Authority/ NCLT and shall not require any additional approval from the shareholders.
- vii. **Governing Law:** This offer shall be governed by and be construed in accordance with laws of India.
- viii. All the Contingent /disputed liability payments (Incl. of tax/duties/cess, etc) till Effective Date (if arises in future also) shall not be borne or paid or made by corporate debtor.
- ix. All the assets (including Fixed asset, trade receivables and other current assets) as appearing in the books of accounts shall be taken over at book value against the Resolution Fund.
- x. Please refer to the indicative Balance Sheet of the Corporate Debtor post acceptance of the Resolution Plan - Annexure D

Resolution Applicant has to the extent possible, taken into account the interests of all the stakeholders of the Corporate Debtor basis its assessment of viability of the investment to be done.



The Resolution Applicant shall be given a chance to correct any anomalies/errors which might have remained inadvertently while submitting the Resolution Plan.

The Resolution Applicant shall also be given a chance to improve/amend the terms of the Resolution Plan with the approval of CoC before the approval/rejection of the Resolution Plan by Committee of Creditors.



SECTION VI - DETAILS OF PROPOSED RESOLUTION PLAN



I. Details of proposed resolution plan

vii. Payment of insolvency resolution process cost

According to Section 30 (2) (a) of the Code, the unpaid Insolvency Resolution Process Cost (CIRP Cost) as ratified by the CoC shall be paid in full.

RA undertakes that CIRP cost will be paid in the manner specified by the Board in priority to all other payments.

As communicated by RP the CIRP Cost is approximately Rs. 1.30 crore. The Resolution Applicant understands that the total CIRP Costs incurred and ratified by the CoC would be paid by the RA. Hence, Rs. 1.30 Crores has been provided for towards CIRP Cost.

The Resolution Applicant clarifies that any CIRP Cost in excess of Rs. 1.30 crore, if any shall be met from the overall Cost of Resolution Plan and shall be proportionately reduced from the other creditors.

RA undertakes that whatever be the total CIRP cost (even in excess of Rs. 1.30 crs) as determined by the RP will be paid in priority as per the provisions of the Code & relevant regulations.

viii. Payment to the Unrelated Financial Creditors who are members of the CoC other than related party of the Corporate Debtor

- a. The amount of claim submitted by the Unrelated Financial Creditors as on the Insolvency Commencement Date and the admitted amounts as stated in the Information Memorandum and subsequent information shared by RP has been tabled below:
- b. Total amount payable to unrelated financial creditor is Rs. 53.49 cr to be paid within 30 days from Effective date. Further unrelated Financial Creditor's debt worth Rs. 1 Cr shall be converted into 100,000 Compulsory Convertible Preference Shares ('CCPS') of Rs. 100 each on 30th day from the Effective date.

Days from Effective Date	Rs. Crores
30 days from Effective date	53.49
After three years: Conversion of Debt into 100,000 Compulsory Convertible Preference Shares ('CCPS') of Rs. 100 each	25.00*
Total	78.49

* This amount is estimated realization by the Financial Creditors from sale of converted Equity shares in the open market after three years. The same is an estimation based on DCF calculation of the equity value and the same may vary on actuals.

- c. **Financial Creditors shall be issued CCPS of estimated value of Rs. 25.00 crores on Effective date. The CCPS shall be issued by way of conversion of amount due to Financial Creditors to the extent of Rs. 1.00 crore into 1,00,000 CCPS of Rs. 100 each.**
- d. The CCPS can be converted into Equity Shares at the option of the Financial Creditors after three years but not later than 7 years from the date of allotment of such CCPS. At the end of 7 years, the same would be compulsorily be converted into Equity Shares if the option is not exercised by the Financial Creditors.



- e. CCPS shall be converted into such number of Equity Shares (Face value 1) that the prevailing market value of the Equity Shares, so converted, shall be Rs. 25.00 crores or 8% of the company valuation, whichever is lower.
- f. Company shall have the right to convert the CCPS into Equity shares for the first three years from the issuance of the CCPS. After completion of three years, the right to convert shall vest with the CCPS holder.
- g. Since Company is listed on the Stock Exchange, Company Valuation will be the Market Capitalization of the Company as on the date of conversion of CCPS into Equity Shares.
- h. In case, on the date of conversion of CCPS into Equity, 8% of the company valuation is less than INR 25.00 Crs then, RA or Corporate Debtor shall pay the balance amount (ie INR 25.00 Crs less 8% of the Company Valuation) to the Financial Creditors in Cash. Suitable terms in this regard are to be incorporated in the CCPS instrument issued by the Corporate Debtor.
- i. Rationale for estimated value on conversion of CCPS into Equity Shares:
- The RA plans to operationalize capabilities for manufacturing 450 tonnes per day of Polymers, 450 tonnes per day of Partially Oriented Yarn and Fully Drawn Yarn & and 275 tonnes per day of Texturised Yarn and 100 tonnes per day of Knitted Fabrics in 2 phases over 7 years.
 - RA has prepared a business projection (refer Annexure A). Following a Discounted Cash Flow Method, the valuation of Corporate Debtor (post acceptance of Resolution Plan) comes to approx. Rs. 700 crores.
 - Please refer Annexure A for DCF calculation.
- j. It is clarified that the payment to the individual stakeholder will be made in the same ratio as to their claim amount to the total claim of that particular class to which they belong.
- k. With the above payment the entire debt due to the Financial Creditors by the Corporate Debtor shall stand satisfied, settled and extinguished, and no claims whatsoever, of any nature, either towards the dues, interest or penalty, shall subsist against the Corporate Debtor post payment of amount proposed above.
- l. No cost, interest, charges like penal or otherwise, shall be payable in addition to what is specified above.
- m. Any claim from any person claiming to be Financial or Operational Creditor of the Corporate Debtor, that has not been filed with the Resolution Professional, or if filed, has not been verified by the Resolution Professional, or if verified, but has not been informed to the Resolution Applicant before submission of this Resolution Plan or not provided for by the Resolution Applicant in the Resolution Plan, shall stand extinguished and shall no longer be payable.
- n. Upon receipt of full payments specified above, the Financial Creditors shall issue a certificate of "discharge and no-claims" to the Corporate Debtor and shall release the charge on all the securities held by them and return all the security documents to the Corporate Debtor. The Financial Creditors shall also release the Corporate Debtor from all the Corporate Guarantees given by it towards their debts; whether invoked, claimed or not.



- o. Cash balance in books of corporate debtor
Cash balance as on Effective date shall be recognized as assets of the Resolution Applicant / Corporate Debtor and subsequently considered as upfront cash recovery for resolution plan.

ix. Dissenting financial creditors

- a) Section 30(2) of the Code requires that the Resolution Plan shall provide for the payment of debts of financial creditors, who do not vote in favor of the resolution plan, in such manner as may be specified by the Board, which shall not be less than the amount to be paid to such creditors in accordance with sub-section (1) of section 53 in the event of a liquidation of the corporate debtor.
- b) Further, Section 30(4) of the Code provides that "The committee of creditors may approve a resolution plan by a vote of not less than [sixty-six] per cent of voting share of the financial creditors, after considering its feasibility and viability, [the manner of distribution proposed, which may take into account the order of priority amongst creditors as laid down in sub-section (1) of section 53, including the priority and value of the security interest of a secured creditor] and such other requirements as may be specified by the Board."
- c) The RA is not aware about the Liquidation value of the CD neither he is aware about who would dissent with the Resolution Plan. However, as per the estimate of the RA, the Liquidation value may not be higher than the Cost of the Resolution Plan. Hence, as per RA, the value that may be received by the Dissenting Financial Creditors will not be lower than what they may be eligible to receive under Liquidation u/s 53. However, RA undertakes to pay the amount as may be derived by the Resolution Professional in arriving at the value that may be payable to them in case of Liquidation u/s 53 of the Code. Same will be paid from the overall resolution cost of Rs. 79.90 crore and the same additional amount shall be reduced proportionately from the amount payable to financial creditors. It is clarified that in no event the cost of the Resolution Plan will exceed Rs. 79.90 crores, including in the event the debt from dissenting creditors is in excess of Rs. 79.90 crores.

The amount payable to dissenting Financial Creditors will be paid in priority to other Financial Creditor.

x. Any Other Financial Creditors

Any claim apart from the Financial Creditors stated in the above point; from any person who has given a secured or unsecured loan to the Corporate Debtor or to any other person on security / guarantee of CD, claiming to be a financial creditor of the Company, that has not been filed with the Resolution Professional, or if filed the claim, has not been verified by the Resolution Professional, or if verified, it has not been informed to the Resolution Applicant before submission of this Resolution Plan, shall stand waived and extinguished and shall no longer be payable.

xi. Payment to operational creditors



The Operational Creditors of the Company has been further classified in the following categories:

- a. Persons who have provided goods or services to the Company ("Trade Creditors/Sundry Creditors")
- b. Employees and Workmen
- c. Central Government, any State Government or any Government, autonomous body, state or local authority ("Statutory Dues")

According to the provisions of Section 30(2)(b) of the Code, the Resolution Plan shall provide for the payment of the debts of operational creditors in such manner as may be specified by the Board which shall not be less than:

(i) the amount to be paid to such creditors in the event of a liquidation of the corporate debtor under section 53; or

(ii) the amount that would have been paid to such creditors, if the amount to be distributed under the resolution plan had been distributed in accordance with the order of priority in sub-section (1) of section 53, whichever is higher"

The liquidation value of the Company as determined by the Resolution Professional in accordance with the Code is not known to Resolution Applicant. However, as per the assessment of the Resolution Applicant, it is presumed that the liquidation Value will be less than or equal to the Resolution Amount offered by the RA and will not be sufficient to cover the amounts owed to Financial Creditors of the Company in full in case of distribution u/s 53 of the Code in Liquidation of the Corporate Debtor and hence amount payable to the Operational Creditors (including Workmen & Employees) under Liquidation as per Sec 53 would be NIL. However, the RA proposes to pay **Rs. 0.11 crore** to the Operational Creditors. Except for the following Operational Creditors, all the other claims of the Operational Creditors shall be settled proportionately to their respective claims accepted by the RP.

List of Operational Creditors whose claims shall be settled in full –

- i. National Securities Depository Limited
- ii. Central Depository Services (India) Limited

It is hereby clarified that, claims if accepted of M/s Khanna & Khanna Limited and/or Mr. Adesh Tandon then their respective claims shall also be settled in proportion of their claims accepted.

Hence, the amount provided by the RA to the Operational Creditors as detailed in following paragraphs takes care of the requirement as per the Code.

However, RA undertakes to pay the amount as may be derived by the Resolution Professional in arriving at the value that may be payable to them in case of Liquidation u/s 53 of the Code, provided that because of such allocation it does not increase the overall Cost of Resolution Plan.

If as per the calculation of Resolution Professional, the amount payable to such Operational Creditors in case of Liquidation value is higher than what has been provided in the Resolution Plan, the Resolution Professional may convey the same to the RA. The RA undertakes to pay such amount. It is clarified that in no event the cost of the Resolution Plan will exceed Rs. 79.90 crores, including in the event the debt from operational creditors is in excess of Rs. 79.90 crores.



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As mandated by Regulation 38 (1) of amended CIRP Regulations the amount payable to the operational creditors under a resolution plan shall be given priority in payment over financial creditors.

It is clarified that the Resolution Plan already provides for preference to Operational Creditors. However, it is clarified that should the Hon'ble NCLT suggest for any further preference to payment to operational creditors, the RA undertakes to abide by same under the implementation period.

The following paragraphs w.r.t. operational creditors shall be read in accordance with above.

(a) Trade Creditors (Sundry Creditors):

- i. The RP has received claims of Rs. 0.22 Crores from Operational Creditors other than Employees & Workmen. In the absence of any details of pending unverified claims, it has been assumed that there are no unverified claims and claims provided by Resolution Professional are the only claims admitted.
- ii. The liquidation value of the Company as determined by the Resolution Professional in accordance with the Code is not known to Resolution Applicant. However, as per the assessment of the Resolution Applicant, it is presumed that the liquidation Value will not be sufficient to cover the amounts owed to Unrelated Financial Creditors of the Company in full and amount payable to the Operational creditors under Liquidation as per Sec 53 would be NIL. Hence, no amount is due to be payable to Trade/Sundry Creditors. However, the RA proposes to pay Rs. 0.11 crore to the Operational Creditors. Except for the following Operational Creditors, all the other claims of the Operational Creditors shall be settled proportionately to their respective claims accepted by the RP.

List of Operational Creditors whose claims shall be settled in full -

- a. National Securities Depository Limited
 - b. Central Depository Services (India) Limited
- iii. Any delay in payment to Operational Creditors on account of non-availability of information from the RP shall not be construed as delay/default on account of the RA.
 - iv. Any claim from any person claiming to be Trade Creditor of the Company, that is not part of the above amount appearing on the Insolvency Commencement Date as per the data of the IM provided by the RP whether such a claim has not been filed with the Resolution Professional, or if filed, has not been verified by the Resolution Professional or has been rejected by the Resolution Professional, or if verified, but has not been informed to the Resolution Applicant before submission of this Resolution Plan, shall stand waived and extinguished and shall no longer be payable. However, as shared by the RP via the 10th addendum to the IM dated 8 Dec 2020, we understand that there are two claims that have been made by Operational Creditors but not accepted by the RP. These two claims are under litigation before the Hon'ble NCLT. RA proposed to settle those claims and settle them as mentioned in Annexure C.
 - v. As per details provided in IM dated 29th February, 2020 there is no production since 31st July, 2018. Therefore it has been assumed that there would not be any additional liability towards trade creditors during CIRP period.



- vi. It is clarified that the Resolution Plan already provides for preference to Operational Creditors. However, it is clarified that should the Hon'ble NCLT suggests for any further preference to payment to operational creditors, the RA undertakes to abide by same under the implementation period.
- (b) **Employee & Workman dues/ Benefits:**
As per point no. 11 of Information Memorandum (IM) provided by resolution professional dated 29th February, 2020 it is stated that **"As per the information received from the directors, at present the company does not have any workers / employees except the Whole Time Director / CEO & CFO and the Company has settled the dues of the workers / employees and no pending claims as on CIRP initiation date i.e. 23rd January, 2020"**. Also as per addendum 4 to IM dated 9th September, 2020 provided by RP, in reply to employee related points raised by Resolution Applicant it is clarified that there are no dues as per accounts on account of ESI, PF, PT or any other statutory liabilities including retirement benefits related to employees / employer contribution. It is also clarified that all employee dues have been settled while relieving employees. However, no written agreement of settlement with employees are executed. In the absence of the same RA assumes no liability to settle any claim towards the such liability. Therefore RA has not provided for any payment towards employee & workman dues/ benefits.
- (c) **Amount Due to Central and State Government, Statutory dues, taxes, etc. including liabilities under dispute:**
- i. As per the addendum 3 to IM dated 4th September, 2020 shared by RP, some government departments have submitted the claim to the extent of Rs. 84.51 Crores which have been admitted in full by RP. Apart from that there could be other disputed / undisputed liabilities towards government departments which have not been claimed but appearing in the financials as on Insolvency Commencement Date.
- ii. The liquidation value of the Company as determined by the Resolution Professional in accordance with the Code is not known to Resolution Applicant. However, as per the assessment of the Resolution Applicant, it is presumed that the liquidation Value will not be sufficient to cover the amounts owed to Unrelated Financial Creditors of the Company in full and liquidation value for the amount due to the Operational Creditors - Central and State Government, Statutory dues, taxes, etc. including liabilities under disputes would be NIL. Hence no amount is payable to such operational creditors. Effectively, no amount would be payable towards any of the claims submitted by the Government Authorities and approved by RP.
- iii. Any claim from any person claiming to be Statutory Authority or Government Authority having any jurisdiction or claim over the Corporate Debtor, that has not been filed with the Resolution Professional, or if filed, has not been verified by the Resolution Professional or has been rejected by the Resolution Professional, or if verified, but has not been informed to the Resolution Applicant before submission of this Resolution Plan, shall stand waived and extinguished and shall no longer be payable.
- iv. It is further clarified that all dues and any amount payable under the Companies Act 2013/1956 etc, taxes, duty, penalties, interest, fines, cesses, surcharges, unpaid Tax Deducted at Source/Tax Collected at Source, or any other tax liability which is not admitted or contingent, whether part of above claim or not, pertaining to any period prior to the CIRP Commencement date whether part of due diligence finding or not, asserted or unasserted, crystallised or un-crystallised, known or unknown, secured

or unsecured, disputed, present or future, shall stand extinguished by virtue of the order of the Hon'ble Adjudicating Authority/ NCLT approving this Plan and the Company would not be liable to pay any amount against such demand. All assessments / appellate or other proceedings pending in case of the Company, on the date of the order of Hon'ble Adjudicating Authority / NCLT relating to the period prior to such date, shall stand terminated and all consequential liabilities, if any, should be treated as waived / written off and should be considered to be not payable by the Company by virtue of the order of the Hon'ble Adjudicating Authority / NCLT. All notices proposing to initiate any proceedings against the company in relation to the period prior to the CIRP Commencement Date and pending on that date, shall be considered non-est in law / cancelled / recalled and should not be proceeded with. Post the order of the Hon'ble Adjudicating Authority / NCLT, no assessment/ re-assessment / revision or any other proceedings under the provisions of the Income Tax Act, Corporation tax, TDS, Service Tax, Swachh Bharat Cess, Krishji Kalyan Cess, any other cesses and surcharges, VAT, CST, Central Excise Duty and any other duty levied under any other Act, Customs duty, CGST, SGST, UTGST, IGST, GST Compensation Cess, GST or any other Statutory Authority/Department should be initiated against the Company in relation to period prior to the CIRP Commencement Date and any consequential demand should be considered non-est in law and would not be payable by the Company. Any proceedings which were kept in abeyance in view of process under the Code or otherwise should not be revived post the order of Hon'ble Adjudicating Authority / NCLT.

(d) Any other creditor

Any claim from any other creditors apart from the Trade Creditors, Employees & Workmen, Creditors for Central and State Government dues, Statutory dues, taxes, etc. stated above, that has not been filed with the Resolution Professional, or if filed, has not been verified by the Resolution Professional or has been rejected by the Resolution Professional, or if verified, but has not been informed to the Resolution Applicant before submission of this Resolution Plan, shall stand waived and extinguished and shall no longer be payable.

(e) Other Contingent Creditors / Liabilities

As per note no. 32 of audited financials for the year ended 31st March, 2019 provided by RP in original IM dated 29th February, 2020 certain liability of contingent nature is appearing in the same. The liquidation value of the Company as determined by the Resolution Professional in accordance with the Code is not known to Resolution Applicant. However, as per the assessment of the Resolution Applicant, it is presumed that the liquidation Value will not be sufficient to cover the amounts owed to Unrelated Financial Creditors of the Company in full and liquidation value for the amount due to the Operational creditors would be NIL. Hence no amount would be payable towards such Contingent Liabilities / Creditors, if crystallised.

xii. Capital structure of the Corporate Debtor

As per annual financial statement of 31st March, 2020 provided by RP, the Corporate Debtor has following share capital:

34,64,54,000 Equity shares of Re. 1 each	Rs. 34,64,54,000/-
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The equity shares held by the existing shareholders on NCLT approval date shall be structured as follows:



- The equity shares held by the promoters of the corporate debtor shall stand cancelled and no amount will be payable to the said shareholders.
- Where the equity shares held by the shareholders other than the promoters is less than hundred in number, such equity shares shall stand cancelled and no amount will be payable to the said shareholders.
- Where the equity shares held by the shareholders other than the promoters is hundred or more than hundred in number, such equity shares shall stand reduced to 1 share of Re. 1 each for every 100 shares. The fraction of shares in this process if any shall stand cancelled and no amount will be paid to the shareholders towards any fraction arising out of such structuring of shares.
- The Resolution Applicant on acceptance of the resolution plan would be allotted such no. of fresh equity shares of Re. 1 each for the aggregate amount brought in by them towards equity capital and such shares would be listed on the stock exchange.
- The listing status of the corporate debtor would be continued on BSE and NSE and the suspension of the listing of those shares will be revoked from the Effective date on the basis of approved resolution plan.
- Also as a part of the Resolution Plan the RA will cancel the 15% non-convertible non-cumulative redeemable preference shares of the corporate debtor appearing in the books as on Effective Date to zero. The liabilities under preference shares of the Corporate Debtor would cease to exist.

As per the original Information Memorandum shared by The Resolution Professional dated 29th February, 2020, the Authorised Share Capital of the Company constitutes 71,00,00,000 equity shares of Re. 1/- each amounting to Rs. 71 Crores and 1,50,00,000 preference shares of Rs. 10/- each amounting to Rs. 15 crore.

The existing shareholders shall cease to own the shares of the Company immediately on the date of approval of Resolution Plan by the AA. The Authorised Capital would stay intact. The Company shall simultaneously issue fresh equity to the Resolution Applicant and to the persons, entities of its choice in the manner mentioned in the Detailed Terms of the Resolution Plan.

The Resolution Applicant shall, through himself and/or through the persons, entities of its choice bring in fresh Equity for such amount as may be decided by the resolution applicant from their accumulated Net Worth or through fresh infusion of funds by the RA's shareholders or group concerns or related parties. The Face Value would remain Rs. 1 per share. The said Equity may be brought in tranches as per the requirement. Further, the Resolution Applicant also reserves and retains the right to issue fresh equity share capital in lieu of the equity contribution which would be made by the Resolution Applicant and that it shall undertake to make all necessary compliances required under the Companies Act, 2013 with respect to issue of such fresh share capital in the Company.

In accordance with the General Circular No. IBC /01/2017 bearing number 30/14/2017 issued by the Ministry of Corporate Affairs, Government of India, approval of the shareholders/members of the corporate debtor/company, which would have been required under Companies Act, 2013 or any other law if the resolution plan was being considered outside the scope of the Code, shall not be required for cancellation and issuance of shares and any other action under the Resolution Plan for its implementation.



On approval of the Resolution Plan, the relevant approvals by the ROC, NCLT, BSE, NSE, SEBI, NSDL, CDSL with respect to the reduction of Capital and issuance of fresh Capital etc. as may be required to implement the provision of the Resolution Plan will be deemed to have been granted. However, any procedures, if required, would be complied with by the Resolution Applicant.

The Resolution Applicant also reserves the right to change the composition of contribution towards Resolution Fund to be brought in.



SECTION VII - COST OF PLAN AND SOURCE OF FUND



xiii. PARTICULARS OF COST OF PLAN AND SOURCES OF FUNDS

Cost of Implementing the Resolution Plan:

The Resolution Applicant has determined the Cost of Implementing the Resolution Plan to be approx. Rs. 79.90 Crores.

Details of the cost of Resolution Plan and funding arrangement are set out below:

Sr. No.	Particulars	Amount in crores
1	Outstanding Insolvency Resolution Process Cost	1.30
2	Unrelated Financial Creditors including Dissenting Financial Creditors	
	- Actual monetary payment	53.49
	- Estimated realisation from 100,000 CCPS of Rs. 100 each	25.00*
3	Operational Creditors - Workmen & Employees	Nil
4	Operational Creditors - Trade Creditors, Liabilities & Provisions (other than Statutory/Government Dues, Workmen & Employees)	0.11*
5	Statutory/Government Dues	-
	Total	79.90

* This amount is estimated realization by the Financial Creditors from sale of converted Equity shares in the open market after three years. The same is an estimation based on DCF calculation of the equity value and the same may vary on actuals

#The Resolution Applicant clarifies that any CIRP Cost in excess of Rs. 1.30 cr, if any shall be met from the overall Cost of Resolution Plan and shall be proportionately reduced from the other creditors.

The Resolution Professional shall be responsible for distribution of CIRP cost in accordance with the Code.

The total source of fund of Resolution Plan is as follows:

Sl. No.	Particulars	Rs. in Crores
1	Equity Capital & Internal accruals of the Company	79.90
	TOTAL	79.90

The Resolution Applicant shall infuse capital into the Company by way of subscribing to the Equity Shares of the Corporate Debtor.

If required, the Resolution Applicant reserves the right to make secured borrowing apart from the sources mentioned above.

The Resolution Applicant also reserves the right to change the composition of contribution towards Resolution Fund to be brought in.



**SECTION VIII -
TERM,
IMPLEMENTATION
SCHEDULE AND
MONITORING OF
RESOLUTION PLAN**



xiv. TERM OF THE PLAN

The term of the Plan shall commence from the Effective Date and shall continue until the dues are paid in full as per the Resolution Plan and all other related provisions are fully implemented. The Implementation Period has been agreed to be 3 months per the Resolution Plan from the Effective date. The broad implementation schedule is as under:

(Rs. In Crores)

Particulars	Payment of CIRP Cost	Payment to OCs	Payment to FCs	Total
30 days from Effective date	1.30	0.11	53.49	54.90
After three years from Effective Date	-	-	25.00	25.00
Total	1.30	0.11	78.49	79.90

Any delay in payment to Operational Creditors or CIRP Cost on account of non-availability of information from the RP shall not be construed as delay/default on account of the RA.

The details of the implementation of the Resolution Plan shall be drawn from the contents of the Resolution Plan.

The Resolution Plan is a complete plan including the key reliefs, concessions, entitlements, and shall be accepted as a whole. Any part acceptance, negotiation or modification of the plan will be valid only when accepted by us in writing.

Notwithstanding anything contained in this Plan, no part of this plan shall become effective or enforceable until the Plan is approved by the Committee of Creditors (CoC) and NCLT in the form and substance acceptable to the Resolution Applicant. Upon approval of the Plan by the NCLT, this Plan shall ipso facto form part of the NCLT order approving the Plan.

It is hereby clarified that the RA shall accept the Resolution Plan as approved by the NCLT vide its Order.

xv. RESOLUTION PLAN IMPLEMENTATION GUIDE

Management and Control of the Business of the Corporate Debtor during the Term of the Plan and afterwards:

Reconstitution of Board of Directors	The existing (but suspended) Board members will stand resigned by virtue of order of Hon. NCLT approving the said plan and Resolution Applicant shall nominate new directors on the Board of Directors of the Corporate Debtor. The tentative nominations for Board of Directors is as under: <ul style="list-style-type: none">• Mr. Satyanarayan Agarwal• Mr. Rajkumar Agarwal• Mr. Sandeep Agarwal
Change of Auditors	The Resolution Applicant will have the right to change existing auditors.
Change of Business Mix	The RA may propose to make appropriate business decisions regarding the CD considering the business dynamics
Employee Engagement/disengagement	Engagement / disengagement of any employee / workman shall be at the sole discretion of the RA.



Management	The RA is part of the well established business group. RA is supported by well experienced and educated management team for effective implementation of the Plan.
Feasibility of Plan	The plan provides for taking over the management of the CD, rearranging the business/product mix as per the commercial wisdom of the RA.
Any further support for further Capex or Working Capital	The RA reserves the right to bring in funds through Equity/Quasi Equity/Unsecured/Secured Loans for any Capex or Working Capital Requirement as may arise during the operation period post implementation period of the Resolution Plan.

xvi. RESOLUTION PLAN MONITORING SYSTEM

For proper and adequate monitoring of the implementation of the approved Resolution Plan, the new board of directors of the corporate debtor shall take over immediate charge of the affairs of corporate debtor from the resolution professional and from a Management/Supervision Committee (MC/SC), which shall immediately undertake the monitoring of implementation of the resolution plan in its entirety, in compliance with the provisions of Regulation 38(2)(c) of CIRP Regulations, 2016.

The Management/Supervision Committee would comprise of the Resolution Professional or his representative, Representatives of the CoC and representative of the Resolution Applicant. RP (as part of the Management/Supervision Committee) shall be given a remuneration of Rs. 4.00 lakhs from Effective date till the end of Implementation Period. RP shall also be paid any out-of-pocket expenses incurred by him for attending the Management/Supervision Committee meetings. Other members of the Management / Supervision Committee shall be paid only the out-of-pocket expenses incurred by them to attend the Management / Supervision Committee.

It is hereby clarified that Management/Supervision Committee shall dissolve once the implementation period expires or RA makes complete payment to the Creditors as per the Resolution Plan, whichever is earlier.

xvii. FUNCTIONS OF THE MANAGEMENT/SUPERVISION COMMITTEE OF CORPORATE DEBTOR

The Management Committee of the corporate debtor shall, inter alia, perform the following functions:

- a. The MC/SC will review, on a monthly basis, the operations of the corporate debtor on all aspects and closely monitor the implementation of the resolution plan. An appropriate mechanism shall be set by way of which the Management/Supervision Committee shall make recommendations (if any) to the Board of the Company.
- b. The corporate debtor shall satisfy the MC/SC that the physical progress and all aspects of cost of the plan / means of finance of the plan have been complied with as per the original schedule. To this end, the Corporate Debtor shall furnish to the MC such information and data as may be required by it at intervals stipulated by it.
- c. The MC/SC shall ensure that any financial shortfall arising out of the delayed implementation of the schedule or for any other reason shall be met by the Corporate Debtor / Resolution Applicant without any recourse to FIs / banks or seeking any further



reliefs / concessions from them than what has already been provided for in the resolution plan.

- d. In addition to meticulous compliance with the schedules of payments covered under the resolution plan, the MC/SC shall oversee that the corporate debtor makes timely payment of all current dues accruing after the cut-off date or date of approval of the resolution plan, whichever is later, to Banks, FIs, Central and State Governments and Statutory Authorities, if any, in normal course;
- e. Any disputed / contingent liability shall be accorded the same treatment as given to creditors of that particular class in the resolution plan, irrespective of the amount crystallized by the order of concerned competent court / tribunal / authority.

xviii. IMPLEMENTATION SCHEDULE

Step	Action	Time
Step 1	NCLT Approval Date (Effective Date) <ul style="list-style-type: none"> - Reconstitution of the Board - Formation of Management / Supervision Committee - Capital Reduction - Management / Supervision Committee to work towards obtaining the licenses - All other reliefs mentioned in Section IX shall take effect 	T
Step 2	Infusion of Capital by RA	T + 30
Step 3	Payment to Creditors <ul style="list-style-type: none"> - Cash Payment of CIRP costs - Cash Payment to Operating Creditors - Cash Payment to the Financial Creditors - Issuance of CCPS to the Financial Creditors 	T + 30



SECTION IX -
SPECIFIC
PRAYERS/RELIEFS,
CONCESSIONS AND
ASSUMPTIONS

i. Specific Prayers/Reliefs and Concessions

In addition, to ensure smooth implementation of the Resolution Plan, the Resolution Applicant makes following prayers. It is also clarified that the below prayers are not a pre-condition to the Resolution Plan. RA shall accept the NCLT order.

a) Access to Assets of the Company:

Upon approval of this Resolution Plan by Adjudicating Authority, each of the lessors/owners of the assets where the Company conducts its business shall provide unrestricted access to the Resolution Applicant, the Company, and each of their respective representatives, employees, officers and agents to such locations without holding any asset of the Company located at such premises for ransom.

The district administrative authorities shall aid the resolution applicant in obtaining accession or possession of the assets of the company.

b) Ongoing Order Book:

As per the information given in original IM dated 29th February, 2020 issued by RP it is stated that *"Pursuant to provisions of Securitization and Reconstruction of Financial Assets and Enforcement of security Interest Act 2002, State Bank of India has taken over the possession of the properties of the company including Plant & Machineries which is given in the possession notice dated 31st July 2018 published in free press journal newspaper. There has been no production activity carried out since then."* The RA assumes no responsibility to fulfill the unfinished ongoing order book if any, as on the Effective Date.

c) Handover of books of accounts, clearances, permissions, approvals

On NCLT Approval Date, the Resolution Professional or Management Committee/ Financial Creditors shall handover all the books of accounts, documents, returns, forms, clearances, permissions, approvals or any other documents, which is in the possession, of the company for the period prior to NCLT Approval Date to the Resolution Applicant. If any documents are not available with Resolution Professional or Management Committee or Financial Creditors, the NCLT shall record its non-availability and shall waive any liabilities arising from such documents including but not limited to submission, filing of such documents with the respective authorities.

Any approval(s) which are required to be obtained or reinstated will be obtained or reinstated by the RA within a period of 1 year from the date of approval of plan by the Adjudicating Authority.

No approval other than CoC and NCLT approval are required for implementation of the Resolution Plan.

d) Capital Reduction:

In case of capital reduction, the requirement of adding "and reduced" in the name of the Corporate Debtor to be dispensed with (on account of reduction of share capital of the Corporate Debtor).

The approval of this Plan by the NCLT shall be deemed to have waived all the procedural requirements in terms of Section 66 and Section 42 of the Companies Act, 2013 and the



NCLT (Procedure for Reduction of Share Capital) Rules, 2016 for reduction of share capital and issuance of equity shares to Resolution Applicant.

e) Status of new acquired Company:

For all cases, claims etc filed by any person or competent authority, pertaining to period prior to NCLT Approval Date, the Corporate Debtor/ Resolution Applicant shall not be held responsible. No such prior cases, claims, etc shall stand valid after approval of plan from NCLT. Further, since no historical data of any kind is provided to the Resolution Applicant, no liabilities of such prior claims, cases etc shall be on the Resolution Applicant w.e.f NCLT Approval Date.

f) Submission of Documents with competent authority

In future any notice is issued against the Company by any authority to produce the documents pertaining to period prior to NCLT Approval Date and if such documents are not provided to the Resolution Applicant (whether in full or in part), under such circumstances, the Resolution Applicant and the company shall not be liable to produce those documents & details before the competent authority and no penalty or liability shall incur on Resolution Applicant and the company on non-submission of said details & documents. Resolution Applicant shall not be liable for any claims pertaining to period prior to NCLT Approval Date.

g) Relief from Stamp Duty & Fees:

All relevant Governmental Authorities to grant relief from payment of stamp duty and applicable fees (including fees payable to the jurisdictional Registrar of Companies) for the successful implementation of the Plan (including for the capital reduction, issuance of shares).

h) Compliance of Companies Act, 2013

The approval of this Plan by the NCLT shall be deemed to have waived all the procedural requirements in terms of Section 66, Section 42 and Section 62 (1) (c) of the 2013 Act and the NCLT (Procedure for Reduction of Share Capital) Rules, 2016 for reduction of share capital and issuance of equity shares to Resolution Applicant.

The Registrar of Companies, Ahmedabad to take on record and implement the Plan upon approval of the Plan by NCLT, without any further compliances;

i) Shareholder's Approval

The approval of the shareholders of the Corporate Debtor to the transactions contemplated under the Plan shall be deemed to have been given on the approval of the Plan by the NCLT, including for the reduction of share capital and issuance of CCPS to the Financial Creditors to be undertaken.

j) Exchange's Approval

Approval of Bombay Stock Exchange Limited and National Stock Exchange of India Limited to the transaction contemplated under the Plan shall be deemed to have been given on the approval of the Plan by the NCLT, including for the reduction of share capital to be undertaken.



k) Security and Exchange Board of India's Approval

Approval of the Securities and Exchange Board of India (SEBI) for the transactions contemplated under the Plan shall be deemed to have been given on the approval of the Plan by the NCLT, including for the reduction of share capital to be undertaken.

l) NCLT final Order to prevail

The approval of this Plan by NCLT shall constitute adequate and final approval of NCLT for all actions and purposes of this plan including (a) cancellation of the existing share capital of the Corporate Debtor (as may be agreed upon) in terms of Section 66 and other provisions of the 2013 Act and other Applicable Law; and (B) for issuance of new equity shares/preference shares and / or convertible securities in terms of the 2013 Act and other Applicable Law and accordingly, no approval/consent shall be necessary from any other Person in relation to any of the sections including under any agreement, the constitution documents of the Corporate Debtor or any Applicable Law.

m) No Dues Certificate/Consent Letter

For avoidance of any doubt, after payment of resolution amount to secured financial creditors, the Management Committee shall ensure that following documents are available & prepared and shall provide the certificate of its availability stating the name of person who shall handover following documents to the Resolution Applicant and such documents shall be duly verified by the Resolution Applicant. On verification made by Resolution Applicant, Financial Creditors/Management Committee (through their said representatives) shall immediately provide the following documents:

- Certificate from all the secured financial creditors stating that there are no dues outstanding against the company (in respect of payable as per this resolution plan) and none of our account is marked NPA. The unpaid balance amount towards the debt of the corporate debtor, claimed by the financial creditors, will not be payable by the corporate debtor/ Resolution Applicant to the financial creditors.
- Satisfy all charge created on assets of the corporate debtor, in the records of the Registrar of Companies/ Ministry of Corporate Affairs and CERSAI / SARFAESI. CD shall file such forms as necessary in this regard.
- Title deeds in original and other relevant documents as mortgaged or hypothecated with them which is in their possession free of any lien or encumbrance.

n) Liability for operation of company during CIRP period i.e. from CIRP commencement date to NCLT approval date,

As per Information Memorandum provided by the Resolution Professional the company is not in operation during the CIRP period as pursuant to provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, State Bank of India has taken over the possession of the properties of the Company including Plant & Machinery which is given in possession notice dated 31st July, 2018 published in free press journal newspaper. There has been no production activity carried out since then. Hence it is assumed that there shall be no other claims or demands, or liabilities or obligations owed or payable to any actual or potential creditor, vendor, contracting counterparty, government authority, claimant or any other person whatsoever (including, for the avoidance of doubt, but not limited to the Operational Creditors of the Company and its promoters, directors and other related parties), in relation to operation of the company during CIRP period i.e. from CIRP commencement date to NCLT approval date. The Resolution Applicant shall at no point of time be, directly or indirectly, held responsible or



liable in relation to liability for operation of company if any during CIRP period i.e. from CIRP commencement date to NCLT approval date.

o) No-effect of Non Compliance made by Corporate Debtor before NCLT Approval Date:

All Governmental Authorities to waive the Non-Compliances of the Corporate Debtor prior to the NCLT Approval Date including without limiting to failure to obtain any approval from the Government Authorities, NSDL, CDSL, SEBI, Bombay Stock Exchange and National Stock Exchange of India Limited with respect to change in control of the Corporate Debtor as per the terms of the Plan.

p) Financial Creditors confirmation on status of Account:

The Financial Creditors to confirm that, on and from the NCLT Approval Date, all accounts of the Corporate Debtor shall stand regularized and their asset classification shall be "standard" for the purposes of all RBI Applicable Laws and the name of the Corporate Debtor shall be removed from the list of defaulters/black list of RBI.

q) Cases prior to NCLT approval Date

All pending or threatened legal, regulatory or administrative proceedings in respect of the Subsidiaries or the affairs of the Corporate Debtor, all inquiries, investigations, notices, causes of action, whether already arisen or expected to arise (and including without limitation civil, criminal, extant exchange control laws, securities laws, any anti-corruption laws, SEBI Regulations applicable to the Corporate Debtor and its Subsidiaries and Tax related Claims) in relation to any period prior to the NCLT Approval Date shall be disposed of and all liabilities or obligations in relation thereto.

r) Past Litigation

The NCLT to provide relief to the Corporate Debtor from all past litigations pending at different levels and provide waiver from all tax dues including interest and penalty on such litigations including in case of litigations which may arise in future as well, pertaining to any period prior to the NCLT Approval Date.

s) Creditors to Withdraw all proceedings

All creditors of the Corporate Debtor to withdraw all legal proceedings commenced against the Corporate Debtor in relation to Claims, including all criminal proceedings, proceedings under Section 138 of the Negotiable Instruments Act, 1881 and proceedings under SARFAESI and RDDBFI, after full and final payment made to the Financial Creditors as per Resolution Plan. However, it is clarified that all the liabilities, personal guarantee, corporate guarantee provided by the erstwhile promoters/directors/guarantors of the Corporate Debtor shall be in subsistence and financial creditors shall have the right to proceed against the erstwhile promoters/directors/guarantors which shall not include corporate debtor.

t) Right to terminate old contracts/agreements

The Corporate Debtor shall be entitled to terminate contracts including contracts with parties that were related parties of the Corporate Debtor prior to the Insolvency Commencement Date.

u) Waiver of Non Compliance

All Governmental Authorities shall waive the non-compliances of the Corporate Debtor prior to the Effective Date including without limitation: (A) any non-compliances pertaining to environment laws; (B) any non-compliances pertaining to Electricity Department (C) any non-compliances pertaining to tax laws and (D) waiver of all penalties / costs/ interests payable by the Corporate Debtor on account of any of the non-compliances specified in (A), (B) and (C) above.

v) **Clean Titles on movable and immoveable property**

All rights, titles and benefits relating to the movable and immovable properties of the Corporate Debtor after receipt of full Resolution Amount by Financial Creditors as per Resolution Plan shall be vested in the Corporate Debtor free of any title defects or Encumbrances.

w) **Old Power of attorney/authority**

All powers of attorney or authorities executed by the Board of the Corporate Debtor on or prior to the NCLT Approval Date shall stand revoked, cancelled and shall be void.

- x) Dispensation from the Securities and Exchange Board of India, Bombay Stock Exchange, National Stock Exchange of India and Ministry of Corporate Affairs in relation to any Non-Compliances by the Corporate Debtor including waiver of any fees/ interest/ penalty on account of such non-compliance prior to Effective Date .

y) **Future Tax Benefits**

The NCLT to allow the Corporate Debtor to enjoy and avail in future any tax benefits, deductions, exemptions as per the relevant provisions of the applicable law which the Corporate Debtor was entitled to as on the NCLT Approval Date for the balance period as per the relevant provisions of the Applicable Law.

z) **Exemption from taxes**

The NCLT to exempt from levying any type of taxes and stamp duty, if any, arising on account of transactions consummated or actions undertaken pursuant to the approval of the Resolution Plan by the NCLT in accordance with the Code and not initiate any proceedings there under the provisions of Income Tax Act, 1961 with respect to the transaction, since such taxes and duties, if required to be paid, will render the Plan unviable.

- aa) Further, the waiver of principal loan amount, waiver of interest as well as waiver of any liabilities as appearing in the books of accounts of the Corporate Debtor as on the date of NCLT order and written back in the books of account following NCLT order shall not be taxed as perquisite under section 28(iv) and cessation of liability under section 41(1) or any other relevant sections/rules/regulations of the Income Tax Act or under any of the other Tax Law.

bb) **Treatment of ongoing litigation and violations:**

The NCLT to provide relief to the Corporate Debtor from all past litigations pending at different levels and provide waiver from all Tax dues including interest and penalty on such litigations.

- cc) The Resolution Applicant is not liable to perform any action in respect to such litigations and violations or present any required documents or explanations to any competent

authority as to veracity of any allegations in relation to the non-compliance with the terms of any contract or Clearances obtained by the Company. Further on NCLT Approval, all such ongoing litigations or violations in the name of the Company shall stand extinguished and void w.e.f. the NCLT Approval Date.

- dd) The liabilities which occurs by way of any order, judgments, decisions passed by any competent authority in respect of any application, petition, complaint filed by any person in the matter of transactions entered by company prior to NCLT approval date shall be borne by the previous management, promoters, their officer in default or any other person related to them and no criminal action shall be taken against Resolution Applicant and the Company in relation to any breach of law committed by previous management or promoters and other persons related to them.
- ee) All domain names, servers, softwares, licenses and any other assets being currently used by the Company to the extent not owned shall continue to be available for use by the Company for a period of 3 months from the Effective date.
- ff) There shall be no adverse effect on the rights of the Company over its immovable properties.
- gg) Resolution Applicant shall be provided with all the licenses necessary to start the operations including any certificates under tax and other laws such as certificate of incorporation, GST registration certificate etc. In case of any expired or suspended licenses / certificates fresh / renewed licenses / certificates to be provided to Resolution Applicant on approval of the Resolution Plan by Adjudicating Authority.
- hh) By virtue of the order of the Hon'ble Adjudicating Authority approving this Resolution Plan, GST credit available in the books of corporate debtor or any other asset realized post approval of Resolution Plan by Adjudicating Authority, shall form part of Resolution Applicant's assets.
- ii) Utility connections such as electricity, water and any other as may be required shall be made available by Corporate Debtor to the Resolution Applicant on approval of Resolution Plan by Adjudicating Authority for its smooth operations.
- jj) Each of the directors whose offices are being vacated pursuant to the provisions of the Resolution Plan, the Related Parties whose Contracts are being terminated pursuant to this Resolution Plan shall have no claim against the Company either in law or tort including on account of any loss of office, profit or repute. However, it is clarified that all the liabilities, personal guarantee, corporate guarantee provided by the erstwhile promoters/directors/guarantors of the Corporate Debtor shall be in subsistence and financial creditors shall have the right to proceed against the erstwhile promoters/directors/guarantors which shall not include corporate debtor.
- kk) **Pending Compliances pertaining to Companies Act 1956/2013, Income Act, 1961 or any other laws as applicable to the company**

The liability arising on account of failure of filing returns/forms or complying with necessary provisions of law for period prior to NCLT Approval Date shall be waived off and Resolution Applicant under no circumstances will be liable towards any such liability.

- ll) By virtue of the order of the Hon'ble Adjudicating Authority / NCLT approving this Resolution Plan and since the Resolution Applicant will acquire the Company on a going concern basis, all consents, licenses, approvals, rights, subsidy, entitlements, benefits and



privileges whether under law, contract, lease or license, granted in favour of the Company or to which the Company is entitled or accustomed to including but not limited to following which the RA understands from IM including addendums issued from time to time by RP or from the information provided by RP which were granted/availed by the CD shall notwithstanding any provision to the contrary in their terms, in any other law/ notification/ circular/ direction be deemed to continue without disruption for the benefit of the Company under the new ownership/management and the name of new management be endorsed on all such rights and entitlement, as may be required.

- mm)** The Licenses which are expired or will be expiring during the Implementation Period of Resolution Plan, the relevant authorities or departments may be directed to provide sufficient time to the Resolution Applicant to avail those licenses within a period of 1 year from the Effective Date or the Date of its expiry which ever falls later. As per addendum to IM provided by RP on 12th May, 2020 following are the important licenses required for operation and are already expired:

Sr. No.	License Name / Approval	Valid From
1	License to work a factory	Expired
2	Orange Category Renewal Certificate (Pollution Control Committee)	Expired
3	Factory license to import and store petroleum in an installation	Expired
4	Certificate of Gujarat Enviro Protection & Infrastructure (D&NH) Private Limited	Expired

Adjudicating Authority shall instruct the relevant authorities to provide above licenses to Resolution Applicant before the Effective date. Corporate Debtor shall approach the relevant authorities for obtaining the relevant licenses. Monitoring Committee and RP shall, wherever necessary, shall provide necessary approval/documents/ resolution for obtaining such licenses.

- nn)** By virtue of approval of the plan the respective government departments, non-government entities shall be bound by the order of Hon'ble NCLT to co-operate in the implementation of the Resolution Plan.
- oo)** All the Contingent /disputed liability payments (Incl. of tax/duties/cess, etc) till Effective Date (if arises in future also) shall not be borne or paid or made by corporate debtor.
- pp)** Any other liability (Civil or Criminal), whether known or unknown as on Effective Date; except as has been specifically provided for in the Resolution Plan, mentioned above shall be fully waived and neither the Company nor the Resolution Applicant shall be required to bear any liability.
- qq)** The Resolution Applicant may cause amendments to the Articles of Association of the Company in order to implement the Resolution Plan, upon their / its strategic partners becoming shareholders of the Company, pursuant to the order of the Hon'ble Adjudicating Authority/ NCLT and shall not require any additional approval from the shareholders.
- rr)** The Central Board of Direct Taxes to consider the Corporate Debtor as a widely-held company for the purposes of Section 79 read with Section 2(18) of the Income-tax Act, 1961, and the change in shareholding of the Corporate Debtor pursuant to the Plan to not lead to lapse of brought forward losses of the Corporate Debtor;

- ss) The Central Board of Direct Taxes to not subject income/ gain/ profits, if any, arising as a result of giving effect to the Resolution Plan to tax including minimum alternate tax in the hands of Corporate Debtor.
- tt) The Central Board of Direct Taxes to exempt the corporate debtor from application of provisions of Sections 41(1) and 28(iv) of Income-tax Act, 1961.
- uu) Hon'ble Adjudicating Authority / NCLT approving this Resolution Plan shall also give direction to local district administration authority to give needful support and assistance if required while implementing the approved plan.
- vv) On the approval of the plan by the Adjudicating Authority; all the disputes, suits, legal proceedings, claims that may be on going or raised later, known or unknown which involve the tangible or intangible assets, rights of the Corporate Debtor shall stand disposed off.
- ww) Any CIBIL, Transunion or any other Credit Rating reporting of the Corporate Debtor to be withdrawn by the respective Financial Creditors on completion of Resolution Process.
- xx) The Unrelated Financial Creditors may have issued Bank Guarantees or Letters of Credit on behalf of the borrower. The same may remain outstanding or issued to various parties as on the Effective Date or the date on which the RA takes over; whichever falls later. The RA states that it does not accept any liability towards such outstanding BGs &/or LCs and the payments to the respective Unrelated Financial Creditors/Financial Creditors would amount to satisfaction of any liabilities arising out of such BGs &/or LCs.
- yy) In avoidance of any doubt, the reliefs, concessions, entitlements sought from the Adjudicating Authority are to be provided in order to revive the CD from any future litigations, liabilities, penalties, costs. This will help to revive the Corporate Debtor, to protect the employment and loss of capital in unproductive work.

ii. ASSUMPTIONS AND LIMITATIONS

- a) As mentioned in other sections of the Resolution Plan, the Resolution Applicant assumes that the Continuous Polymerisation plant which has ceased to operate will be restored by the resolution applicant with post significant amount of capex.
- b) In accordance with Section 30 of the Code, this Plan has been prepared on the basis of the Information Memorandum and whatever data that has been provided by the RP and on the reliance that all information contained in the Information Memorandum is true, correct, complete, accurate and not misleading in any respect.
- c) This Plan has been prepared relying on the assumptions set forth below:
 - i. The details (including Verified Amounts) for Secured Creditors, Unsecured Creditors, Financial Creditors, Operational Creditors, Promoter Debt, Claims by Workmen and Employees, as set forth in the IM by Resolution Professional are true, correct, complete, accurate and not misleading in any respect;
 - ii. There are no persons having the benefit of any 'security interest' (as defined under Section 3(31) of the Code) over the shares of assets of the Corporate Debtor other than Financial Creditor as stated in the IM;



- iii. No material adverse effect will occur from the date of submission of the Plan by the Resolution Applicant and until the Effective Date;
- iv. All rights, title, interests, assets whether movable / immovable / tangible / intangible of the Corporate Debtor shall be free and clear of all encumbrances after the settlement amount is paid to Financial Creditors;
- v. The Resolution Professional has complied with the CIRP Regulations and procured requisite valuation reports there-under; and
- vi. The liquidation value due to the shareholders, as well as creditors other than financial creditors of the Corporate Debtor is NIL.

These assumptions have been necessitated given the limited information contained in the Information Memorandum and provided afterwards.

iii. Statements in Resolution Plan by Resolution Applicant

The RA hereby states that:

- a) The Resolution Plan has taken care of the interest of all the stakeholders to the extent possible and feasible as demonstrated in the various contents of the Resolution Plan.
- b) Neither the Resolution Applicant nor any of its related parties have ever failed to implement or contributed to the failure of implementation of any other resolution plan approved by the Adjudicating Authority at any time in the past



SECTION X - MANDATORY PROVISIONS UNDER THE CODE



iv. MANDATORY PROVISIONS UNDER THE CODE

As per Regulation 38 the Resolution Applicants is stating as under:

1. Payment to Operational Creditors

The amount due to the operational creditors under a resolution plan shall be given priority in payment over financial creditors and to the financial creditors, who have a right to vote under sub-section (2) of section 21 and did not vote in favour of the resolution plan, shall be paid in priority over financial creditors who voted in favour of the plan.

2. Interest of All stakeholders

As demonstrated in the Resolution Plan the Resolution Applicant has taken into account the interests of the stakeholders of the Corporate Debtor to the extent possible and has proposed the Plan for the insolvency resolution of the Corporate Debtor as a going concern based on the Information Memorandum.

The revival of the Corporate Debtor, as envisaged under this Plan, shall contribute significantly to the society and government by putting the available resources to the best use and contributing significant direct and indirect employment and income generation opportunities in this region.

3. Statement on Non failure, Non Contribution to the Failure of Implementation of any other Resolution Plan approved by the Adjudicating Authority

The RA declares that neither the RA nor its related parties have ever submitted any Resolution Plan earlier. Hence there had been no event of failing to implement or they contributing to the failure of implementation of any other resolution plan approved by the Adjudicating Authority at any time in the past.



**SECTION XI -
COMPLIANCES
UNDER IBC CODE,
2016 AND
RELEVANT
REGULATIONS**



v. COMPLIANCES UNDER INSOLVENCY BANKRUPTCY CODE, 2016 AND ITS RELEVANT REGULATIONS

Chart showing compliance with the code and relevant Regulations, 2016 and subsequent amendments thereto, applicable for the CIRP of Corporate Debtor

Section/ Regulation	Requirement	Section of the Resolution Plan/Any other Document	Compliance (Yes/ No with Comments/Remarks
Section 29A of the Code	As per provisions contained in the said section.	As per the undertaking and details shared by the RA	YES (The Resolution Applicant is NOT disqualified under Section 29A). Suitable undertaking has been shared by the RA.
Section 30(1)	A Resolution Applicant may submit a Resolution Plan along with an Affidavit stating that he is eligible under Sec 29A to the Resolution Professional, prepared on the basis of Information Memorandum	As above	YES Resolution Plan has been submitted along with Affidavit
Section 30(2)(a) of the Code	(a) Provides for the payment of insolvency resolution process costs in a manner specified by the Board in priority to the repayment of other debts of the corporate debtor;	Section VI	YES The same has been provided for
Section 30(2)(b) of the Code	each resolution plan - (b) provides for the payment of debts of operational creditors in such manner as may be specified by the Board which shall not be less than- (i) the amount to be paid to such creditors in the event of a liquidation of the corporate debtor under section 53; or (ii) the amount that would have been paid to such creditors, if the amount to be distributed under the resolution plan had been distributed in accordance with the order of priority in sub-section (1) of section 53, whichever is higher, and provides for the payment of debts of financial creditors, who	Section VI	YES

	do not vote in favour of the resolution plan, in such manner as may be specified by the Board, which shall not be less than the amount to be paid to such creditors in accordance with sub-section (1) of section 53 in the event of a liquidation of the corporate debtor.		
Section 30(2)(c) of the Code	(c) Provides for the management of the affairs of the Corporate debtor after approval of the resolution plan;	Section VIII	YES
Section 30(2)(d) of the Code	(d) The implementation and supervision of the resolution plan;	Section VIII	YES
Section 30(2)(e) of the Code	(e) Does not contravene any of the provisions of the law for the time being in force;		YES It is hereby declared by the resolution applicant that to the best of its knowledge and belief the instant resolution plan does not contravene any of the provisions of the law for the time being in force.
Section 30(2)(f) of the Code	(f) Conforms to such other requirements as may be specified by the Board.		YES The said resolution plan is in conformity with requirements specified by the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, and the amendments issued thereto from time to time.
Regulation 38 (1)	The amount due to the operational creditors under a resolution plan shall be given priority in payment over financial creditors.	Section V (5) & IX (1)	YES.
Regulation 38(1A) of the CIRP Regulations	A resolution plan shall include a statement as to how it has dealt with the interests of all stakeholders, including financial creditors and operational creditors, of the corporate debtor."	Section IX (2)	YES
Regulation 38(1B) of the CIRP Regulations	A resolution plan shall include a statement giving details if the resolution applicant or	Section IX (3)	YES

	any of its related parties has failed to implement or contributed to the failure of implementation of any other resolution plan approved by the Adjudicating Authority at any time in the past.		
Regulation 38(2)(a) of the CIRP Regulations	A resolution plan shall provide: (a) The term of the plan and its implementation schedule;	Definitions and Section VIII	YES
Regulation 38(2)(b) of the CIRP Regulations	(b) The management and control of the business of the corporate debtor during its term; and	Section VIII	YES
Regulation 38(2)(c) of the CIRP Regulations	(c) Adequate means for supervising its implementation.	Section VIII	YES The Resolution Plan Provides for supervision of implementation of Resolution Plan.
Regulation 38(3) of the CIRP Regulations	A resolution plan shall demonstrate that - (a) it addresses the cause of default; (b) it is feasible and viable; (c) it has provisions for its effective implementation; (d) it has provisions for approvals required and the timeline for the same; and (e) the resolution applicant has the capability to implement the resolution plan.	Through various provisions of the Resolution Plan	YES

SECTION XII - ANNEXURES





VI. ANNEXURE A - DCF VALUATION

Particulars	Projected										Perpetuity
	2022	2023	2024	2025	2026	2027	2028	2029			
Net Free Cash Flow for Equity	-	2,558	930	1,569	7,732	8,991	10,130	8,044			8,205
Full Period / Partial Period	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00			1.00
Cumulative Discount Period	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00			9.00
Present Value Factor	0.91	0.83	0.75	0.68	0.62	0.56	0.51	0.47			
Discounted Cash Flow	-	2,114	699	1,072	4,801	5,075	5,198	3,753			-

Valuation of Terminal Value	Rs. In Lakhs
Stable Cash Flow (Terminal Year)	8,205
Discount Rate	10.00%
Terminal Year Growth Rate	2.00%
Un-discounted Terminal Value	1,02,560
Discount Factor	0.47
Discounted Terminal Value	47,845
Present Value of Cash Flows	22,712
Estimated Equity Value	70,556



ANNEXURE B: INDICATIVE BALANCE SHEET AFTER ACCEPTANCE OF RESOLUTION PLAN

Particulars	As on March 31, 2020	Post Resolution
<u>EQUITY AND LIABILITIES</u>		
Shareholders' fund		
Equity Share capital	34,64,54,000	22,84,171
Resolution Fund		54,90,00,000
Preference Share capital	-	1,00,00,000
Reserves & Surplus	-6,05,45,83,249	1,34,91,70,119
Non Current Liabilities		
Long term borrowings	7,09,38,71,970	-
Current liabilities		
Trade payables		
- Dues of MSME; and	-	-
- Dues of creditors other than MSME	86,91,403	-
Other current liabilities	51,60,20,166	-
Total	1,91,04,54,290	1,91,04,54,290
<u>ASSETS</u>		
Non-current assets		
Property, plant & equipment	1,61,18,59,865	1,61,18,59,865
Non Current investments	10,02,000	10,02,000
Other non-current assets	9,33,018	9,33,018
Current assets		
Inventories	60,38,354	60,38,354
Trade receivables	14,89,46,669	14,89,46,669
Cash and cash equivalents	1,98,479	1,98,479
Short term loans & advance		
Other current assets	14,14,75,905	14,14,75,905
Total	1,91,04,54,290	1,91,04,54,290

