

**IN THE NATIONAL COMPANY LAW TRIBUNAL  
ALLAHABAD BENCH, PRAYAGRAJ**

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**IA NO.554/2023 IN CP (IB) NO.81/ALD/2019**

**In the matter of:**

*An application under Section 30(6) read with Section 31 of Insolvency and Bankruptcy Code, 2016 read with Regulation 39 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Debtor) Regulations, 2016*

**IN THE MATTER OF:**

Saurabh Chawla  
Resolution Professional  
M/S Harig Crankshafts Limited

**Having its office at:**

409, Ansal Bhawan, K.G. Marg  
New Delhi-110001

**..... Applicant**

**AND IN THE MATTER OF:**

M/S ASREC (INDIA) LIMITED

**.....Financial Creditor**

**Versus**

M/S HARIG CRANKSHAFTS LTD.

**.....Corporate Debtor**

Order pronounced on 17<sup>th</sup> April, 2024

**Coram:**

Mr. Praveen Gupta. : Member (Judicial)

Mr. Ashish Verma : Member (Technical)

### **Appearances:**

Sh. Abhishek Anand with  
Sh. Karan Kohli,  
Ms. Jasleen Singh Sandha,  
Ms. Kashish Rehan,  
Mr. Supriyo Bannerjee, Mr. Sajal Jain,  
Mr. Shikhar Tiwari, Mr. Krishna Sharma,  
Ms. Sakshi Chahar, Mr. Abhishek Sinha,  
& Mr. Ishaan Dhingra, Advs.  
NONE

*: For the Applicant/ RP,*  
*Sh. Saurabh Chawla present*  
*in person in both IAs*  
*: For ESIC in IA No.438/2023*

### **ORDER**

1. The present interlocutory application bearing IA. No. 554/2023 was moved on behalf of Mr. Saurabh Chawla Resolution Professional ("**RP**") of M/s Harig Crankshafts Limited. (under the provisions of Sections 30(6) and 31(1) of the Insolvency & Bankruptcy Code, 2016 [hereinafter referred to as "**the Code**" or "**IBC**"] read with Regulation 39(4) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 ("**CIRP Regulations**") for approval of the Resolution Plan in respect of M/s Harig Crankshafts Limited. ("**Corporate Debtor**").
2. The underlying Company Petition CP (IB) No.81/ALD/2019 filed by Bank of India the under Section 7 of the Code for initiation of Corporate Insolvency Resolution Process ("**CIRP**") against the Corporate Debtor namely M/S Harig Crankshaft

Ltd. (M/s Asrec (India) Limited later substituted Bank of India and became the Financial Creditor), which was admitted by this Adjudicating Authority *vide* its order dated 31.03.2023 (“**Admission Order**”). On that date, *i.e.*, 31.03.2023 (“**Insolvency Commencement Date**”), Mr. Saurabh Chawla (IBBI Reg. No. IBBI/IPA-003/ICAI-N-00368/2021-22/13834) was appointed as IRP. Subsequently, IRP Conducted 1<sup>st</sup> CoC meeting on 27.04.2023 whereby IRP was confirmed to be appointed as RP.

### ***Collation of claims by RP***

- 3.** It is stated in Resolution Plan that during the 1<sup>st</sup> meeting of COC, RP apprised about the public announcement made on 03.4.2023 in *Business Standards (English)* and *Rashtriya Sahara (Hindi)* in Delhi NCR and he called for proof of claims from the creditors of the Corporate Debtor and informed lenders to submit their claims as envisaged under the Code. The last date of submissions of claims was 14.04.2023.
- 4.** Pursuant to the collation and verification of claims received, the COC was constituted on 27.4.2023 with sole Financial Creditor. The list of Financial Creditors and the distribution

of voting share among them is as under: -

| <b>Financial Creditors</b>  | <b>Amount of Claim Filed</b> | <b>Amount of Claim Admitted</b> | <b>Voting Share</b> |
|-----------------------------|------------------------------|---------------------------------|---------------------|
| ASREC<br>(India)<br>Limited | 2,43,13,433.11               | 1,24,62,46,207.68               | 100%                |
| <b>Total</b>                | <b>2,43,13,433.11</b>        | <b>1,24,62,46,207.68</b>        | <b>100%</b>         |

5. The RP submits that a total of 13 CoC meetings have been held during the whole CIRP period.

#### **Evaluation and voting**

6. It is stated in the Resolution plan that the 3rd CoC was held on 25.05.2023, whereby the CoC Inter alia approved the publication of Form G, Request for Resolution plan, Evaluation Matrix, and eligibility criteria. Accordingly, invitations for Expression of Interest (EOIs) in Form-G were published on 30.05.2023 in Business Standards (English) and Rashtriya Sahara (Hindi) in Delhi NCR wherein the last date of receipt of the EOI was fixed as 14.06.2023.
7. In the 4<sup>th</sup> Meeting of CoC, the Applicant apprised the sole member of CoC regarding the receipt of Expression of Interest

along with EMD of Rs. 50 Lakhs from the following (hereinafter referred to as “PRAs”):

| <b>List of Prospective Resolution Applicants</b> |  |
|--|--|
| <b>1.</b>  | <i>Palika Towns LLP</i>  |
| <b>2.</b>  | <i>Consortium: Greatvalue Capital Trust &amp; Manoj Agarwal</i>  |
| <b>3.</b>  | <i>CRL Rubber</i>  |
| <b>4.</b>  | <i>PR Industries Pvt. Ltd.</i>   |
| <b>5.</b>  | <i>Consortium: Chinara Steel Segment Centre Private Limited, Sunrise Industries &amp; Crown Steels</i> |
| <b>6.</b>  | <i>Consortium: SG Machine Industries Pvt. Ltd. &amp; Mr. Rohan Gupta</i>                               |
| <b>7.</b>  | <i>ADI Impex Infra Services</i>  |
| <b>8.</b>  | <i>SPSS Infrastructure Pvt. Ltd.</i>   |

- 8.** After receiving the EOI from the above PRAs, the Applicant informed the members of the CoC that two of the PRA's namely *ADI Impex Infra Services and SPSS Infrastructure Pvt. Ltd.* have been found ineligible on accounts of several reasons. In view thereof, *ADI Impex Infra Services and SPSS Infrastructure Pvt. Ltd.* were excluded from the provisional list of PRAs.
- 9.** The members of CoC passed the following resolution qua circulation of the Request for Resolution Plan ("RFRP") and Evaluation Matrix ("EM"): -

*"RESOLVED THAT the Request for Resolution Plans (RFRP) containing detailed steps in the process of inviting and considering resolution plans and the manner in which the process would be conducted, duly placed at the meeting (Annexure-A after discussion in the meeting) be and is hereby approved by Committee of Creditors.*

*FURTHER RESOLVED THAT the Evaluation Matrix (EM) as defined under Regulation 2 (1) (ha) and as provided under Regulation 36B (1) of CIRP Regulations, 2016, duly placed at (Annexure-A after discussion in the meeting) be and is hereby approved by Committee of Creditors".*

- 10.** In the 5<sup>th</sup> CoC meeting held on 11.07.2023, Applicant informed the CoC about the status of EOIs for Submission of Resolution Plan. As per Regulation 36A (11) of CIRP Regulations, 2016, the Applicant provided time to the PRAs till 29.06.2023 to make objections if any, regarding inclusion or exclusion of a prospective resolution applicant in the provisional list, with supporting documents. In furtherance to above, the objections were received from both the PRAs namely *ADI Impex Infra Services and SPSS Infrastructure Pvt. Ltd* with respect to ineligibility. It is submitted that the both the PRA's further submitted the supporting documents to substantiate their eligibility. In view thereof, the Applicant after due diligence issued the final list of prospective resolution applicants on 09.07.2023., which is reproduced

herein below for ready reference:-

| <b>Sl. No</b> | <b>Name of the Prospective Applicants</b>   |
|---------------|---|
| 1.            | <i>Palika Towns LLP</i>   |
| 2.            | <i>Consortium: Greatvalue Capital Trust &amp; Manoj Agarwal</i>                                       |
| 3.            | <i>CRL Rubber</i>   |
| 4.            | <i>PR Industries Pvt. Ltd.</i>  |
| 5.            | <i>Consortium: Chinar Steel Segment Centre Private Limited, Sunrise Industries &amp; Crown Steels</i> |
| 6.            | <i>Consortium: SG Machine Industries Pvt. Ltd. &amp; Mr. Rohan Gupta</i>                              |
| 7.            | <i>ADI Impex Infra Services</i>   |
| 8.            | <i>SPSS Infrastructure Pvt. Ltd.</i>  |

**11.** In the 6<sup>th</sup> Meeting of CoC, Applicant informed the CoC Member that two PRAs, namely *Greatvalue Capital Trust and SPSS Infrastructure Pvt. Ltd.* requested vide emails to extend the timelines of submission of resolution plan by 30 working days and 01 month respectively. This resolution was put for voting for deliberation before the CoC and the Sole CoC Member extended the time for submission of resolution plan till 28.8.2023.

**12.** After this, one of the PRA namely, CRL Rubber vide an email dated 25.07.2023 informed the Applicant that due to unforeseeable circumstances, they will not be able to

participate in resolution process of the Corporate Debtor and therefore, sought refund of EMD amount. It is stated that Secured Financial Creditors initially submitted a claim of Rs. 243,13,56,433 out of which Rs. 1,24, 62,46,207.68 was admitted by the RP. Later on, RP apprised the COC members that Financial Creditor vide an email dated 24.7.2023 submitted a revised claim for consideration.

**13.** In the 7<sup>th</sup> COC Meeting, RP admitted a revised claim of Rs. 268,12,47,146 as submitted by the ASREC based on the legal opinion obtained in this regard. In the same meeting, the CoC Member approved the appoint of Statutory Auditor CA Pankaj Sidhwani and Accountant K Arora & Associates for auditing books of accounts and compliances relating to GST with 100% votes respectively.

**14.** In the 9<sup>th</sup> CoC meeting which took place on 29.08.2023, four PRAs submitted the resolution plan on 28.8.2023 which was presented to the COC Member in the said meeting.

| <b>S. No.</b> | <b>Name of the Applicant</b> | <b>Amount of Plan (in Rs.)</b> |
|---------------|------------------------------|--------------------------------|
| 1.            | Palika Towns LLP             | 75.39 cr.                      |
| 2.            | PR industries Pvt. Ltd.      | 50.35 cr.                      |



|    |  |         |
|----|--|---------|
| 3. | Consortium: Chinar Steel Segment Centre Private Limited, Sunrise Industries & Crown Steels | 35. cr. |
| 4. | ADI Impex Infra Services   | 42 cr.  |

**15.** Out of the aforesaid resolutions plans submitted by the respective PRAs, Palika Towns LLP was declared as H1 Resolution Applicant and accordingly, process information documents will be given to the all the PRAs as per Regulation 39 (1A) (b) of the CIRP Regulations, 2016 r/w clause 10(i) of the request of resolution plan in the 10<sup>th</sup> Meeting of CoC held on 11.09.2023. The CoC adopted the Swiss Challenge Mechanism for maximizing the value of the Corporate Debtor and informed all the PRAs that last date for final offer is 19.9.2023 and last date of submission of final resolution plan is 21.9.2023.

**16.** Thereafter, In the 11<sup>th</sup> meeting of CoC, PR Industries Pvt. Ltd. submitted the counter offer against the offer made by the H1 PRA, which was discussed in the said meeting. On the request of the PR Industries Pvt. Ltd. timeline for submission of revised resolution plan was extended by one day i.e 22.9.2023 and same was also informed to the Palika Town LLP as well.

**17.** In the 12<sup>th</sup> meeting of COC which took place on 25.09.2023 the COC sought some clarification from the following PRAs which shall be provided by them by submitting an addendum on the same which shall form part of the final revised resolution plan

“.....

**i. Palika Towns LLP**

*The payment schedule in the resolution plan states that Payment of Rs. 1500 lacs to Secured Financial Creditor will be made within 3 days from the approval of NCLT Order. However, it is submitted that as per the provisions of RFRP, the performance guarantee to be submitted upon approval of resolution plan by COC can be adjusted with the last tranche of payment. Therefore, for the sake of clarity, it was requested that they may further clarify that the distribution of the amount deposited towards implementation of the resolution plan be determined as per the terms of RFRP and provisions of the Code.*

**ii. PR Industries Pvt. Ltd.**

*a) Revised offer states that 20% of payment proposed to be made to financial creditors post adjusting EMD within 3 days of issuance of LOI, Rs. 38 Cr. to be paid within 60 days of approval of Plan by NCLT and Remaining amount in 3 instalments of Rs. 4 Cr., 3 Cr. & 3 Cr. commencing from 3rd month. However, the revised final resolution plan states that “On the Effective Date, post the payment of the upfront amount, out of Upfront Amount of INR 50.00 Crores and further amount of Rs. 10.00 crores within 180 days as prescribed, by the Resolution Applicant to the Financial Creditors on the Effective Date as contemplated*

*in the Resolution Plan, the balance verified and admitted debt out of the verified and admitted debt of INR 277.77 Crores of the Financial Creditors.”*

*b) Page 63 of the resolution plan states that Effective date is "Approval Date plus 39 Days" however on Page 94, the definition of Effective Date is provided as "date of approval of Resolution Plan". You are requested to clarify the same.*

*....”*

- 18.** In the meantime, applicant informed the COC Member that CIR Process is expiring on 27.09.2023 and it was decided that an application may be filed before this tribunal for extension of CIRP by 90 days. Accordingly, Applicant filed an application bearing I.A No. 473 of 2023 seeking extension of 90 days beyond 27.9.2023. This tribunal vide order dated 05.10.2023 allowed the application and now the CIRP is expiring on 26.12.2023.
- 19.** In the 13<sup>th</sup> meeting of COC which took place on 16.10.2023 the Applicant informed the CoC member that he is in receipt of claim from a)NSDL amounting to Rs. 71.41 lacs on 03.10.2023 b) Beetal Financial & Computer Services Pvt. Ltd. amounting to Rs. 16.09 Lacs and c) CDSL amounting to Rs. 48.86 lacs. These claims are under verification due to want of clarification and supporting documents.

**20.** The Applicant further informed that the clarification has been received from CDSL only. Therefore, the claims have been collated as per the information provided to him. In accordance with amendment in Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) 2016, the regulations pertaining to updation and verification of claims, the CoC Member update the list of creditors as under:-

| <b>S. No.</b> | <b>Name of the Creditor</b>                    | <b>Date of submission of Claim</b> | <b>Amount of Claim (in Rs.)</b> | <b>Amount of claim acceptable (in Rs.)</b> |
|---------------|--|------------------------------------|---------------------------------|--|
| 1.            | NSDL   | 03.10.2023                         | 71,41,051                       | 69,88,620                                  |
| 2.            | CDSL   | 10.08.2023                         | 48,86,930                       | 48,86,930                                  |
| 3.            | Beetal Financial & Computer Services Pvt. Ltd. | 27.07.2023                         | 16,09,132                       | 7,58,630                                   |

**21.** Accordingly, the CoC Member updated the list of creditors by including the aforesaid operational creditors and filed an application i.e IA No. 491 of 2023 before this tribunal to submit the claims received under Regulation 13(1C)(b)(ii) of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. This tribunal vide order dated 09.11.2023 allowed the said application by directing the applicant to take into account the aforesaid claims as approved by the CoC.

**22.** The applicant also informed the members of the CoC that clarifications regarding the final revised resolution plan were requested from Palika Towns LLP and PR Industries Pvt. Ltd. These were duly received on 27.09.2023, in the form of an addendum, and the CoC was given access to it for review. The Applicant further informed that two PRAS, namely Consortium: Chinar Steel Segment Centre Private Limited, Sunrise Industries & Crown Steels & ADI Impex Infra Services, have not submitted updated resolution plans; as received on 28.8.2023 are being taken into consideration for the purposes of Section 30(3).

**23.** After the thorough examination of Resolution Plans submitted by the PRAs, it was found that the plans submitted by Palika Towns LLP, PR Industries Pvt. Ltd., were in compliance with the IBC, 2016 and CIRP Regulations. However, the plans submitted by the Chinar Steel Segment Center Private Limited, Sunrise Industries, and Crown Steels in consortium, as well as the plan submitted by ADI Impex Infra Services, were non-compliant due to the non-submission of affidavits under section 29A and undertaking as required by Regulation 39 of the CIRP regulations.

**24.** Further, the e-voting of the 13<sup>th</sup> CoC meeting was continued for 22 days from 09.10.2023 to 30.10.2023 (concluded on 20.10.2023) and after thorough scrutiny and deliberations, the CoC Member approved the Final Resolution Plan submitted by the Palika Towns with 100% voting share declaring as Successful Resolution Applicants.

The relevant portion of the 13th COC meeting dated 06.10.2023 is reproduced hereunder:-

“.....

*Accordingly, the CoC stated that they will be assessing the feasibility and viability of each compliant Resolution Plan on following parameters:*

- i. Experience of respective resolution applicants*
- ii. Settlement proposal under each resolution plan*
- iii. Whether the respective resolution plans address contingent situations that may impact the implementation of resolution plan*
- iv. Release of personal guarantees*
- V. Revival plan proposed in the respective resolution plans*

*Accordingly, the COC stated its observations on both the compliant resolution plans as under:*

***i. Palika Towns LLP***

*Points discussed to assess the feasibility and viability of the resolution plan submitted by Palika Towns LLP are as follows:*

- The RA is in the business of leasing, real estate development, sale, purchase and all other ancillary*

and related activities.

- The consideration offered is above the Liquidation Value.
- The RA has provided net worth certificate stating net worth of Rs. 106 Cr. along with a letter of comfort from Mr. Manoj Agarwal having Net Worth of Rs67.49 Cr. The Copy of net worth certificate of Palika Towns LLP and Mr. Manoj Agarwal is annexed as **A5 & A6**.

**Evaluation Plan as per Evaluation Matrix**

| <b>Rank</b> | <b>Resolution Applicant</b> | <b>Total score</b> |
|-------------|-----------------------------|--------------------|
| H1          | Palika Towns                | 36.35              |
| H2          | PR Industries Pvt. Ltd.     | 29.77              |

**1. To consider and approve compliant Resolution Plan as submitted by Palika Towns LLP and authorize RP to file CoC approved Resolution Plan before Hon'ble NCLT in terms of Section 30(6) of the Code.**

The matter was decided to be resolved as under:

**"RESOLVED THAT** in accordance with sections 30(4) and 30(6) of the Code read with regulations made thereunder, the approval of the members of the CoC be and is hereby accorded to the cured/amended/revised Resolution Plan submitted by Palika Towns LLP and RP is authorized to issue LOI to RA in terms of the RFRP.

**RESOLVED FURTHER THAT** Resolution Professional is authorised to file the CoC approved resolution plan with the Hon'ble Adjudicating Authority i.e. NCLT."

- 25.** A compliance Certificate in terms of prescribed Form H under regulation 39(4) of the CIRP Regulations was also filed before this Tribunal. As per FORM H, the fair value of the Corporate

Debtor is Rs. 98,27,66,514/- and the liquidation value is Rs.70,84,34,041/- as per the registered valuers report.

- 26.** This Adjudicating Authority has granted extensions by 90 days in the whole CIR Process vide order dated 05.10.2023 from 27.9.2023 till 26.12.2023 (extension of 90 days).

***Details of Resolution Plan/Payment Schedule***

- 27.** The successful Resolution Applicant i.e. M/s Palika Towns LLP is a company engaged in the real estate.
- 28.** The resolution applicant states that through better management control, infusion of additional funds for working capital and bringing down the total debt to a sustainable level, endeavours to turn around the company by improving its top line and bottom line, a viable and workable resolution plan has accordingly being prepared and the successful Resolution Applicant has the capability for effective implementation of the Plan.
- 29. TABLE -A ;**The amount proposed in the Resolution Plan are tabulated below:



| <b>Sl. No</b> | <b>Particulars</b>                                       | <b>Resolution Amount (In Rs.)</b> | <b>Admitted Amount (in Rs.)</b> | <b>Payment Term</b>   |
|---------------|--|-----------------------------------|---------------------------------|---|
| 1.            | CIRP Cost  | 30,00,000                         | -                               | Upfront within 03 days from the approval of NCLT (effective Date) |
| 2.            | Secured Financial Creditor- Loan from Bank/ARC           | 75,00,00,000                      | 2,68,12,47,146                  | Given in Table-C Below  |
| 3.            | Financial Creditor- Loan from others (Related Party)     | 1,00,000                          | 9,65,01,335                     | Upfront within 03 days from the approval of NCLT (effective Date) |
| 3.            | Operational Creditors (Trade payables)                   | -                                 | -                               | -   |
| 4.            | Government Dues- ESIC                                    | 4,30,000                          | 15,38,453                       | Upfront within 03 days from the approval of NCLT (effective Date) |
| 5.            | Paschimanchal Vidyun Vitran Nigam Limited                | 2,89,567                          | 1,44,78,165                     | Upfront within 03 days from the approval of NCLT (effective Date) |
| 6.            | Commercial Tax Department, Noida                         | 1,00,000                          | 35,87,09,027                    | Upfront within 03 days from the approval of NCLT (effective Date) |
| 7.            | Workmen/ Employees                                       | NIL                               | NIL                             | NIL   |
|               | Operational Creditors Claim (other than Government Dues) | 81,398                            | 40,69,938                       | Upfront within 03 days from the approval of NCLT (effective Date) |
| 8.            | Contingent Liabilities (Non Statutory)                   | NIL                               |                                 | -   |

|              |  |                       |                        |     |
|--------------|--|-----------------------|------------------------|-----|
| 9.           | Statutory Dues as per Information Memorandum | NIL                   |                        | -   |
| 10.          | Infusion of funds for Capex                  | NIL                   |                        | NIL |
| <b>TOTAL</b> |  | <b>75,40,00,962/-</b> | <b>315,65,44,064/-</b> |     |

**TABLE-B: Timelines of Payment of EMD and Performance Security**

| <b>EMD and Performance Security</b>  | <b>Timelines</b>   | <b>Amount (in Lacs.)</b> |
|--|--|--------------------------|
| EMD-1 Paid   |  | 50.00                    |
| EMD Paid with this Resolution Plan   |  | 500.00                   |
| A performance Security (after adjusting EMD-1 and EMD-2, @ 20% of the Payment of the Financial Creditors | Within 03 working days from the date of receiving Letter of Intent | 950.20                   |
| <b>TOTAL</b>   |  | <b>1500.20</b>           |

**TABLE-C PAYMENT TERMS OF CREDIOTRS**

This tribunal vide order dated 08.12.2023 directed the Successful Resolution Applicant to verify the payment schedule stated in the Resolution Plan which is stated below:-

| <b>Tranche of Payment</b>   | <b>Date of Payment</b>                          | <b>Amount (in Rs.)</b>                  |
|---|---|---|
| Payment of Creditors other than secured financial creditors including unpaid CIRP costs | Within 03 days from the approval of NCLT order  | 40,00,962                               |
| Payment of Secured Financial Creditors  | Within 03 days from the approval of NCLT order  | 15,00,00,000                            |
| Payment of Secured Financial Creditors  | Within 60 days from the approval of NCLT order  | 25,00,00,000                            |
| Payment of Secured Financial Creditors  | Within 120 days from the approval of NCLT order | Rs. 35,00,00,000/-<br>(An amount of Rs. |

|              |  |  |
|--------------|--|--|
|              |  | 15,00,20,000/- which has already been deposited as Performance Security will be adjusted out of this tranche of payment) |
| <b>TOTAL</b> |  | <b>75,40,00,962/-</b>  |

**Table – D Estimated Total Amount Proposed to be brought in the Corporate Debtor for the turnaround of the Corporate Debtor:-**

| S.No | Particulars  | Amount (In Rs.)     |
|------|--|---------------------|
| A    | CIRP Cost  | 30,00,000           |
| B    | Upfront cash payment to the Financial Creditors to be paid within 03 days from the Cut-Off date  | 15,01,00,000        |
| C    | Total Upfront Cash Payment as part of Resolution Plan(Including payment of CIRP Cost, unrelated financial creditor, operational creditors and other creditors) | 55,40,00,962        |
| D    | Deferred payment to the Financial Creditors to be paid within 120 days from the approval of the NCLT   | 20,00,00,000        |
| E    | Provision of interest with regard to deferred payment to the Financial Creditors   | -                   |
| F    | Workmen & Employee due/claim retirement benefit  | -                   |
| G    | Operational Creditor   | -                   |
| H    | ESIC   | 4,30,000            |
| I    | Paschimanchal Vidyut Vitram Nigam Limited  | 2,89,564            |
| J    | Government Dues- VAT   | 1,00,000            |
| K    | Other Creditors (other Claim Workers, Government Dues)   | 81,398              |
| L    | Payment to outside party   | -                   |
| M    | Repairs /Refurbishment (To be brought through equity)  | NIL                 |
| N    | Working capital margin (To be brought through equity)  | NIL                 |
| O    | Total Fund Required (C+D)  | <b>75,40,00,962</b> |

### **Sources of Funds**

**30.** The overall Resolution Plan is for a total amount of approximately Rs. 75.40 Crores which shall be funded with a mix of Equity/Preference Shares and unsecured loan/ Inter corporate deposit/ other loan from the Resolution Applicant. In case this amount becomes short, the shortfall amount may also be infused by the Resolution Applicant with a mix of Equity/Preference Shares and unsecured loan/ Inter corporate deposit/ other loan. Apart from this in case of overall short fall Great Value Group shall help the Resolution Applicant to meet such requirements.

| <b>Sources of Funds</b>   | <b>Amount (in Cr.)</b> |
|---|------------------------|
| Fresh Equity Capital Infused by RA  | 9.975                  |
| Loan from Resolution Applicant @12% p.a to Corporate Debtor to meet Resolution Plan | 65.435                 |
| Unsecured Loans from RA- Working Capital  | 3.00                   |
| <b>Total</b>  | <b>78.41</b>           |

### ***Compliance of the successful Resolution Plan with various provisions:***

**31.** The Applicant has submitted the details of various compliances as envisaged by the Code and the CIRP Regulations which a Resolution Plan is required to adhere to, as follows:

**Compliance with Section 30(2) of the Code:**

| <b>Section 30(2) of Insolvency and Bankruptcy Code, 2016</b>   | <b>Compliance under Resolution Plan</b>                  | <b>Relevant Page Number of Section 30 Application</b> |
|--|--|---|
| (a) Plan must provide for payment of CIRP cost in priority to repayment of other debts of the CD in the manner specified by the Board.   | Provided in Clause 2.1.1 of the Resolution Plan          | Page 299 of the Application                           |
| (b) Plan must provide for repayment of debts of OCs in such manner as may be specified by the Board which shall not be less than   | Provided in clause 2.1.1 to 2.1.7 of the Resolution Plan | Page 299 -301 of the Application                      |
| (b)(i) the amount payable to them in the event of liquidation u/s 53; or   | Provided in clause 2.1.1 to 2.1.7 of the Resolution Plan | Page 299 -301 of the Application                      |
| (b)(ii) Plan must provide for repayment of debts of OCs in such manner as may be specified by the Board which shall not be not less than 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 | Provided in clause 2.1.1 to 2.1.7 of the Resolution Plan | Page 299 -301 of the Application                      |

|   |  |                                      |
|---|--|--------------------------------------|
| b (iii) provides for payment of debts of financial creditors who do not vote in favour of the resolution plan, in such manner as may be specified by the Board. | Provided in Note 2.1.3.1 of the resolution plan        | Page 300 of the Application          |
| (c) Management of the affairs of the Corporate Debtor after approval of the Resolution Plan.  | Provided in note 2.9 of the Resolution Plan            | Page 305-306 of the Resolution Plan. |
| (d) Implementation and Supervision.   | Provided in note 2.9 of the Resolution Plan            | Page 305-306 of the Resolution Plan  |
| (e) Plan does not contravene any of the provisions of the law for the time being in force.  | Provided in note 2.9 of the Resolution Plan            | Page 305-306 of the Resolution Plan  |
| (f) Conforms to such other requirements as may be specified by the Board.   | Provided in the different parts of the Resolution plan | -                                    |

**Mandatory contents of Resolution Plan in terms of Regulation 37 of CIRP Regulations.**

| <b>Regulation 37 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016</b> | <b>Compliance under Resolution Plan</b>       | <b>Relevant Page Number of Section 30 Application</b> |
|--|---|---|
| a) transfer of all or part of the assets of the corporate debtor to one or more persons;   | Provided in Clause 2.8 of the Resolution Plan | Page no. 304-305 of the Application                   |

|  |  |                                      |
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| b) sale of all or part of the assets whether subject to any security interest or not;  | Provided in Clause 2.10 of the Resolution Plan | Page no. 307 of the Application      |
| ba) restructuring of the corporate debtor, by way of merger, amalgamation and demerger;  | Not proposed by the Resolution Applicant.      | -                                    |
| c) the substantial acquisition of shares of the corporate debtor, or the merger or the consolidation of the corporate debtor with one or more persons;   | Provided in clause 2.5 of the resolution plan  | Page no. 301-302 of the Application. |
| ca) cancellation or delisting of any shares of the corporate debtor, if applicable;  | Not proposed in the resolution plan.           | -                                    |
| d) satisfaction or modification of any security interest;  | Provided in Clause 2.12 of Resolution Plan     | Page 307 of the Application          |
| e) curing or waiving of any breach of the terms of any debt due from the corporate debtor;   | Not proposed in the resolution plan            | -                                    |
| f) reduction in the amount payable to the creditors;   | Provided in Clause 2.6 of the resolution plan  | Page no. 302-304 of the Application  |
| g) extension of a maturity date or a change in interest rate or other terms of a debt due from the corporate debtor;                                     | Not proposed in the Resolution Plan.           | -                                    |
| h) amendment of the constitutional documents of the corporate debtor   | Not proposed in the Resolution Plan.           | -                                    |
| i) issuance of securities of the corporate debtor, for cash, property, securities, or in exchange for claims or interests, or other appropriate purpose; | Not proposed in the Resolution Plan.           | -                                    |
| j) change in portfolio of goods or services produced or rendered by the corporate debtor;  | Not proposed in the Resolution Plan.           | -                                    |

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| k) change in technology used by the corporate debtor; and  | Provided in clause 2.10 of the resolution plan . | Page no. 307 of the Application |
| l) obtaining necessary approvals from the Central and State Governments and other authorities.   | Provided in Clause 6 of the Resolution Plan      | Page 310-311 of the Application |
| m) Sale of one or more assets of the Corporate Debtor to one or more successful resolution applicants submitting resolution plans for such assets and manner of dealing with remaining assets. | Not proposed in the Resolution Plan.             | -                               |

***Mandatory contents of Resolution Plan in terms of Regulation 38(1) of CIRP Regulations:***

| <b>Regulation 38(1) and (2) of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016</b>  | <b>Compliance under Resolution Plan</b>         | <b>Relevant Page Number of Application</b> |
|--|---|--|
| 38(1)(a) The amount due to the operational creditors under a resolution plan shall be given priority in payment over financial creditors   | Provided in clause 2.6.5 of the resolution plan | Page No. 304 of the Application            |
| 38(1)(b) The amount payable under a resolution plan -<br><br>(b) 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. | Provided in Note 2.1.3.1 of the resolution plan | Page 300 of the Application                |



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| 38 (1A) Shall include a statement as to how it has dealt with the interests of all the stakeholder, including financial creditors and operational creditors of the Corporate Debtor  | Provided in clause 2.8 of the Resolution plan  | Page No. 304-305 of Application      |
| 38 (1B) shall include a statement giving details if the resolution applicant or 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 | Provided in clause 5.7 of the Resolution plan  | Page No.308 of Application.          |
| 38 (2)(a) shall provide for the term of the plan and its implementation schedule;  | Provided in clause 2.6 of the resolution plan  | Page No. 302-304 of Application      |
| 38 (2)(b) shall provide for the management and control of the business of the Corporate Debtor during its term   | Provided in clause 2.9 of the resolution plan  | Page No. 305-306 of Application      |
| 38 (2)(c) Shall provide for the adequate means for supervising its implementation.   | Provided in clause 2.9 of the resolution plan  | Page No. 305-306 of Application      |
| 38 (3) A resolution plan shall demonstrate that –<br>it addresses the cause of default;  | Provided in clause 2.10 of the resolution plan | Page No. 306-307 of Application.     |
| it is feasible and viable;   | Provided in clause 2.10 of the resolution plan | Page No. 306-307 of Application.     |
| it has provisions for its effective implementation   | Provided in clause 2.9 of the Resolution Plan  | Page no. 305-306 of the Application. |

|   |  |                                      |
|---|--|--------------------------------------|
| It has provisions for approvals required and the timeline for the same; and   | Provided in Section 2.9 of the resolution plan | Page No. 305-306 of the Application. |
| The resolution applicant has the capability to implement the resolution plan. | Provided in clause 2.7 of the resolution Plan. | Page no. 304-305 of the Application. |

**32.** The Applicant submits that the Successful resolution applicant has submitted an affidavit in regard to the eligibility under section 29A of the Code, as required by Regulation 39(1)(a) of the CIRP Regulations. An undertaking has also been submitted by the Successful Resolution Applicant, as mandated in terms of regulation 39(1)(c) of the CIRP Regulations. The affidavit under Section 29A is at page no. 405-408 in the application, which is reproduced thereunder:-

“....  
*I, Nakul Goel, son of Late Shri Prem Saran Goel aged about 54 year, currently residing at Flat No 12, Ras Vihar, Plot No 99, Mother Dairy Road, IP Extention, Patparganj, Laxmi Nagar, East Delhi-110092 and having Aadhaar No. 7161 1897 4377, on behalf of Palika Towns LLP having registered office at DSC-319, DLF South Court, Saket, New Delhi-110017 ("Applicant", a term which also includes any person acting jointly with the Applicant), do solemnly affirm and state to the Committee of Creditors ("CoC") of Harig Crankshafts Limited ("Corporate Debtor") and the Resolution Professional of the Corporate Debtor ("RP") as follows:*

1. That I am duly authorized and competent to make and affirm the instant affidavit for and on behalf of the Applicant in terms of resolution of its Designated Partner/ power of attorney dated 12.06.2023. I hereby unconditionally state, submit and confirm that the document is true, valid and genuine.

2. I hereby unconditionally state, submit and confirm that the Applicant is not disqualified from submitting a Resolution Plan in respect of the Corporate Debtor, pursuant to the provisions of the Insolvency and Bankruptcy Code, 2016 ("Code").

3. I hereby state, submit and declare that neither the Applicant nor any person acting jointly with the Applicant or in concert with Applicant nor any person who is a 'connected person' (as defined under the Code):

(a) is an undischarged insolvent;

(b) is a willful defaulter in accordance with the guidelines of the Reserve Bank of India issued under the Banking Regulation Act, 1949;

(c) is at the time of submission of the resolution plan a person who, (i) has an account which has been classified as non-performing asset in accordance with the guidelines of the Reserve Bank of India issued under the Banking Regulation Act, 1949 or the guidelines of a financial sector regulator issued under any other law for the time being in force, or (ii) controls or manages or is the promoter of a corporate debtor whose account has been, classified as non-performing asset in accordance with the guidelines of the Reserve Bank of India issued under the Banking Regulation Act, 1949 or the guidelines of a financial sector regulator issued under any other law for the time being in force; and such classification has continued for a period of one year or more from the date of such classification till the date of commencement of the corporate insolvency resolution process of the Corporate Debtor and all such overdue amounts along with interest, costs and charges thereon has not been fully repaid at

*the time of submission of resolution plan.*

*(d) has been convicted for any offence punishable with imprisonment –*

*406 (i) for two years or more under any statute specified under the Twelfth Schedule of the Code and two years have not passed from the date of release from such imprisonment;*

*or*

*(ii) for seven years or more under any law for the time being in force and two years have not passed from the date of release from such imprisonment.*

*(e) is disqualified to act as a director under the Companies Act, 2013;*

*(f) is prohibited by the Securities and Exchange Board of India from trading in securities or assessing the securities market;*

*(g) has been a promoter or in the management of or control of a corporate debtor in which any preferential transaction or undervalued transaction or extortionate credit transaction or fraudulent transaction has taken place and in respect of which an order has been made by the Hon'ble National Company Law Tribunal (or its appellate tribunal / court) under the Code (other than a preferential transaction, undervalued transaction, extortionate credit transaction or fraudulent transaction which has taken place without any contribution by the PRA in an entity acquired by the Applicant, prior to such acquisition by way of a resolution plan approved under the Code or pursuant to a scheme or plan approved by a financial sector regulator or court);*

*(h) has executed a guarantee in favour of a creditor, in respect of a corporate debtor against which an application for insolvency resolution made by such creditor has been admitted under the Code and such guarantee has been invoked by the creditor and remains unpaid in full or in part;*

*(i) is subject to any disability corresponding to any of the aforesaid conditions under any law in a jurisdiction outside India.*

*4. That the Applicant unconditionally and irrevocably represents, warrants and confirms that it is eligible under the terms and provisions of the Code and the rules and regulations framed thereunder to submit a resolution plan and that it shall provide all documents, representations and information as may be required by the RP or the CoC to substantiate to the satisfaction of the RP and the CoC that the Applicant is eligible under the Code and the rules and regulations thereunder to submit a resolution plan in respect of the Corporate Debtor.*

*5. That the Applicant unconditionally and irrevocably undertakes that it shall provide all data, documents and information as may be required to verify the statements made under this affidavit.*

*6. That the Applicant understands that the COC and the RP may evaluate the resolution plan to be submitted by the Applicant or any other person acting jointly with it and such evaluation shall be on the basis of the confirmations, representations and warranties provided by the Applicant under this affidavit.*

*7. That the Applicant agrees that each member of the CoC and the RP are entitled to rely on the statements and affirmations made in this affidavit for the purposes of determining the eligibility and assessing, agreeing and approving the resolution plan submitted by the Applicant.  
....”*

**33.** The Applicant has filed a Compliance Certificate vide dairy no. 512 dated 21.02.2024 in prescribed Form, i.e. Form 'H' in compliance with Regulation 39(4) of the CIRP Regulations.

The RP has issued the Letter of Intent dated 23.10.2023 to

the Successful Resolution Applicant and the Successful Resolution Applicant provided the Performance Bank Guarantee which is 20% of the payment proposed to be made to the Financial Creditors amounting to Rs. 15,00,20,000/- (Rupees Fifteen Crores Twenty Thousand Only) which is required under Regulation 36B (4A) of CIRP Regulations, 2016. EMD of Rs. 5,50,00,000 has already been adjusted the remaining sum of Rs. 9,50,20,000 has been deposited in the designated bank account in ICICI Bank Limited of the Corporate Debtor on 23.10.2023.

**Details of Resolution Plan/ Payment Schedule**

**34.** The Applicant submits the relevant information about the amount claimed, the amount admitted, and the amount proposed to be paid by the Successful Resolution Applicant, *i.e., M/s Palika Towns LLP* under the said Resolution Plan which is tabulated as under:-

| <b>Sl. No.</b> | <b>Category of claimants</b>  | <b>Claim Amount admitted (in Rs.)</b> | <b>Resolution Amount (In Rs.)</b> |
|----------------|-------------------------------|---------------------------------------|-----------------------------------|
| <b>1.</b>      | CIRP Cost                     | 16,44,474                             | 30,00,000                         |
| <b>2.</b>      | Financial Creditor            | 2,68,12,47,146                        | 75,00,00,000                      |
| <b>3.</b>      | Loan from Other Related Party | 9,65,01,335                           | 1,00,000                          |

|    |  |              |          |
|----|--|--------------|----------|
| 4. | Operational Creditor-<br>Employee State Insurance<br>Corporation Limited | 15,38,453    | 4,30,000 |
| 5. | Paschimanchal Vidyun<br>Vitran Nigam Limited                             | 1,44,78,165  | 2,89,564 |
| 6. | Commercial Tax<br>Department, Noida                                      | 35,87,09,027 | 1,00,000 |
| 7. | Operational<br>Creditors Claim   | 40,69,938    | 81,398   |
| 8. | Contingent<br>Liabilities (Non Statutory)                                | NIL          | NIL      |
| 9. | Infusion of funds for Capex  | NIL          | NIL      |

The Resolution plan size is approximately of Rs. 75,40,00,962/- (Rupees Seventy Five Crores Forty Lakhs, Nine Hundred and Sixty Two).

**Details on Management and Implementation as per the Resolution Plan.**

35. The Resolution Plan also provides for details of management and control, implementation and supervision of the Resolution Plan and term of plan and the same is already set out in clause 2.9 of the Resolution plan and Table (iii) *supra*

***Details on fraudulent and avoidance transaction***

**36.** The Resolution Professional via Form H confirms that the suspended Board of Directors of the Corporate Debtor has not been engaged in the any kind of fraudulent and avoidance transaction.

***Waivers, Reliefs and Exemptions***

**37.** The SRA has sought/prayed for the reliefs, waivers and concessions as enumerated under the Resolution Plan approved by the CoC, that from the plan approval date all inquiries, investigation and proceedings, whether civil or criminal, suits, claims, disputes, interests and damages in connection with the Corporate Debtor or the affairs of the Corporate Debtor, pending or threatened, present or future in relation to any period prior to the plan approval date, or arising on account of implementation of this Resolution Plan, shall stand withdrawn, satisfied and discharged.

**38.** From the date of approval of the 'Resolution Plan', the Resolution Applicant shall be legally authorized to seek appropriate orders from respective authorities/courts/tribunals for renewal of



licenses/withdrawal/dismissal or abetment of the proceedings as the case may be.

### ***Analysis & Findings***

- 39.** On hearing the submissions made by the Ld. Counsel for the Resolution Professional and perusing the record, we find that the Resolution Plan has been approved by the CoC with 100% of the members voting in favour of the Resolution Plan. As per the CoC, the Plan meets the requirement of being a viable and feasible revival of the Corporate Debtor. By and large, there are provisions for making the Plan effective after approval by this Bench.
- 40.** On perusal of the documents on record, we are satisfied that the Resolution Plan is in accordance with Sections 30 and 31 of the IBC and also complies with regulations 37, 38 and 39 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.
- 41.** The reliefs, concessions and waivers sought by the Successful Resolution Applicant will be dealt with strictly in accordance with the applicable laws.
- 42.** It may be clarified that litigations wherever pending against

the corporate debtor would be governed by Section 32A of the Code.

- 43.** As far as the question of granting time to comply with the statutory obligations/seeking sanctions from governmental authorities is concerned, the Resolution Applicant is directed to do the same within one year as prescribed under section 31(4) of the Code.
- 44.** In case of non-compliance with this order or withdrawal of the Resolution Plan within the stipulated time, in addition to other consequences which follow under law, the CoC shall forfeit the EMD amount of Rs. 5,50,00,000 (Rupees Five Crores Fifty Lakhs Only) already paid by the Resolution Applicant as well as the Performance Bank Guarantee of Rs. 9,50,20,000/-.
- 45.** On hearing the submissions made by the Ld. Counsel for the Resolution Professional and perusing the record, we find that the Resolution Plan has been approved by the CoC with 100% of the members voting in favour of the Resolution Plan. As per the CoC, the Plan meets the requirement of being a viable and feasible revival of the Corporate Debtor. By and large,

there are provisions for making the Plan effective after approval by this Bench.

- 46.** On perusal of the documents on record, we are satisfied that the Resolution Plan is in accordance with Sections 30 and 31 of the IBC and also complies with regulations 38 and 39 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.
- 47.** The reliefs, concessions and waivers sought by the Successful Resolution Applicant will be dealt with strictly in accordance with the applicable laws.
- 48.** It may be clarified that litigations wherever pending against the corporate debtor would be governed by Section 32A of the Code.
- 49.** It may be noted that the Successful Resolution Applicant has given an undertaking by way of an affidavit dated 22.11.2023 filed vide Diary No.3061 dated 04.12.2023 and undertakes to pay PF and gratuity dues up to the date of the approval of the resolution plan in compliance of judgment of Sikandar Singh Jamval v. Vinay Talwar [Company Appeal (AT) (Ins.) 483 of 2019], judgement dated 11.03.2022

- 50.** As far as the question of granting time to comply with the statutory obligations/seeking sanctions from governmental authorities is concerned, the Resolution Applicant is directed to do the same within one year as prescribed under section 31(4) of the Code.
- 51.** In case of non-compliance with this order or withdrawal of the Resolution Plan within the stipulated time, in addition to other consequences which follow under law, the CoC shall forfeit the EMD amount of Rs. 5,50,00,000 already paid by the Resolution Applicant as well as the Performance Bank Guarantee of Rs. 2 crores.

### **ORDERS**

- 52.** Subject to the observations made in this Order, the Resolution Plan of Rs. 75,40,00,962/- (Rupees Seventy Five Crores Forty Lakhs Nine Hundred and Sixty Two only), is hereby approved as per Section 30(2) and the mandatory contents of Resolution Plan in terms of Regulation 38(1). The Resolution Plan shall form part of this Order.
- 53.** The reliefs, concessions and waivers sought/prayed by the Successful Resolution Applicant will be dealt with strictly in

accordance with the applicable laws including Companies Act, 2013 and Income Tax Act, 1961, etc.

- 54.** The Moratorium imposed under section 14 of the Code shall cease to have effect from the date of this order.
- 55.** The Resolution Professional shall submit the records collected during the commencement of the proceedings to the Insolvency & Bankruptcy Board of India for their record.
- 56.** **IA No. 554/2023** shall stand disposed of accordingly.
- 57.** Liberty is hereby granted for moving appropriate application if required in connection with implementation of this Resolution Plan.
- 58.** A copy of this Order shall be filed by the Resolution Professional with the Registrar of Companies
- 59.** The Resolution Professional shall stand discharged from his duties with effect from the date of this Order, save and except those duties that are enjoined upon him for implementation of the approved Resolution Plan.
- 60.** The Resolution Professional is further directed to hand over all records, premises/ factories/documents available with it

to the Resolution Applicant to finalise the further line of action required for starting of the operation. The Resolution Applicant shall have access to all the records and premises through the Resolution Professional to finalise the further course of action required for starting of operations of the Corporate Debtor.

- 61.** The Registry is directed to send copies of the order forthwith to all the parties and their Ld. Counsel for information and for taking necessary steps.
- 62.** The registry is further directed to send the copy of the order to the IBBI also for their record.
- 63.** Certified copy of this order may be issued, if applied for, upon compliance of all requisite formalities.
- 64.** File be consigned to the record.

*-Sd-*

**(Ashish Verma)**  
**Member (Technical)**

*-Sd-*

**(Praveen Gupta)**  
**Member (Judicial)**

*Dated- 17th April, 2024*