

S.No.1

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – 1**
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
27-02-2023 AT 10:30 AM

IA (IBC) 194/2023 in CP(IB) No.103/7/HDB/2020
u/s. 7 of IBC, 2016

IN THE MATTER OF:

State Bank of India

...Financial Creditor

Vs

Mata Energy Ltd

...Corporate Debtor

C O R A M:-

DR. VENKATA RAMAKRISHNA BADARINATH NANDULA, HON'BLE MEMBER (JUDICIAL)
SH. CHARAN SINGH, HON'BLE MEMBER (TECHNICAL)

ORDER

Order in IA No. 194/2023 pronounced, recorded vide separate sheets. In the result, we accord approval of the Resolution Plan dated 17.11.2022 subject to the terms and conditions mentioned therein.

IA No. 194/2023 is accordingly allowed and disposed of.

SD/-

MEMBER (T)

SD/-

MEMBER (J)

**NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH-1**

I.A. NO. 194 / 2023

IN

CP (IB) NO.103/7/HBD/2020

Application on behalf of Committee of Creditors for submitting Resolution Plan under Section 30(6) and Regulation 39(4) read with Section 31 of IBC, 2016

IN THE MATTER OF STATE BANK OF INDIA VS M/S MATA ENERGY LIMITED

Filed by

B. NAGA BHUSHAN
RESOLUTION PROFESSIONAL
MATA ENERGY LIMITED
IBBI/IPA-001/IP-P00032/2016-17/10085
1-1-380/38, ASHOK NAGAR EXTENSION,
HYDERABAD -500 020

..... APPLICANT /
RESOLUTION PROFESSIONAL

Date of order: 27.02.2023

Coram:

Dr. Venkata Ramakrishna Badarinath Nandula, Hon'ble Member Judicial

Shri Charan Singh, Hon'ble Member Technical

Appearance:

For Applicant: Shri B. Ramesh Babu, Advocate

**PER BENCH
ORDER**

1. **IA No. 194/2023** is filed by the Resolution Professional under Section 30(6) & 31 of IBC, 2016 r/w regulation 39(4) of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, seeking approval of the resolution plan submitted by **Consortium of M/s Varma Steels Private Limited and Mr. AVP Verma (Resolution Applicant)** as duly approved by the Committee of Creditors with 100% votes.
2. To put concisely, the main petition filed by Financial Creditor, **State Bank of India** u/s 7 of IBC, 2016 was admitted by the Adjudicating Authority vide Order dated **04.03.2022** and ordered commencement of CIRP against the Corporate Debtor, **M/s Mata Energy Limited**. Shri B. Naga Bhushan was appointed as Interim Resolution Professional (IRP), who continued as Resolution Professional.
3. On receipt of claims from the creditors pursuant to public announcement on 11.03.2022, the Resolution Professional constituted the Committee of Creditors (COC) comprising of sole Financial Creditor i.e. State Bank of India.
4. It is stated that the Resolution Professional conducted a total of 11 meetings of the CoC during the CIRP. In response to the Form-G publication (Expression of Interest) in Financial Express and Nava

Telangana on 21.06.2022, the following two Prospective Resolution Applicants expressed their interest to submit the Resolution Plan

(a) Consortium of M/s Varma Steels Private Limited and Mr. AVP Varma.

(b) Raghuvveer Kandula

5. Out of the above two PRAs, only one PRA i.e. Consortium of M/s Varma Steels Private Limited and Mr. AVP Varma had submitted the resolution plan on 30.09.2022. However, in the 9th CoC meeting held on 15.11.2022, the said PRA was advised to submit the revised resolution plan on 17.11.2022. The Resolution Plan submitted by Consortium of M/s Varma Steels Private Limited and Mr. AVP Varma was placed before the CoC in the 10th meeting of CoC on 22.11.2022 and the Members of the Committee of Creditors evaluated the said Resolution Plan strictly as per the evaluation matrix and Section 29A. After evaluating in terms of both qualitative and quantitative criteria and aggregate, the said resolution plan was put for e-voting from 23.11.2022 to 28.11.2022 and the timelines of voting were further extended from time to time at the specific request of CoC and finally till 09.01.2023. The Resolution Plan submitted by the Consortium of M/s Varma Steels Private Limited and Mr. AVP Varma was approved with 100% voting in favour of it, pursuant to which Letter of Intent (LoI) was issued on 10.01.2023. The Successful Resolution Applicant has furnished a Bank Guarantee of Rs. 40 lakhs to the RP as stipulated in the RFRP document and as per the terms of LoI. Thus submitting, prayed the Tribunal to approve the Resolution plan submitted

by **Consortium of M/s Varma Steels Private Limited and Mr. AVP Varma.**

6. Contours of the Resolution Plan

- (A) The Resolution Applicant is a **Consortium of M/s Varma Steels Private Limited** having its registered office at Door No. 1-104/22/A, Plot No. 16, The Address Home, Madhapur, Telangana and **Mr. Alluri Venkata Panindra Varma**, who the promoter and Managing Director of M/s Varma Steels Private Limited, is a resident of Flat No.112, Emerald Building, Amrutha Hills, Opp: Maa TV Office, Punjagutta, Hyderabad – 500082.
- (B) The CoC comprised of the sole Financial creditor i.e. State Bank of India who has 100% voting share in the CoC.
- (C) The amounts provided for the stakeholders under the Resolution Plan is as under:

(Amount in Rs. Crores)

Sl. No.	Category of Stakeholder*	Sub-Category of Stakeholder	Amount Claimed	Amount Admitted	Amount Provided under the Plan#	Amount Provided to the Amount Claimed(%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Secured Financial Creditors	(a) Creditors not having a right to vote under sub-section (2) of section 21	-	-	-	-
		(b) Other than (a) above: (i) who did not vote in favor of	116.26	116.26	4.00	3.44%

		the resolution Plan (ii) who voted in favor of the resolution plan				
		Total[(a) + (b)]	116.26	116.26	4.00	3.44%
2	Unsecured Financial Creditors	(a) Creditors not having a right to vote under sub-section (2) of section 21	-	-	-	-
		(b) Other than (a) above: (i) who did not vote in favor of the resolution Plan (ii) who voted in favor of the resolution plan	-	-	-	-
		Total[(a) + (b)]	-	-	-	-
3	Operational Creditors	(a) Related Party of Corporate Debtor	-	-	-	-
		(b) Other than (a) above: (i)Government (ii)Workmen (iii)Employees (iv)Others (v) Contingent Liability	- - - - -	- - - - -	- - - - -	- - - - -
		Total[(a) + (b)]	116.26	116.26	4.00	3.44%
4	Other debts and dues	CIRP Expenses	At actuals	At actuals	At actuals	100%
Grand Total			116.26	116.26	4.00	3.44%

Amount provided over time under the Resolution Plan and includes estimated value of non-cash components. It is not NPV.]

- The details of the approved plan submitted by the Successful Resolution Applicant (SRA) are furnished hereunder:

Sl.No	Particulars	Amount
1	Resolution Plan Amount	4,00,00,000.00
2	Resolution Plan Period	6 months
3	Payment to Various Stakeholders	
	a) CIRP expenses	At actuals
	b) Secured Financial Creditors	4,00,00,000.00
	Total	4,00,00,000.00
4	Mode of Payment	Cash
5	Payment Schedule	
	a) CIRP Expenses	
	Within 30 days from NCLT Order	At actuals
	b) Financial Creditors	
	Within 30 days from NCLT Order	1,50,00,000.00
	Within 6 months from NCLT Order	2,50,00,000.00
	Total	4,00,00,000.00
6	Proposed Distribution of Resolution Plan amount among various Financial Creditors	
	a) State Bank of India (100.00%)	4,00,00,000.00
	Total	4,00,00,000.00

F. MONITORING COMMITTEE

The Monitoring Committee shall comprise of Resolution Professional who will act as the Chairman, with equal number of representatives of Resolution Applicant and the CoC, during the course of implementation of the plan. All key managerial personnel of the Corporate Debtor would be deemed to have resigned and new Key managerial personnel shall be appointed by the Resolution Applicant.

G. Compliance of mandatory contents of Resolution Plan under the Code and CIRP Regulations:-

The Applicant has conducted a thorough compliance check of the Resolution Plan in terms of the Code as well as Regulations 38 & 39 of the Insolvency and Bankruptcy Board of India (Corporate Insolvency Resolution Process) Regulations, 2016 (herein after referred to as Regulation) and has submitted his Form-H under Regulation 39 (4). It is submitted that Resolution Applicant has filed an undertaking declaring that they are eligible to submit the plan under Section 29A of the Code and that the contents of the said undertaking are in order. The fair value and Liquidation value as submitted in Form-H is Rs. 4,69,73,000/- and Rs. 3,37,35,100/- respectively.

7. In the above backdrop we heard Shri Ramesh Babu, Learned Counsel for the Resolution Professional. He submits that the Resolution Plan meets the requirement of Section 30 (2) of the Code, as under:-

- (i) The Resolution Plan provides for payment of CIRP costs as 'At Actuals' which shall be paid in priority to other creditors. This payment is part of the upfront payment i.e., within 30 days of approval of the Resolution Plan by NCLT. The CIRP costs have been approved by COC.
- (ii) No claim is admitted other than the Secured Financial Creditors and hence no amount is provided under the Resolution Plan of the operational creditors in terms of Section 30 (2)(b).
- (iii) There is no dissenting financial creditor as the Resolution Plan is approved with 100% majority by sole Financial Creditor/SBI.

8. The Resolution Plan is in compliance of Regulation 38 of the Regulations in the following manner.
- (a) No claim is received from the Operational Creditor. Only one claim of the Financial Creditor to the tune of Rs. 116,57,83,009.96 received. The Plan provides for payment of 3.44% to the admitted claims of the sole Financial Creditor.
 - (b) Declaration by the Resolution Applicant that the Resolution Plan has considered the interest of all the stakeholders of the Corporate Debtor, keeping in view the objectives of the Code (Regulation 38 (1A). {Chapter-VI Clause (J) (2)}
 - (c) Declaration by the Resolution Applicant that neither the Resolution Applicant nor any of his related party has either failed or contributed to the failure of the implementation of any other approved Resolution Plan. (Regulation 38 (1B)){Chapter-VI Clause (J)(3) 9.
9. According to the Ld. Resolution Professional, the Resolution Applicant has sought the reliefs/concessions as mentioned at page Nos. 22 to 27 of the Resolution Plan. We have carefully examined the same. In so far as the relief sought for by the Applicant in respect of immovable property is concerned, as per the Resolution Plan voted by the CoC, the Successful Resolution Applicant is entitled to purchase the immovable property covered by Doc. No. 2846/2005, Survey No. 425, belonging to the erstwhile Managing Director of the Company Mr. Satyanarayana Raju Kalidindi, which is under mortgage with the Financial Creditor, at a reserve price of Rs. 5.44 crores in accordance with Rule 8(5)(d) of the

rules made under the SARFAESI Act, as a Private Treaty Sale, by depositing 25% of the said amount in a no lien /escrow account and 75% balance amount towards the sale consideration shall be deposited by the Resolution Applicant within 30 days from the date of the approval of this Resolution Plan and upon making such deposit, the sale certificate having effect of transfer of title in the said property be executed in the name of M/s Sri Mata Infratech Limited or in the name as deemed fit by the Resolution Applicant.

10. The Resolution Applicant also sought a direction to the authorities concerned, for the mining rights in the land admeasuring 40 acres covered by Doc. No. 2846/2005, Survey No. 425, enabling the Resolution Applicant to continue the same to be a part of the assets of the Corporate Debtor.
11. ***In K. Sashidhar v. Indian Overseas Bank & Others (in Civil Appeal No. 10673/2018) the Hon'ble Apex Court*** held that, "if the CoC had approved the Resolution Plan by requisite percent of voting share, then as per Section 30 (6) of the Code, it is imperative for the Resolution Professional to submit the same to the Adjudicating Authority. On receipt of such proposal, the Adjudicating Authority (NCLT) is required to satisfy itself that the resolution plan as approved by CoC meets the requirements specified in Section 30(2). No more and no less".
12. The Hon'ble Supreme Court has further held at para 35 of the above judgement that ***the discretion of the adjudicating authority (NCLT) is circumscribed by Section 31 limited to scrutiny of the resolution plan***

“as approved” by the requisite percent of voting share of financial creditors. Even in that enquiry, the grounds on which the adjudicating authority can reject the resolution plan is in reference to matters specified in Section 30(2), when the resolution plan does not conform to the stated requirements.

13. The Hon’ble Supreme Court in **Committee of Creditors of Essar Steel India Limited Vs. Satish Kumar Gupta & Ors**, held that *“the limited judicial review available to AA has to be within the four corners of section 30(2) of the Code. Such review can in no circumstance trespass upon a business decision of the majority of the CoC. As such the Adjudicating Authority would not have power to modify the Resolution Plan which the CoC in their commercial wisdom have approved”*.

14. The Hon’ble Supreme Court of India, in the recent ruling in re **Vallal RCK vs M/s Siva Industries and Holdings Limited & Ors**, has held as under:-

*21. This Court has consistently held that the commercial wisdom of the CoC has been given paramount status without any judicial intervention for ensuring completion of the stated processes within the timelines prescribed by the IBC. It has been held that there is an intrinsic assumption, that financial creditors are fully informed about the viability of the corporate debtor and feasibility of the proposed resolution plan. They act on the basis of thorough examination of the proposed resolution plan and assessment made by their team of experts. A reference in this respect could be made to the judgments of this Court in the cases of **K. Sashidhar v. Indian Overseas Bank and Others**, **Committee of Creditors of Essar Steel India Limited through Authorised Signatory v. Satish Kumar Gupta and Others**, **Maharashtra Seamless Limited v. Padmanabhan Venkatesh and Others**, **Kalpraj***

Dharamshi and Another v. Kotak Investment Advisors Limited and Another, and Jaypee Kensington Boulevard Apartments Welfare Association and Others v. NBCC (India) Limited and Others.

27. This Court has, time and again, emphasized the need for minimal judicial interference by the NCLAT and NCLT in the framework of IBC. We may refer to the recent observation of this Court made in the case of Arun Kumar Jagatramka v. Jindal Steel and Power Limited and Another:

“95.However, we do take this opportunity to offer a note of caution for NCLT and NCLAT, functioning as the adjudicatory authority and appellate authority under the IBC respectively, from judicially interfering in the framework envisaged under the IBC. As we have noted earlier in the judgment, the IBC was introduced in order to overhaul the insolvency and bankruptcy regime in India. As such, it is a carefully considered and well thought out piece of legislation which sought to shed away the practices of the past. The legislature has also been working hard to ensure that the efficacy of this legislation remains robust by constantly amending it based on its experience. Consequently, the need for judicial intervention or innovation from NCLT and NCLAT should be kept at its bare minimum and should not disturb the foundational principles of the IBC.....”

15. Therefore, the resolution plan, when tested on the touch stone of the aforesaid facts and the rulings, we are of the view that the instant resolution plan satisfies the requirements of Section 30 (2) of the Code and Regulations 37, 38, 38 (1A) and 39 (4) of the Regulations. We also found that the Resolution Applicant is eligible to submit the Resolution Plan under Section 29A of the Code.
16. We therefore, hereby approve the revised Resolution Plan dated 17.11.2022 submitted by Consortium of Varma Steels Private Limited

and Mr. AVP Varma, along with annexure, schedules forming part of the Resolution Plan annexed to the Application and order as under:

- (i) The Resolution Plan along with annexures and schedules forming part of the plan shall be binding on the Corporate Debtor, its employees, members, creditors, including the Central Government, any State Government or any local authority to whom a debt in respect of the payment of dues arising under any law for the time being in force is due, guarantors and other stakeholders involved in the Resolution Plan.
- (ii) All crystallized liabilities and unclaimed liabilities of the Corporate Debtor as on the date of this order shall stand extinguished on the approval of this Resolution Plan.
- (iii) The approval of the Resolution Plan shall not be construed as waiver of any statutory obligations/ liabilities of the Corporate Debtor and shall be dealt with by the appropriate Authorities in accordance with law. Any waiver sought in the Resolution Plan, shall be subject to approval by the Authorities concerned as held by Hon'ble Supreme Court in the matter of ***Ghanashyam Mishra And Sons Private Limited Versus Edelweiss Asset Reconstruction Company Limited*** in CIVIL APPEAL NO.8129 OF 2019 dated 13.04.2021.
- (iv) It is hereby ordered that the Bank Guarantee furnished by the Resolution Applicant shall remain as performance Bank Guarantee till the amount proposed to be paid to the creditors under this plan is fully paid off and the plan is fully implemented.

- (v) In so far as the transfer of title to the land covered by Doc No. 2846/2005, Survey No. 425, we assume that deposit of 25% of the Reserve Price mentioned above has already been made hence we direct the Resolution Applicant to deposit the 75% of the balance amount within 30 days from today and upon making such deposit, the sale certificate having effect of transfer of title in the above property be executed in the name of M/s Sri Mata Infratech Limited or in the name as deemed fit by the Resolution Applicant as expeditiously as possible.
- (vi) In so far as the direction to the Mine authorities for the mining rights in the land admeasuring 40 acres covered by Doc. No. 2846/2005, Survey No. 425, enabling the Resolution Applicant to continue the same to be a part of the assets of the Corporate Debtor is concerned, the Resolution Applicant shall approach the authorities concerned for permission to continue the mining rights, if any granted in favour of the Corporate Debtor and in force. Upon making application, the authorities concerned shall consider the same as per the relevant rules as expeditiously as possible.
- (vii) The Memorandum of Association (MoA) and Articles of Association (AoA) shall accordingly be amended and filed with the Registrar of Companies (RoC) Hyderabad for information and record. The Resolution Applicant, for effective implementation of the Plan, shall

obtain all necessary approvals, under any law for the time being in force, within such period as may be prescribed.

- (viii) The Resolution Applicant shall obtain necessary approval required under any law for the time being in force within a period of one year from the date of approval of the Resolution Plan or within such period as provided for in such law.
- (ix) Henceforth, no creditors of the erstwhile Corporate Debtor can claim anything other than the liabilities referred to supra.
- (x) The moratorium under Section 14 of the Code shall cease to have effect from this date.
- (xi). The Applicant shall forward all records relating to the conduct of the CIRP and the Resolution Plan to the IBBI along with copy of this order for information.
- (xii). The Applicant shall forthwith send a copy of this order to the CoC and the Resolution Applicant.
- (xiii). The Registry is directed to furnish free copy to the parties as per Rule 50 of the NCLT Rules, 2016.

(ivx) The Registry is directed to communicate this order to the Registrar of Companies, Hyderabad for updating the master data and also forward a copy to IBBI.

(xv) Accordingly, IA 194/2023 stands disposed of.

SD/-

(Charan Singh)
MEMBER (TECHNICAL)

SD/-

(DR N.Venkata Ramakrishna Badrinath)
MEMBER (JUDICIAL)

Binnu