

NATIONAL COMPANY LAW APPELLATE TRIBUNAL, NEW DELHI

Company Appeal (AT) (Insolvency) No. 724 of 2019

IN THE MATTER OF:

Liberty House Group Pte. Ltd.

...Appellant

Vs.

State Bank of India & Ors.

...Respondents

Present: For Appellant: - Mr. Virender Ganda, Senior Advocate with Mr. Arvind Kumar Gupta, Ms. Henna George, Mr. Vishal Ganda, Ms. Shelly Khanna, Mr. Aman Choudhary and Mr. Saransh Kothari, Advocates.

**For Respondents: - Mr. Joy Saha, Senior Advocate with Ms. Misha and Mr. Nikhil Mathura, Advocates.
Mr. Kushal Sarkar and Mr. Vikas Mehta, Advocates for IBBI.**

Company Appeal (AT) (Insolvency) No. 725 of 2019

IN THE MATTER OF:

Liberty House Group Pte. Ltd.

...Appellant

Vs.

State Bank of India & Ors.

...Respondents

Present: For Appellant: - Mr. Virender Ganda, Senior Advocate with Mr. Arvind Kumar Gupta, Ms. Henna George, Mr. Vishal Ganda, Ms. Shelly Khanna, Mr. Aman Choudhary and Mr. Saransh Kothari, Advocates.

**For Respondents: - Mr. Joy Saha, Senior Advocate with Ms. Misha and Mr. Nikhil Mathur, Advocates.
Mr. Kushal Sarkar and Mr. Vikas Mehta, Advocates for IBBI.**

Company Appeal (AT) (Insolvency) No. 870 of 2019

IN THE MATTER OF:

State Bank of India

...Appellant

Vs.

Liberty House Group Pte. Ltd.

...Respondent

Present: For Appellant: - Mr. Joy Saha, Senior Advocate with Ms. Misha and Mr. Nikhil Mathur, Advocates.

For Respondents: - Mr. Virender Ganda, Senior Advocate with Mr. Arvind Kumar Gupta, Ms. Henna George, Mr. Vishal Ganda, Ms. Shelly Khanna, Mr. Aman Choudhary and Mr. Saransh Kothari, Advocates.

Mr. Kushal Sarkar and Mr. Vikas Mehta, Advocates for IBBI.

Mr. Arjun Asthana, Ms. Sreenita Ghosh and Mr. Sumit Binani, Advocates for Liquidator.

Mr. Pradhuman Gohil, Ms. Ranu Purohit and Mr. Upendra Sai Perala, Advocates for Intervenor.

O R D E R

03.03.2020— In all these appeals, as similar order is under challenge and the Appellant- 'Liberty House Group Pte. Ltd.' is the 'Successful Resolution Applicant', they are heard together and disposed of by this common order.

2. The 'State Bank of India'- ('Financial Creditor') filed two separate applications under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("I&B Code" for short), one against 'M/s. Adhunik Metaliks Limited' ('Corporate Debtor') and another against 'M/s. Zion Steel Limited'

(another 'Corporate Debtor'), the subsidiary of 'M/s. Adhunik Metaliks Limited'.

3. In both the 'Corporate Insolvency Resolution Processes', the Appellant- 'Liberty House Group Pte. Ltd.' filed 'Resolution Plans' and became 'Successful Resolution Applicant'. The 'Resolution Plan' submitted by 'Liberty House Group Pte. Ltd.' for 'M/s. Adhunik Metaliks Limited' ('Corporate Debtor') was approved by the Adjudicating Authority (National Company Law Tribunal), Kolkata Bench, Kolkata, on 17th July, 2018.

4. The 'Resolution Plan' submitted for 'M/s. Zion Steel Limited' (another 'Corporate Debtor'), the subsidiary of 'M/s. Adhunik Metaliks Limited' was also approved by the same Adjudicating Authority by another order dated 10th July, 2018.

5. In both the cases, the 'Committee of Creditors' approved the 'Resolution Plans' by 99.94% and 100% voting shares respectively. While approving the 'Resolution Plan' of 'M/s. Adhunik Metaliks Limited', one 'MSTC Limited' moved an application for settling their claim. The claim of 'MSTC Limited' was rejected which was challenged in appeal before this Appellate Tribunal and having dismissed, the said 'MSTC Limited' moved before the Hon'ble Supreme Court which also dismissed its appeal. In effect, both the 'Resolution Plans' approved by the Adjudicating Authority reached finality.

6. Subsequently, 'Liberty House Group Pte. Ltd.' did not take steps to implement the plan and raised certain grievances with regard to non-compliance of certain agreements in terms of the 'Resolution Plans' by the 'Committee of Creditors'.

7. 'Liberty House Group Pte. Ltd.' initially moved before the Adjudicating Authority bringing certain facts of non-implementation of certain agreements in terms of the 'Resolution Plans' by the 'Committee of Creditors', which having rejected, it preferred the appeals before this Appellate Tribunal.

8. At that stage, the appeal of 'MSTC Limited' was pending. The case of 'Liberty House Group Pte. Ltd.' was also heard subsequently.

9. On 15th March, 2019, this Appellate Tribunal while rejected the prayer of 'MSTC Limited', gave opportunity to the Appellant- 'Liberty House Group Pte. Ltd.' for the purpose of compliance of the order and implementation of the plan and provided another 30 days to make upfront payment in terms of the 'Resolution Plan'. It was observed that on failure, it was open to the Adjudicating Authority, Kolkata Bench, Kolkata, to pass appropriate order in accordance with law.

10. For some reasons, 'Liberty House Group Pte. Ltd.' failed to make upfront payment within 30 days of extended period. At that stage, the 'Committee of Creditors' moved an application for re-initiation of the 'Corporate Insolvency Resolution Process' and to allow it to consider the other 'Resolution Plan(s)' on the ground that 'Liberty House Group Pte.

Ltd.’ had failed to implement the plan within the extended period of 30 days.

11. The ‘Liberty House Group Pte. Ltd.’ sought for certain clarification for the purpose of implementation of the ‘Resolution Plans’. The Adjudicating Authority by impugned order dated 9th July, 2019, rejected the prayer made by the ‘Committee of Creditors’ and ‘Liberty House Group Pte. Ltd.’.

12. By common impugned order dated 9th July, 2019, order for liquidation of ‘M/s. Adhunik Metaliks Limited’ and ‘M/s. Zion Steel Limited’ was passed. The Adjudicating Authority also refused to grant further time to the ‘Committee of Creditors’ to consider the other ‘Resolution Plan(s)’.

‘Liberty House Group Pte. Ltd.’ submitted that it wanted that Rs.50 Crores already deposited by it, should be adjusted against the upfront payment. On the other hand, the ‘Committee of Creditors’ was of the view that the said amount should be forfeited. The Adjudicating Authority by impugned order dated 9th July, 2019 rejected the submissions by the ‘Committee of Creditors’ and held that the said amount cannot be forfeited. Against the refusal of the prayer of ‘Committee of Creditors’, one appeal has been preferred by the ‘State Bank of India’ being Company Appeal (AT) (Insolvency) No. 870 of 2019 and with respect to liquidation order of ‘M/s. Adhunik Metaliks Limited’ and ‘M/s. Zion Steel Limited’, two appeals have been preferred by ‘Liberty House Group Pte. Ltd.’

(‘Successful Resolution Applicant’) being Company Appeal (AT) (Insolvency) Nos. 724 & 725 of 2019.

13. During the pendency of the appeals, the matter was discussed and came to be finally settled.

14. On 22nd January, 2020, after hearing the parties, this Appellate Tribunal passed following order:

“O R D E R

22.01.2020: *The ‘Liberty House Group Pte. Ltd.’ – ‘Successful Resolution Applicant’ of ‘Adhunik Metaliks Ltd.’ (Corporate Debtor) and ‘Zion Steel Ltd.’ (another Corporate Debtor) has filed an affidavit to allow it to comply with the ‘resolution plan(s)’ of ‘Adhunik Metaliks Ltd.’ and ‘Zion Steel Ltd.’ and to set aside the order(s) of ‘Liquidation’ of both the aforesaid ‘Corporate Debtors’.*

2. We have gone through the affidavit and heard Mr. Virender Ganda, learned senior counsel for the Appellant, Mr. Joy Saha, learned senior counsel appearing on behalf of the ‘Committee of Creditors’ and others and we are of the view that in the interest of the stakeholders/financial creditors, operational creditors (employees) if the period of compliance of both the ‘resolution plans’ of Adhunik Metaliks Ltd.’ (one ‘Corporate Debtor’) and ‘Zion Steel Ltd.’ (another ‘Corporate Debtor’)

are extended, who otherwise will suffer 'Liquidation', we allowed the 'Successful Resolution Applicant' - Adhunik Metaliks Ltd.' to file undertaking giving timeframe of compliance of both the plans by depositing the amount as offered in their approved plans.

3. Pursuant to the earlier, an affidavit has been filed on behalf of 'Liberty House Group Pte. Ltd.' on 20th January, 2020 which reads as follows:

- "1. I am the Authorized Signatory of the Appellant/Resolution Applicant Company and I say that I am fully conversant with the facts and circumstances of the case and am duly empowered and competent to swear and affirm this affidavit.
2. I state that the information is based on the record of Resolution Applicant Company and information received and believed to be true and correct from the said record. The legal submissions are based on legal advice received and believed to be true and correct.
3. I state that I have obtained instructions from the Resolution Applicant Company being Liberty House Group Pte. Ltd. (hereinafter called as '**Liberty**

House’/ ‘Resolution Applicant’) and accordingly, I am filing the instant affidavit.

4. *I state that the Resolution Plan in the matter of Adhunik Metaliks Ltd. (**‘Adhunik’**) and Zion Steel Ltd., (**‘Zion’**), was approved by the Ld. Adjudicating Authority, Kolkata vide its order dated 17.07.2018 and 10.07.2018 respectively, without any modifications.*
5. *In the matter of Adhunik, the payment to be made to the Financial Creditors is Rs.410 Crores and in the matter of Zion, the payment to be made to the Financial Creditors is Rs. 15 Crores.*
6. *The Resolution Applicant has already deposited Rs. 50 Crores for Adhunik and Rs. 5 Crores for Zion in the Bank Account of LHG Metal Two Private Limited maintained with SBI, Kolkata.*
7. **The proposal for the implementation of the Resolution Plan is hereinbelow:**
 - i. *Liberty House shall deposit, Rs. 360 crores (Rs. 410 less Rs. 50 crores already deposited) for Adhunik and*

Rs. 10 Crores (Rs. 15 less 5 crores already deposited) for Zion, as full and final settlement towards all Financial Creditors i.e. lenders as per Resolution Plan, within three weeks of NCLAT Order in a Bank account specified by and under supervision of NCLAT.

- ii. Liquidator/s of Adhunik & Zion shall demit office on aforesaid deposit and as per Resolution Plan, all past directors of Adhunik & Zion shall demit office and Liberty House will be entitled to appoint all directors to the Board of both Corporate Debtors to complete all requisite steps and also procedural & legal formalities, documentation including delisting, issue of Equity Shares, capital reduction, merger, etc. as per the Resolution Plans and for taking over control, management & operations of Adhunik & Zion.*
- iii. The CoC, Monitoring Committees, Managing Agency, Resolution Professionals and/or, Liquidators (and/ or any persons working for them) shall handover all the statutory records, operations, assets, land, plant & machinery, documents, books, control, management etc. of Adhunik*

and Zion within two days after the deposit and shall Co-operate with Liberty House to implement all other steps of the Resolution Plans.

- iv. Simultaneously, the CoC should deposit the signed and executed Deed of Debt Assignment of both Adhunik & Zion as per agreed format with the Registrar, NCLAT for simultaneous exchange as per Resolution Plans.*
- v. NCLAT can release the said deposited amounts to the CoC and simultaneously hand over the Debt Assignment Deeds to Liberty House and all rights over the Debt, Charges of Lenders etc. against the Corporate Debtors shall stand transferred to Liberty House as per Resolution Plans.*
- vi. The Resolution Applicant shall make the payment of CIRP costs and Operational Creditors of Adhunik and Zion as per the Resolution Plans.*
- vii. Resolution Applicant is ready and willing to pay maximum of Rs. 10 crores additional amount towards any and all contingencies arising from this resolution as a goodwill gesture.*
- viii. The Resolution Plans shall be deemed to have been implemented by Liberty*

House without any default on payment of aforesaid amount to the Financial Creditors by Liberty House.

ix. Liquidation order passed by Ld. Adjudicating Authority in the matter of Adhunik & Zion to be set aside. The entire Resolution Plans approved by the Ld. Adjudicating Authority shall be deemed to be in effect and under implementation.

8. I state that the contents of the instant affidavit are true and correct and nothing material has been concealed therefrom.”

*4. To give one opportunity to the ‘Successful Resolution Applicant’ in both the matters, we allow the ‘Liberty House Group Pte. Ltd.’ to comply with the proposal as shown at paragraph 7(i) and paragraph 7(vii) as quoted above. The ‘Liberty House Group Pte. Ltd.’ is directed to deposit Rs.360 crores (Rupees Three hundred sixty Crores) (Rs. 410 less by Rs. 50 crores already deposited) as per approved ‘resolution plan’ of ‘Adhunik Metaliks Ltd.’ and Rs. 10 crores (Rupees Ten Crores) (Rs. 15 Crores less by 5 crores already deposited) as per ‘approved resolution plan’ of ‘Zion Steel Ltd.’ as full and final settlement towards the ‘Financial Creditors’/‘Lenders’ of the ‘resolution plan(s)’ respectively by **14th February**,*

2020 in the account of the ‘State Bank of India’, which is the lead bank.

5. The ‘Liberty House Group Pte. Ltd.’ is also directed to deposit additional Rs. 10 crores (Rupees Ten Crores) in terms of their undertaking as given at paragraph 7(vii) by the same date i.e. 14th February, 2020 in the account of the ‘State Bank of India’, the lead bank.

6. The ‘Liberty House Group Pte. Ltd.’ will also deposit the ‘corporate insolvency resolution process’ cost as per the approved ‘resolution plan(s)’ of ‘Adhunik Metaliks Ltd.’ and ‘Zion Steel Ltd.’ by 14th February, 2020 in the account of ‘State Bank of India’. Once the ‘corporate insolvency resolution process’ cost of both the companies are deposited with the Bank, the Bank will transfer the amount to the ‘Monitoring Committee’ presided by the ‘Resolution Professional’ for its implementation. However, the ‘Monitoring Committee’ will not disburse or distribute the aforesaid amount without prior consent of the Appellate Tribunal.

7. Once the total amount is deposited, this Appellate Tribunal will consider the rest of the proposal as made in paragraph 7, and quoted above and will pass appropriate order.

Place these appeals ‘for orders’ on **17th February, 2020** before the 1st Bench on the top of the list.”

15. Subsequently, it was informed that the upfront amount has been made and the statement was recorded by this Appellate Tribunal's order dated 17th February, 2020, which reads as follows:

"O R D E R

17.02.2020 *Mr. Virendra Ganda, learned Senior Counsel for the Appellant(s) submits that the amount in terms of the earlier order dated 21st January, 2020 has been paid. Mr. Joy Saha, learned Senior Counsel appearing on behalf of 'Committee of Creditors' has also accepted the same.*

In view of the development, the order of 'Liquidation' is stayed and the 'Liquidator' will function as 'Resolution Professional'.

The only question, which is required to be determined, is about the 'corporate insolvency resolution process cost'. According to the Appellant, it has already paid the amount. The table of payments have been provided by the Appellant, which is as follows:

Adhunik

Financial Creditors Total Dues	Rs 410 crores
Prior Deposit in Bank (SBI) by Resolution Applicant	Rs 50 crores
Balance Deposited by Resolution Applicant in SBI	Rs 360 crores
Total Dues of Financial Creditors Paid	Rs 410 crores
CIRP Costs	
To be paid by Internal Collections as per Resolution Plan (Rs. 12.8 collected & Rs. 8 crores spent on CIRP)	Rs 10-14 crores
Deposited by Resolution Applicant with SBI	Rs 15.5 crores
Paid by Resolution Applicant to Workers directly	Rs 3 crores
Certain Electricity & certain Contractors etc. (Not to be paid as Resolution Plan Schedule 2, Clause 35, illegally demanded by RP, will be handled by Resolution Applicant directly – Page 131-Appeal No. 724/2019)	Rs 30 crores
Total	Rs 58.5 – 62.5 crores

Zion

Financial Creditors Total Dues	Rs 15 crores
Prior Deposit in Bank (SBI) by Resolution Applicant	Rs 5 crores
Balance Deposited by Resolution Applicant in SBI	Rs 10 crores
Total Dues of Financial Creditors Paid	Rs 15 crores
CIRP Costs (as on date of Resolution Plan)	Rs 0.5 crores
Deposited	Rs 0.5 crores
Total	Rs 0.5 crores

Contingency Payments

Deposited with SBI	Rs 10 crores
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In view of the above development, we allow the ‘Resolution Professional’/‘Liquidator’ to hand over the records, control etc. to the Appellant (‘Successful Resolution Applicant’ – Liberty House Group Pte. Ltd.). Parties will also ensure to implement the plan in its letter and spirit. The detailed affidavit(s) be filed by the

Appellant and the ‘Committee of Creditors’ within a week. Rest of the issues will be decided on the next date.

*Post the case ‘for orders’ on **3rd March, 2020** before the 1st Bench on the top of the list. The appeal may be disposed of on the next date.*

In view of the aforesaid development, having complied with the ‘Resolution Plan’, it will be open to the Appellant – ‘Liberty House Group Pte. Ltd.’ to move before the ‘Insolvency and Bankruptcy Board of India’ with the request to withdraw the complaint before the Learned Special Judge, Cuttack. The Appellant may request the learned Session Judge, High Court of Orissa and the learned Special Judge, Cuttack not to take cognizance of the offence.”

16. In view of the fact that both the ‘Resolution Plans’ submitted by ‘Liberty House Group Pte. Ltd.’ in respect of ‘M/s. Adhunik Metaliks Limited’ and ‘M/s. Zion Steel Limited’ have now been given effect by making full payment of upfront amount, learned counsel appearing on behalf of the ‘Committee of Creditors’ submits that he has been instructed not to press the appeal preferred by the State Bank of India.

17. Mr. Sumit Binani, the 'Resolution Professional' submitted that for 'M/s. Adhunik Metaliks Limited', cost of the 'Corporate Insolvency Resolution Process' has been partly paid.

18. One Ms. Ranu Purohit, Advocate who appears for Intervenor- 'IFGL Refractoties Limited' submits that the 'Operational Creditor' has not been paid its dues.

19. However, we are not inclined to decide the issue raised by Mr. Sumit Binani in respect of the 'Corporate Insolvency Resolution Process Costs' of 'M/s. Adhunik Metaliks Limited' or the stand taken on behalf of Intervenor- 'IFGL Refractoties Limited' as the 'Resolution Plans' approved earlier by the Adjudicating Authority were not challenged by them. Because of non-implementation of plan, such issues were never raised before the Adjudicating Authority or before this Appellate Tribunal. It was the non-implementation of the 'Resolution Plans' that attracted the issuance of impugned order of liquidation of both the 'Corporate Debtors'- 'M/s. Adhunik Metaliks Limited' and 'M/s. Zion Steel Limited'.

20. In the present case, as we find that both the 'Resolution Plans' are now being implemented and 'Liberty House Group Pte. Ltd.', on our suggestion has paid additional amount of Rs.10 Crores, we are inclined to interfere with the impugned order of liquidation. We, in exercise of powers conferred under Rule 11 of the NCLAT Rules, 2016 and to ensure that the CIRP of both the 'Corporate Debtors'- 'M/s. Adhunik Metaliks Limited' and 'M/s. Zion Steel Limited' now reaches finality, the

‘Committee of Creditors’, other Creditors etc., now have no objection and the liquidation will not be in the interest of both the ‘Corporate Debtors’- ‘M/s. Adhunik Metaliks Limited’ and ‘M/s. Zion Steel Limited’, its employees etc., set aside the impugned order dated 9th July, 2019. Both the ‘Resolution Plans’ be implemented in its letter and spirit. The claim of all the Creditors stand settled. Control and records of both the ‘Corporate Debtors’- ‘M/s. Adhunik Metaliks Limited’ and ‘M/s. Zion Steel Limited’ have already been handed over to the ‘Successful Resolution Applicant’ by ‘Committee of Creditors’/ Monitoring Committee/ ‘Resolution Professional’. ‘Committee of Creditors’/ Monitoring Committee/ ‘Resolution Professional’ stand discharged.

21. Mr. Vikas Mehta, Advocate has appeared on behalf of the Insolvency and Bankruptcy Board of India (IBBI). Let a copy of this order be handed over to the Chairperson, IBBI to enable the IBBI to withdraw the complaints, if any, made before the Special Judge.

Company Appeal (AT) (Insolvency) Nos. 724 & 725 of 2019 are allowed. Company Appeal (AT) (Insolvency) No. 870 of 2019 stands disposed of. Earlier interim orders stand vacated.

[Justice S.J. Mukhopadhaya]
Chairperson

(Justice Bansi Lal Bhat)
Member(Judicial)

Ar/G