

February 8, 2024

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai 400 001

BSE Scrip Code: 540709

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor,
Plot No. C/1, G Block, Bandra Kurla
Complex, Bandra (East), Mumbai 400 051

NSE Scrip Symbol: RHFL

Dear Sir(s),

Sub.: Update on Implementation of Resolution Plan

Further to our letter dated March 31, 2023, regarding implementation of Resolution Plan (copy is enclosed), this is to inform that the NCLT, Mumbai Bench has passed an order in regards to dissenting debentureholders represented by Catalyst Trusteeship Limited (Trustees) and directed the Company to include the debenture holders represented by Trustees into the Resolution Plan on same set of terms and conditions, as are applicable to the assenting and deemed to be assenting members. Copy of Order is enclosed.

Thanking you.

Yours faithfully,

For **Reliance Home Finance Limited**

Krutika Gada

Company Secretary & Compliance Officer

Encl.: As Above.

CC:

Catalyst Trusteeship Limited, Trustees of Unsecured NCD holders

Reliance Home Finance Limited

Registered & Corporate Office: The Ruby, 11th Floor, North-West Wing, Plot No. 29, Senapati Bapat Marg, Dadar (West), Mumbai 400 028
T +91 22 6838 8100 / F +91 22 6838 8360, E-mail: rhfl.investor@relianceada.com, Website: www.reliancehomefinance.com

Customer Service: T +91 22 4741 6400 / E-mail: customercare@reliancehomefinance.com

March 31, 2023

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort, Mumbai 400 001
BSE Scrip Code: 540709

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1, G
Block, Bandra Kurla Complex,
Bandra (East), Mumbai 400 051
NSE Scrip Symbol: RHFL

Dear Sir(s),

Sub.: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Further, to our letter(s) dated March 3, 2023 and March 13, 2023, pursuant to the approved Resolution Plan of the Company by its Lenders in terms of RBI Circular No. RBI/2018-19/ 203, DBR.No.BP.BC.45/21.04.048/2018-19 dated June 7, 2019 on Prudential Framework for Resolution of Stressed Assets, the order of Hon'ble Supreme Court of India dated March 3, 2023 and the special resolution passed by the Shareholders dated March 25, 2023, the Resolution Plan comprising the total Resolution amount of Rs. 3,351 crore has been implemented.

Further in pursuance of the implementation of the Resolution Plan:

- (a) Term Loans / Cash Credit / Commercial Papers have been repaid in terms of their respective entitlement under the Resolution Plan in full and final settlement of their dues;
- (b) Debenture holders (other than dissenting debenture holder) have been paid in terms of their respective entitlement under the Resolution Plan in full and final settlement of their dues as per Annexure A; and
- (c) The Company has entered into the agreement to transfer its Business by way of a slump sale on a going concern basis, to Authum Investment and Infrastructure Limited (the Resolution Applicant), through its wholly owned subsidiary Reliance Commercial Finance Limited.

Disclosure pursuant to Para A of Part A to Schedule III of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular no. CIR/CFD/CMD/4/2015 dated September 9, 2015 is enclosed as Annexure B.

Thanking you.

Yours faithfully,
For **Reliance Home Finance Limited**

PARUL JAIN

Digitally signed by PARUL JAIN
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Date: 2023.04.01 00:37:07 +05'30'

Parul Jain
Company Secretary & Compliance Officer

Encl.: As Above.

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Annexure A

Sr. No.	ISIN	Corporate Action
1	INE217K07034	Redemption
2	INE217K07117	Redemption
3	INE217K07208	Redemption
4	INE217K07216	Redemption
5	INE217K07240	Redemption
6	INE217K07257	Redemption
7	INE217K07281	Redemption
8	INE217K07315	Redemption
9	INE217K07323	Redemption
10	INE217K07430	Redemption
11	INE217K07497	Redemption
12	INE217K07521	Redemption
13	INE217K07646	Redemption
14	INE217K07653	Redemption
15	INE217K07661	Redemption
16	INE217K07679	Redemption
17	INE217K07729	Redemption
18	INE217K07737	Redemption
19	INE217K07752	Redemption
20	INE217K07778	Redemption
21	INE217K07786	Redemption
22	INE217K07828	Redemption
23	INE217K07836	Redemption
24	INE217K07877	Redemption
25	INE217K07901	Redemption
26	INE217K07927	Redemption
27	INE217K07919	Redemption
28	INE217K07943	Redemption
29	INE217K07950	Redemption
30	INE217K07968	Redemption
31	INE217K07984	Redemption
32	INE217K07992	Redemption
33	INE217K07AA8	Redemption
34	INE217K07AH3	Redemption

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Sr. No.	ISIN	Corporate Action
35	INE217K07AI1	Redemption
36	INE217K07AJ9	Redemption
37	INE217K07AK7	Redemption
38	INE217K07AM3	Redemption
39	INE217K07AO9	Redemption
40	INE217K07AP6	Redemption
41	INE217K07AR2	Redemption
42	INE217K07AS0	Redemption
43	INE217K07AT8	Redemption
44	INE217K07AU6	Redemption
45	INE217K07AV4	Redemption
46	INE217K07AY8	Redemption
47	INE217K07AZ5	Redemption
48	INE217K07BA6	Redemption
49	INE217K07BB4	Redemption
50	INE217K07BC2	Redemption
51	INE217K07BD0	Redemption
52	INE217K07BG3	Redemption
53	INE217K07BH1	Redemption
54	INE217K07BI9	Redemption
55	INE217K07BE8	Redemption
56	INE217K07AW2	Redemption
57	INE217K07AX0	Redemption
58	INE217K07AB6	Redemption
59	INE217K07AC4	Redemption / Partial Redemption
60	INE217K07AD2	Redemption
61	INE217K07AE0	Redemption / Partial Redemption
62	INE217K07AF7	Redemption
63	INE217K07AG5	Redemption / Partial Redemption
64	INE217K08271	Redemption
65	INE217K08289	Redemption
66	INE217K08016	Redemption
67	INE217K08024	Redemption
68	INE217K08032	Redemption
69	INE217K08040	Redemption
70	INE217K08057	Redemption
71	INE217K08065	Redemption

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Sr. No.	ISIN	Corporate Action
72	INE217K08073	Redemption
73	INE217K08081	Redemption
74	INE217K08107	Redemption
75	INE217K08123	Redemption
76	INE217K08248	Redemption
77	INE217K08255	Redemption
78	INE217K08263	Redemption
79	INE217K08131	Redemption
80	INE217K08149	Redemption
81	INE217K08156	Redemption
82	INE217K08164	Redemption
83	INE217K08172	Redemption
84	INE217K08180	Redemption / Partial Redemption
85	INE217K08198	Redemption / Partial Redemption
86	INE217K08206	Redemption / Partial Redemption
87	INE217K08214	Redemption
88	INE217K08222	Redemption / Partial Redemption
89	INE217K08230	Redemption / Partial Redemption

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Annexure B

<u>Sr. No.</u>	<u>Particulars</u>	<u>Details</u>
(a)	The amount and percentage of the turnover or revenue or income and net worth contributed by such unit or division of the listed entity during the last financial year	<p><u>As at March 31, 2022</u></p> <p>Turnover: Rs.290.68 crore</p> <p>Net Worth: Negative Rs.5,481.56 crore</p> <p>% of Turnover: 99.04%</p> <p>% of Net Worth: NA</p>
(b)	Date on which the agreement for sale has been entered into	Pursuant to the approved Resolution Plan of the Company by its Lenders in terms of RBI Circular No. RBI/2018-19/ 203, DBR.No.BP.BC.45/21.04.048/2018-19 dated June 7, 2019 on Prudential Framework for Resolution of Stressed Assets, the order of Hon'ble Supreme Court of India dated March 3, 2023 and the special resolution passed by the Shareholders dated March 25, 2023.
(c)	The expected date of completion of sale/disposal	The expected date of completion of implementation of Resolution Plan - March 31, 2023
(d)	Consideration received from such sale/disposal	As per the approved Resolution Plan pursuant to the RBI Circular No. RBI/2018-19/ 203, DBR.No.BP.BC.45/21.04.048/2018-19 dated June 7, 2019 on Prudential Framework for Resolution of Stressed Assets, the order of Hon'ble Supreme Court of India dated March 3, 2023 and the special resolution passed by the Shareholders dated March 25, 2023, the Resolution Plan comprising the total Resolution amount of Rs. 3,351 crore has been implemented.
(e)	Brief details of buyers and whether the buyers belong to the promoter / promoter group/group companies. If yes, details thereof	Authum Investment & Infrastructure Limited, being the Resolution Applicant, through its wholly owned subsidiary namely Reliance Commercial Finance Limited, a non banking finance company, having its registered office at 4 th Floor, D-Wing, Trade World, Kamala Mills Compound, S.B. Marg, Lower Parel Mumbai 400 013.

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Sr. **Particulars**
No.

Details

Buyer does not belong to promoter / promoter group / group company. The transaction is in pursuance of the implementation of the resolution plan in terms of the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019.

(f) Whether the transaction : No
would fall within related party
transactions? If yes, whether
the same is done at "arms
length"

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**IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH: COURT-IV**

CP/1447/(MB)/2020

Under Section 71 (10) of the Companies Act,
2013.

In the matter of

Catalyst Trusteeship Limited

... Debenture Trustee/Applicant

Vs.

Reliance Home Finance Limited

... Respondent Company

Order Pronounced on: **09.01.2024**

Coram:

Mr. Prabhat Kumar
Hon'ble Member (Technical)

Mr. Kishore Vemulapalli
Hon'ble Member (Judicial)

Appearances:

For the Petitioner(s) : Mr. Sushil Vichare i/b **Orbit Law Services**,
Advocates.

For the Respondent(s) : Adv. Sarosh Bharucha a/w Adv. Tushad
Kakaria and Adv. Raghavi Sharma i/b
Mulla & Mulla, Adv.

ORDER

Per: Kishore Vemulapalli, Member (Judicial)

1. This Petition C.P. 1447 of 2020 is filed by M/s Catalyst Trusteeship Limited, acting as Debenture Trustee as per Section 71(5) of the Companies Act, 2013 ("Applicant") pursuant to Debenture Trust Agreement came to be executed

on the 05.06.2015 executed between the M/s Reliance Home Finance Limited (“Respondent”) and the Applicant, under section 71(10) of the Companies Act, 2013 for directions to Respondent to make repayment of the Debentures, stated in the Petition, along with interest due thereon in accordance with the terms and conditions of the Debenture Trust deed dated 5.6.2015 and the various Information Memorandum.

2. The Applicant has been established to provide Trusteeship services and is acting as Trustees for various companies including the Respondent Company in respect of various transactions. The roles, responsibility and liability of the Respondent Company and the Applicant is defined and set out under the said Debenture Trust Agreement. The purpose is also to protect the rights and interest of the Debenture Holders. The Applicant is required to protect the rights and interest of the NCD Holders by enforcing the said security in the event of default.
3. The Respondent Company, a public company incorporated under the provisions of the Companies Act, 1956(1 of 1956), is a housing finance company registered with National Housing Bank (NHB) and is an associate company of Reliance Capital Limited. The primary modes of availing finance by the Respondent Company are through issuance of Debentures and borrowing from Banks and Financial Institutions.
4. The Respondent Company had raised an amount of Rs.100 Crores (Rupees One Hundred Crore Only) through the issue of 2,000 rated, unsecured, subordinated, redeemable, non-convertible INR denominated Debentures (in the nature of Tier II capital) (NCDs) of face value of Rs.5,00,000/- (Rupees Five Lakh Only) per NCD, on a private placement basis, on the terms and conditions as set out in the respective Information Memorandum for private

placement (Information Memorandum), for the purposes of (a) augmenting the Tier II Capital of the Company & (b) meet the ongoing funding requirements for the Company's business activities, for general corporate purposes and refinancing of the existing debt obligations of the Company, pursuant to the SEBI (Issue and Listing of Debt Securities) Regulations, 2008, as amended by the SEBI (Issue and Listing of Debt Securities) Amendment Regulations, 2012, NHB Notification NHB.HFC.NCD-DIR.1/CMD/2014 dated 14.03.2014 and applicable regulations issued by National Housing Bank (NHB).

4.1. Pursuant to the said Debenture Trustee Agreement, a Debenture Trust Deed came to be executed on the 05.06.2015 between the Respondent Company "Issuer" & the Applicant "Debenture Trustee". The Respondent Company proposed to raise NCDs under various Information Memorandum from time to time. Hereto annexed and marked as Exhibit-D is the copy of the Debenture Trust Deed dated 5.06.2015.

4.2. As per the Information Memorandum under ISIN INE217K08131 dated 08.06.2015, the following constitute Events of default:

"Main events of default and remedies:

The occurrence of any one of the following events shall constitute an Event of Default by the Company:

- a. Default is committed in payment of the principal amount of the Tier II Debentures on the due date(s):*
- b. Default is committed in the payment of any interest on the Tier II Debentures on the due date(s);*
- c. Default is committed in the performance or observance of any covenant, condition or provision contained in the Debenture Trust Deed;*

- d. Any indebtedness of the Respondent Company for borrowed monies, that is, indebtedness for and in respect of monies borrowed or raised becomes due prior to its stated maturity by reason of default of the terms thereof or any such indebtedness is not paid at its stated maturity;*
- e. Any information given by the Respondent Company to the Beneficial Owner(s)/ Debenture holder(s) or the Trustee and the warranties given or deemed to have been given by it to the Beneficial Owner(s)/Debenture holder(s) or the Trustee is misleading or incorrect in any material respect;*
- f. If there is reasonable apprehension that the Respondent Company is unable to pay its debts or proceedings for taking it into liquidation, whether voluntarily or compulsorily, may be or have been commenced or any resolution for voluntary winding-up is passed or any petition for winding-up is admitted by a competent Court;*
- g. The Respondent Company has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law or the Respondent Company is voluntarily or involuntarily dissolved:*
- h. The Respondent Company ceases or threatens to cease to carry on its business or gives notice of its intention to do so;*

If any Event of Default or any event which, after the notice, or lapse of time, or both, would constitute an Event of Default has happened, the Respondent Company shall, forthwith give notice thereof to the Debenture Trustee in writing specifying the nature of such Event of Default or of such event.

4.3. Article IV of the Debenture Trust Deed sets out the Events of Defaults and Remedies Clause 4.1 set outs the action/steps to be taken by the Debenture Trustee on events of Defaults and 4.1 (a) to (h) sets out the events that constitute and are to be treated as defaults on the part of the Respondent

company. The said provisions, inter-alia provide that if the Respondent Company does not make payment on the relevant due date of any amount (including any Debenture outstanding) payable pursuant to any of the Transaction Documents (more particularly described in the Debenture Trust Deed) at the place at, and in the currency in which it is expressed to be payable, the same amounts to an event of default as per the Debenture trust Deed.

- 4.4. Further, the Debenture Trust Deed also specified in Article IV (clause 4.1) that on occurrence of an event of default, the Debenture Trustee either by itself or on being notified by a Debenture Holder shall forthwith notify the Respondent Company and the Respondent Company shall cure the default within five (5) working days on which the default first occurred.
- 4.5. At the time of the respective issues, the credit rating given by Credit Analysis & Research Limited (CARE) was AA. The rating was upgraded to AA+ on 11.11.2016 post which the credit rating of NCDs was downgraded to AA, BBB+ and C/Stable on the 08.10.2018, 18.04.2019 & 26.04.2019 respectively. Subsequently on 02.07.2019 was downgraded to D. Additionally rating given by Brickwork Ratings India Private Limited at the time of issuance was BWR AA+ on 05.06.2015 which was downgraded to BWR AA/Stable on 15.02.2019 which was further downgraded to BWR A+ and BWR C on 19.04.2019 and 29.04.2019 respectively and further downgraded to BWR D on 18.09.2019.
- 4.6. The Respondent Company paid the interest on the Non-Convertible Debentures to the Debenture Trustee/Applicant until 20.01.2020. However, the Respondent Company defaulted in the payment of interest on 21.01.2020 & 10.02.2020 to the respective Debenture Holders under

RHFL F SERIES T NCD 24 bearing ISIN INE217K08222 and RHFL F SERIES T NCD 25 bearing INE217K08230. The terms of the said Information Memorandums and obligations laid down were breached by the Respondent Company herein.

- 4.7. The Respondent Company by its letters dated 21.01.2020 & 10.02.2020 addressed to BSE has informed that as directed by the Lead Bank to the Intercreditor Agreement, the payments by it on the due dates are delayed.
- 4.8. The Applicant sought instructions from the Debenture Holders for taking specific action vide email dated 22.01.2020. The Applicant called for a Debenture Holders Meeting on 28.02.2020 and the notice was given to all Debenture Holders and RHFL on 06.02.2020. The Respondent Company also attended the meeting to address the concerns of the debenture holders. In the meeting it was unanimously resolved that (i) Event of Default had occurred and was continuing and the Respondent Company had not rectified the same and (ii) the Debenture Holders instructed the Applicant/Debenture Trustee to accelerate payment of all outstanding amounts under the Debenture Trust Deed.
- 4.9. The Applicant/Debenture Trustee has also by its letter dated 4.03.2020 CTL/RHFL/19-20/7628 & 7632 to the Respondent Company recorded that there were two consecutive defaults in the payment of interest by the Respondent Company under the interest by the Respondent Company under the INE217K08222 & INE217K08230 and consequent "Acceleration Event" to INE217K08231, INE217K08249, INE217K08256, INE217K08264, INE217K08272, INE217K08280, INE217K08298, INE217K08206, INE217K08214, INE217K08222 & INE217K08230 and called upon the Respondent Company to call for a Board meeting for

appointment of a Nominee Director to enable the Debenture Trustee to take necessary action; and also called upon the Respondent to make the payments of the entire amounts due under the NCD's aggregating to Rs. 125 Crores together with interest and penal interest thereon at the agreed rate of interest within 7 days from the date of the said notice failing which the Debenture Trustee would initiate appropriate legal action against the Respondent Company.

4.10. The Debentures Trustee by its letter dated 17.03.2020 to the Debenture Holders informed the Debenture Holders that the Debenture Trustees would be initiating the legal actions as mentioned therein against the Respondent Company.

4.11. Pursuant to RBI circular on Prudential Framework for Resolution of Stressed Assets dated 07.06.2019, the Lender Banks of the Respondent Company have entered into Inter Creditor Agreement (ICA) to arrive at a Resolution Plan in July, 2019. However due to non-receipt of requisite instructions from Debenture Holders, the Applicant/Debenture Trustee has not acceded to the ICA. Further as per intimation by the Respondent Company, the ICA proceedings have been extended upto 30.09.2020.

4.12. To add to the mounting difficulties of the Debenture Holders, the Respondent Company is also mired in whirlpool of claims filed against it by its creditors and bankers and the prospects of the Respondent Company paying the interest due and redeeming the debentures have become bleak. Hence, there is a reasonable apprehension that the Respondent Company is unable to pay its debts. Considering the extended ICA proceedings and several litigations against the Respondent Company, it is also clear that the Respondent Company is carrying on its

business at a loss and its apparent that it is unable to repay the amounts due under the Debenture Trust Deed. The Respondent Company has attempted to wriggle out of making payments citing that it is unable to make the payments as per the directions of the Lead Bank & also in view of the order dated 20.11.2019 passed by the Hon'ble Delhi High Court restraining it from making any payments which in any event cannot prevent it from making payment to the Debenture Holders. However, the Respondent Company has expressly admitted in writing in various document and public announcements about its inability to pay its debts on respective due dates. 30. In view of what is stated hereinabove, the events stated in the paragraphs 14 to 27 hereinabove, constitute several events of defaults as contemplated under Article IV-4.1 (a) to (d) of the Debenture Trust-Deed.

REPLY ON BEHALF OF THE RESPONDENT

5. Catalyst Trusteeship Ltd. ("Petitioner/ debenture trustee") was appointed debenture trustee under Debenture Trust Deed dated 5th June 2015 ("DTD"). The total amount of NCDs issued & allotted on a private placement basis by the Respondent under the DTD was for an aggregate nominal value of Rs. 125 crores. The Petitioner represents merely 1.12% of the total creditors (Principal Outstanding) of the Respondent.

5.1. The Respondent has issued various Non-Convertible Debentures (NCDs) from time to time. The Respondent in the present case issued NCDs by private placement bearing ISIN Nos. INE217K08131 (NCD) Series T 15), INE217K08149 (NCD Series T 16), INE217K08156 (NCD Series T 17), INE2217K08164 (NCD Series T 18), INE217K08172 (NCD Series T 19), INE217K08180 (NCD Series T 20), INE217K08198 (NCD) Series T 21),

INE217K08206 (NCD Series T 22), INE217K08214 (NCD Series T 23), INE217K08222 (NCD Series T 24), and INE217K08230 (NCD Series T 25) for face value of Rs. 5 Lacs each having different maturity dates.

5.2. The Respondent vide its disclosure dated 27th August 2019 informed the Bombay Stock Exchange ("BSE") that the lenders of the Respondent have entered into an ICA and pursuant to the same, the Respondent was directed by the lenders to service interest obligations of all the Respondent's lenders and that debt servicing towards principal repayment irrespective of the type of facility was to be made on parity. The Respondent, in these circumstances, was bound by the directions of the ICA under the said circular.

5.3. It is pertinent to note that the said circular provided that it was expected of lenders to initiate the process of implementing a resolution plan even before a default had occurred. It is an admitted position that at the time when the ICA was executed by and between the lenders, the amounts allegedly due and payable to the Petitioner forming the basis of the instant Petition were not due and payable. The said circular further provided that any decision agreed to by lenders representing 5 per cent by value of total outstanding credit facilities and 60 per cent of lenders by number would be binding upon all the lenders.

5.4. Similarly, vide its letter dated 21 January 2020 and 10th February 2020 and forwarded to the Petitioner, the Respondent informed BSE that pursuant to the directions of the lenders under the ICA, the interest payments under NCD Series T 24 and NCD Series T 25 were delayed respectively.

5.5. Admittedly, the debenture trustee informed the debenture holders regarding the Respondent's disclosure that majority lenders of the

Respondent have executed an ICA pursuant to the said circular and that the interest payments as mentioned above have been delayed vide its letter dated 22nd January 2020.

5.6. In the meanwhile, the Respondent was prevented from alienating and encumbering its assets in view of the following:

- i. The signatories to the ICA in respect of Respondent were collectively monitoring and approving use of all proceeds/assets of Respondent. The lenders of Respondent had directed that any payment above Rs. 2,00,000/- is required to be approved by Deloitte Touche Tohmatsu India LLP, who had been appointed as the Cash Flow Monitoring Agent by such lenders.
- ii. The Hon'ble Delhi High Court by an Order dated 20th November 2019 passed in a Petition (under Section 9 of the Arbitration and Conciliation Act, 1996) in the matter of Always Remember Properties Private Limited v. Reliance Home Finance Ltd., prevented Respondent from disposing of, alienating, encumbering or otherwise parting with possession, either directly or indirectly, of any assets, except in the ordinary course of business, such as payment of salary and statutory dues. The operation of the said Order (which was initially until 16th December 2019) was extended from time to time and is still continuing.
- iii. The Reserve Bank of India, however, vide its letter dated 8th September 2020 categorically denied permission to initiate proceedings u/s 7 of the Insolvency & Bankruptcy Code, 2016 against the Respondent, since the resolution process was being undertaken by the lenders of the Respondent.

5.7. The following facts demonstrate that the Respondent's financial condition and its conduct in this regard, is such that this Hon'ble Tribunal ought not to grant any reliefs against it and in favour of the Petitioner:

- i. Due to the circumstances mentioned above, sometime in March 2019, the Respondent was affected by a timing mismatch with regards to securitisation of assets and monetisation proposals with banks. This led to a minor delay on the part of the Respondent in making principal repayments (aggregating to approximately Rs. 542 crores) to some of its lenders.
- ii. On 6th July 2019, the Respondent entered into the ICA which has been referred to above. The ICA was executed to serve as a platform between the Respondent's lenders to facilitate a resolution plan and to restructure the Respondent's debt obligations.
- iii. Presently, the ICA lenders have voted upon and selected the resolution plan proposed by Authum Investment and Infrastructure Ltd., and the said resolution plan has been approved by an over whelming majority of the lenders, accordingly, passing an order of redemption, as sought by the Petitioner, will derail the resolution process, which is substantially underway. If an order of redemption was to be passed in the present petition, the entire resolution process, on which significant time and effort has already been expended, will be jeopardized by the uncertainty created by any order passed in this Petition, whereas no benefit will accrue to the

Petitioner/the debenture holders. The rights of all the creditors are protected and secured and no prejudice will be caused to the present Petitioner if no orders are passed in the present Petition.

- 5.8. The lenders of the Respondent, who were signatories to the Inter-Creditor Agreement (the "ICA Lenders") approved a Resolution Plan proposed by Authum Investment and Infrastructure Ltd. ("Authum") on 19th June 2021.
- 5.9. The Plaintiff in Suit No. 162 of 2022 (R.K. Mohatta Family Trust v. RHFL) filed before the Hon'ble Bombay High Court, who is also a debenture holder of the Respondent, filed an application seeking a direction to IDBI Trusteeship Services Limited, being the Debenture Trustee therein, to call for a meeting of all the Debenture Holders to approve of the Resolution Plan which had been approved by the ICA Lenders on 19th June 2021.
- 5.10. On 31 March 2022, the Hon'ble Bombay High Court directed the said Debenture Trustee to call for a meeting of the Debenture Holders to vote on the Resolution Plan and for voting to be conducted as per the provisions of the respective Debenture Trust Deeds ("DTDs"). The order dated 31 March 2022 was corrected by an order dated 6th April 2022 pursuant to an application by the plaintiff therein for speaking to the minutes.
- 5.11. In the meanwhile, the Securities and Exchange Board of India ("SEBI") sought impleadment in Suit No. 162 of 2022 before the Hon'ble Bombay High Court and recall of the order dated 31st March 2022. It was SEBI's case that voting could not be conducted DTD-wise but should be conducted as per the International Securities Identification Numbering

("ISIN") by operation of its circular dated 13th October 2020. SEBI argued that this issue was pending consideration before the Hon'ble Supreme Court.

- 5.12. On 10th May 2022, the Hon'ble Bombay High Court, in SEBI's impleadment application, directed that the results of the meeting to be held on 13th May 2022 be placed before the Court in a sealed envelope.
- 5.13. The Debenture Trustee therein accordingly called for a meeting of all the Debenture Holders on 13th May 2022.
- 5.14. On 30th August 2022, the Hon'ble Supreme Court, in the matter of SEBI Rajkumar Nagpal, Civil Appeal No. 5247 of 2022 (pertaining to the resolution plan of a sister concern of the Respondent herein, Reliance Commercial Finance Limited ("RCFL")) while upholding SEBI's circular dated 13th October 2020, exercised its powers under Article 142 of the Constitution of India and approved the Resolution Plan on the ground that otherwise, a resolution plan validly agreed upon by the ICA Lenders would have to be unscrambled.
- 5.15. On 28th September 2022, the Hon'ble Bombay High Court directed that the results of the meeting held on 13th May 2022 be opened and made available to the parties and their Advocates to advance submissions on whether the requisite majority had been met in accordance with the SEBI circular dated 13th October 2020.
- 5.16. Since the Hon'ble Supreme Court had in the case of RCFL, approved the Resolution Plan which had been voted upon DTD-wise in light of the fact that the same had been approved by its inter-creditor agreement signatory lenders, the Respondent moved an application under Section 151 of the Code of Civil Procedure, 1908 ("CPC") before the Hon'ble

Bombay High Court in Suit No.162 of 2022 seeking approval of the Resolution Plan that had been approved by its ICA Lenders.

5.17. On 16th December 2022, the Hon'ble Bombay High Court held that although the facts in the case before it were similar to the case of RCFL, its powers under Section 151 of the CPC were not as wide as the powers of the Hon'ble Supreme Court under Article 142 of the Constitution of India and it could not, as the Hon'ble Supreme Court had in RCFL's case, approved the Resolution Plan.

5.18. The Respondent and Authum filed Special Leave Petitions from the order of the Hon'ble Bombay High Court dated 16th December 2022.

5.19. On 3rd March 2023, the Hon'ble Supreme Court, in the exercise of its power under Article 142 of the Constitution, approved the Resolution Plan of Authum qua all the Debenture Holders while allowing dissenting Debenture Holders to pursue their remedies. The same will be binding upon the Petitioner herein as well.

5.20. The Respondent has, pursuant to the order of the Hon'ble Supreme Court referred to above, duly made payments to the Debenture Holders who have assented and deemed to have assented to the Resolution Plan. The Petitioner has, it is pertinent to note, issued a Certificate dated 31st March 2023 stating it had no objection to the said payments being made as per the Resolution Plan and subsequent redemption and extinguishment of the debentures held by such debenture holders.

6. We have heard the Counsel and perused the material available on record.

6.1. We find that the resolution plan was approved by the ICA lenders and the Hon'ble Supreme Court also approved the Resolution plan qua all the Debenture Holders while allowing dissenting Debenture Holders to

pursue their remedies. The Debenture trustee for and on behalf of dissenting debenture holders is before us. We further acknowledge the fact that the said Plan was voted by the majority of creditors and initially the dispute was whether the majority consent of debenture holders as a whole would be sufficient, or such consent has to be come from majority of debenture-wise. Considering the lack of consensus amongst the debenture holders, the Hon'ble Supreme Court allowed the assenting debenture holders as well as debenture holders who have abstained from voting to be paid back in terms of the Resolution Plan.

6.2. There is no dispute that these dissenting debenture holders now form a separate class and have to be dealt with in accordance with the provisions of Section 71 of the Companies Act, 2013. However, considering the fact of approval of the resolution plan in the case of Company to put it back on its own feet, such order may be prejudicial to other class of creditors and other stakeholders who may have voted in favour of the plan considering that it shall be binding on all class.

6.3. We find that the Petitioner could not accede to ICA due to non-receipt of requisite instructions from Debenture Holders. 5 Debenture holders, having NCDs of Rs.50.00 cr., joined ICA independently and not through Debenture Trustee and voted in favour of resolution plan along with Lender Banks. Most of the remaining 15 debenture holders did not respond to several communications sent in connection with respect to joining ICA. However, Debenture holders always had the option to directly accede to the ICA. Further it is to be noted that the Applicant has have from time to time pursued with the Debenture Holders for their instructions, however due to lack of consent with requisite majority (per

ISIN), with specific conditions as stipulated in the said circular, we were unable to accede to ICA.

6.4. We are conscious of fact that the Petitioner has filed present petition in order to protect the interest of debenture holders and it is bound to do so in terms of debenture deed also.

6.5. On an equitable consideration, we are of considered view that the petitioner can be held to be entitled to what the assenting debenture holders got in terms of approved resolution plan. Such class may also be compensated for the time of value of money, since they would have received the money at that time itself had they assented to the plan or remained abstained.

6.6. In view of these facts, we direct the Company to include the debenture holders represented by the Petitioner into the Resolution Plan on same set of terms and conditions, as are applicable to the assenting and deemed to be assenting members. However, it is clarified that the debenture holders represented by the Petitioner shall be further compensated for time value of money in relation to such sums, as is already distributed to assenting and deemed to be assenting members, at the rate applicable to such debentures. The remaining terms shall remain the same.

7. In view of the foregoing directions, this Company Petition no. 1447 of 2020 is **disposed of.**

Sd/-
PRABHAT KUMAR
MEMBER (TECHNICAL)

Sd/-
KISHORE VEMULAPALLI
MEMBER (JUDICIAL)