

GARDEN SILK MILLS LIMITED

4th January 2021

BSE Limited

25th Floor, New Trading Ring,
Rotunda Building, P.J. Towers,
Dalal Street, Fort,
Mumbai: 400001

Scrip Code – 500155

National Stock Exchange of India Limited

"Exchange Plaza",
Fifth Floor, Plot No. C/1, G Block,
Bandra Kurla Complex,
Bandra (East),
Mumbai 400051

Trading Symbol: GARDENSILK(EQ)

Sub.: Approval of Resolution Plan of Garden Silk Mills Limited ("Company") pursuant to the order of the Hon'ble National Company Law Tribunal (NCLT) under section 31 of the Insolvency and Bankruptcy Code, 2016 (IBC)

Ref.: Disclosure pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended ("LODR Regulations")

Sir/Madam,

This is in reference to and in furtherance of our earlier intimations dated (a) 30th September, 2020 conveying approval of Resolution Plan submitted by Resolution Applicant ("RA") by the Committee of Creditors ("COC") of Garden Silk Mills Limited ("GSML" or "Company") in terms of the provision of Insolvency and Bankruptcy Code, 2016 ("IBC") and e-filing of the same with the NCLT Ahmedabad Bench on 28th September, 2020 for its subsequent approval thereupon and (b) 2nd January, 2021 ("Intimation") conveying approval of Resolution Plan of Garden Silk Mills Limited ("Company") pursuant to the order of the Hon'ble National Company Law Tribunal ("NCLT") under section 31 of the Insolvency and Bankruptcy Code, 2016 .

Further to our Intimation we hereby inform you that, the copy of Hon'ble NCLT Order dated 1st January 2021 is uploaded today on the NCLT website.

The Resolution Plan provides that any action proposed to be undertaken by the Resolution Applicant for the implementation of the Resolution Plan, will be undertaken by MCPI Polyester Private Limited ("SPV"), a wholly owned subsidiary of the Resolution Applicant, as set out in the Resolution Plan.

The Resolution Plan, as approved by the NCLT, shall be binding on the Company and all other stakeholders of Company including but not limited to employees, members, creditors, guarantors, Governmental Authorities, Resolution Professional and all other stakeholders who are involved in the Resolution Plan and/or otherwise concerned or connected with the Corporate Debtor, as per the provision of the Insolvency and Bankruptcy Code, 2016 ("Code"), as amended.

*Garden**



GARDEN SILK MILLS LIMITED

Salient Features of the Resolution Plan:

Pursuant to Regulation 30 read with Para A of Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding Approval of Resolution Plan under the Insolvency & Bankruptcy Code, 2016 by the Hon'ble Adjudicating Authority, National Company Law Tribunal, Ahmedabad Bench, the salient features of the Resolution Plan are reproduced hereinbelow:

STEP 1: DELISTING OF EQUITY SHARES OF THE COMPANY

Quote

As an integral part of the Resolution Plan and with effect from the date of the delisting prescribed by the BSE Limited and National Stock Exchange of India Limited, the equity shares of the Corporate Debtor, shall be delisted from BSE Limited and National Stock Exchange of India Limited in accordance with the order of the NCLT read with Regulation 3(3) of the SEBI (Delisting of Equity Shares) Regulations, 2009. Upon such delisting of stake of public shareholders and promoters, the Corporate Debtor shall stand converted to an unlisted public limited company. For the avoidance of doubt, it is clarified that delisting would merely result in change of the listing status of Corporate Debtor to that of an unlisted company and that there would be no change in the shareholding pattern of the Corporate Debtor upon delisting.

- (a) *The Liquidation Value of the Corporate Debtor is not expected to be sufficient to cover debt of the Financial Creditors of the Corporate Debtor in full. Therefore, the Liquidation Value of the Equity shareholder is NIL and therefore, they will not be entitled to receive any payment and hence no offer will be made to any shareholder of the Corporate Debtor.*
- (b) *Regulation 3(3) of the SEBI (Delisting of Equity Shares) Regulations, 2009 (as amended) provides the following:*

"Nothing in these regulations shall apply to any delisting of equity shares of a listed entity made pursuant to a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016, if such plan:

- (a) *lays down any specific procedure to complete the delisting of such share; or*
- (b) *provides an exit option to the existing public shareholders at a price specified in the resolution plan:*

Provided that, exit to the shareholders should be at a price which shall not be less than the liquidation value as determined under regulation 35 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations 2016 after paying off dues in the order of priority as defined under section 53 of the Insolvency and Bankruptcy Code, 2016:

Provided further that, if the existing promoters or any other shareholders are proposed to be provided an opportunity to exit under the resolution plan at a price higher than the price determined in terms of the above proviso, the existing public shareholders shall also be provided an exit opportunity at a price which shall not be less than the price, by whatever name called, at which such promoters or other shareholders, directly or indirectly, are provided exit:

Garden*



GARDEN SILK MILLS LIMITED

Provided also that, the details of delisting of such shares along with the justification for exit price in respect of delisting proposed shall be disclosed to the recognized stock exchanges within one day of resolution plan being approved under section 31 of the Insolvency and Bankruptcy Code, 2016."

- (c) The Corporate Debtor shall accordingly, take the following steps for delisting of its equity shares in accordance with the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, as amended from time to time, read together with the Securities and Exchange Board of India (Delisting of Equity Shares) (Amendment) Regulations, 2018 issued by the SEBI on May 31, 2018 ("Delisting Regulations"):
- (i) Upon approval of the Resolution Plan by the Adjudicating Authority, the Corporate Debtor shall intimate the stock exchanges of (a) the NCLT order approving the Resolution Plan which inter alia lays down a specific procedure for delisting of the equity shares of the Corporate Debtor; and (b) the Liquidation Value of the Equity shareholder is NIL and therefore, they will not be entitled to receive any payment and hence no offer will be made to any shareholder of the Corporate Debtor.
 - (ii) The intimation shall be accompanied by a copy of the Resolution Plan as approved by the NCLT.
 - (iii) The Corporate Debtor will simultaneously issue a public notice informing its shareholders about the delisting in one English newspaper having nationwide circulation and in one vernacular newspaper having statewide circulation in the registered office of the Corporate Debtor.
- (d) Stock Exchanges shall take all necessary actions to delist the equity shares of the Company in accordance with this Resolution Plan read with Regulation 3(3) of the SEBI (Delisting of Equity Shares) Regulations, 2009 and shall pass necessary orders/ directions to this effect.

For avoidance of doubt, the approval of the NCLT to the Resolution Plan shall be deemed to be the consent of the Financial Creditor to the delisting and such delisting shall be in line with the SEBI (Delisting of Equity Shares) (Amendment) Regulations, 2018, and the aforesaid Approval shall be disclosed to the stock exchanges within 1 (one) day of the Approval Date.

The delisting of shares (a) shall be applicable to the shareholders of the Corporate Debtor; (b) shall be pursuant to the NCLT order approving the Resolution Plan and shall not require any other procedure as required under the Companies Act or other Applicable Law, including under Section 66 of the Companies Act or regulations of the SEBI; and (c) shall not require the consent of any of the creditors or shareholders of the Corporate Debtor (since the Resolution Plan upon being approved by the NCLT shall be binding on the Corporate Debtor and its stakeholders (including its creditors and shareholders)).

Unquote

STEP 2: CAPITALISATION OF THE COMPANY

The SPV shall infuse amounts in one or more tranches into the Company either by way of equity or debt or a combination of both, as may be deemed suitable in order to undertake the transactions contemplated in the Resolution Plan.

*Garden**





GARDEN SILK MILLS LIMITED

STEP 3: CAPITAL REDUCTION OF THE SHARES OF THE COMPANY

Simultaneous upon issuance of the New Equity Shares as contemplated above, and upon implementation of Steps 1 and 2 above and as an integral part of the Resolution Plan the entire issued, subscribed and paid-up equity share capital of the Company(excluding the new equity shares allotted to the SPV) shall stand extinguished in full without payment of any consideration.

The approval of the Resolution Plan by the Hon'ble Adjudicating Authority shall be deemed to have waived all the procedural requirements in terms of Section 66 of CA 2013 and the NCLT (Procedure for Reduction of Share Capital), Rules 2016 and other Applicable laws including LODR (if then applicable).

The amount of reduction in the equity share capital of the Company shall be credited to the capital reserve of the Company. The Resolution Applicant and/or SPV will comply with all the procedural requirements, as required.

STEP 4: ASSIGNMENT OF FINANCIAL DEBT

The entire Claims and Admitted Debt of the Financial Creditor shall stand sold, assigned, transferred and released to and unto the SPV as the Assignee, including the Debt Collateral, by virtue of the Resolution Plan and in exchange for the FC Consideration paid by the SPV to the Financial Creditor on the date of assignment. Upon payment of the Financial Creditors ("FC") Consideration, the entire Claims and Admitted Debt of FC along with Debt Collateral shall stand assigned to the SPV and no further amounts shall be payable or action or documentation (unless requested by the Resolution Applicant) shall be required for effectiveness of the Assignment.

The payment of the FC Consideration to the Financial Creditor shall constitute full, final and complete discharge of the obligation of the Resolution Applicant and/or SPV for the assignment to take effect.

STEP 5: MERGER OF SPV WITH THE COMPANY

Immediately upon implementation of the aforesaid steps and as an integral part of the Resolution Plan, the SPV (Transferor Company) will merge with the Company (Transferee Company) as per scheme of amalgamation annexed to the Resolution Plan. Further, as an integral part of the Resolution Plan, the Company shall stand converted from a public limited company into a private limited company. The Resolution Applicant will hold 100% of the total equity share capital of the Corporate Debtor (i.e. the amalgamated entity) upon effectiveness of the Capital Reduction and the Merger.

STEP 6: CONVERSION OF CORPORATE DEBTOR INTO PRIVATE COMPANY

The Corporate Debtor shall stand converted from a public limited company into a private limited company and the Memorandum of Association and the Articles of Association of the Company shall be automatically, without any further act or deed, be substituted and replaced with the form of memorandum of association and articles of association (the "New Charter Documents").

It is clarified that the approval of the Adjudicating Authority pursuant to Section 31 of the IBC shall constitute adequate approval for the adoption of the New Charter Documents, in accordance with all provisions of Applicable law. Accordingly, no further approval or consent shall be necessary from any other Person/ Governmental Authority in relation to either of these actions under any agreement, the existing constitution documents of the Company or under any Applicable law.

*Garden**





GARDEN SILK MILLS LIMITED

Capitalized terms used but not defined herein shall have the meaning assigned to such term under the Resolution Plan.

The copy of NCLT Order dated 1st January, 2021, as uploaded at NCLT website, is enclosed herewith for your records.

Kindly note that it shall also be simultaneously made available on the Company's website i.e. www.gardenvareli.com.

You are requested to take the above information on records and oblige.

Thanking you,

Yours faithfully,
For GARDEN SILK MILLS LIMITED



Kamlesh B. Vyas
Company Secretary & Compliance Officer



Encl.: As above.

*Garden**

BEFORE THE ADJUDICATING AUTHORITY
NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD BENCH
COURT 1

IA 661 of 2020 in CP(IB) 453 of 2018

Coram: MADAN B. GOSAVI, MEMBER (JUDICIAL)
VIRENDRA KUMAR GUPTA, MEMBER (TECHNICAL)

ATTENDANCE-CUM-ORDER SHEET OF THE HEARING THROUGH VIDEO CONFERENCING BEFORE THE
AHMEDABAD BENCH OF THE NATIONAL COMPANY LAW TRIBUNAL ON 01.01.2021

Name of the Company: Kuresh Khambati RP For Garden Silk Mills Ltd
V/s
MCPI Pvt Ltd

Section: 30(6) r.w 31(1)IBC, 2016 r.w 39(4) IBBI, 2016

ORDER

The case is fixed for pronouncement of order.

The order is pronounced in open court vide separate sheet.


(VIRENDRA KUMAR GUPTA)
MEMBER (TECHNICAL)


(MADAN B GOSAVI)
MEMBER (JUDICIAL)

Dated this the 1st day of January, 2021.

**BEFORE THE ADJUDICATING AUTHORITY
NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD BENCH
COURT-1**

**IA 661 of 2020 with IA No. 759 of 2020
IN
CP(IB) No. 453 of 2018**

IA No. 661 of 2020

Mr. Kuresh Khambati
RP for Garden Silk Mills Limited
office at: G T Restructuring Services LLP,
Kaledonia, 1st Floor, C wing, (Opp. J & J Office)
Sahar Road, Andheri East, Mumbai-400069
Maharashtra, Mumbai-400 013.

....Applicant

Versus

MCPI Private Limited
Bengal Eco Intelligent Park,
Tower-1, Block-Em,
Plot No. 3 Saltlake City Sector-V,
3rd Floor, Kolkata West Bengal-700091

...Respondent

IA No. 759 of 2020

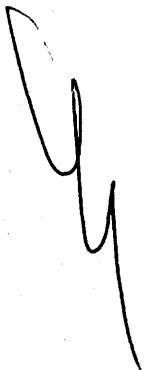
1. Mr. Praful Amichand Shah
2. Mr. Alok Praful Shah
3. Mr. Suhail Praful Shah
having their common address at :
Cliff Housing Society,
10th floor, B.G. Kher Marg,
Malabar Hill, Mumbai-400006

.....Applicants
(Proposed Interveners)

Versus

1. Mr. Kuresh Khambati
RP of Garden Silk Limited
Tulsi Krupa Arvade, 1st Floor,
Nr. Aai Mata Chowk, Puna- Kumbharia road,
Dumbhal, Surat-395010

..Respondent No. 1



(Original Applicant in IA No. 661/20)

2. MCPI Private Limited

Bengal Eco Intelligent Park,

Tower-1, Block-Em,

Plot No. 3 Saltlake City Sector-V,

3rd Floor, Kolkata West Bengal-700091

..Respondent No. 2

(Original Respondent in IA No. 661/20)

Order reserved on : 16.12.2020

Order Pronounced On: 01.01.2021

Coram: Madan B. Gosavi, Member (J)
Virendra Kumar Gupta, Member (T)

Appearance:

The Applicant Resolution Professional was represented by Senior Advocate Mr. Navin Pahwa, along with Mr Ravi Pahwa, Adv. Sandhya Iyer and Adv. Mahim J. Sharma i/b Vaish Associates Advocates, advocates for the Resolution Professional.

Learned Senior Counsel Mr. Saurabh Soparkar a.w. Learned Counsel Mr. Kunal P Vaishnav appeared for the Surat Textile Mills Ltd.

Learned Counsel Mr. K.M. Parikh appeared for the Financial Creditor.

Learned Senior Counsel Mr. Ratnanko Banerjee appeared for the Resolution Applicant

ORDER

[PER: BENCH]

1. IA 661 of 2020 has been filed in CP (IB) No. 453 of 2018 u/s. 30(6) of Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as "IBC") r.w. Regulation 39(4) of the IBBI (Insolvency Resolution Process of Corporate Persons) Regulations, 2016 for approval of Resolution

Plan of the Corporate Debtor as approved by Committee of Creditors (hereinafter referred to as "CoC") by this Authority u/s 31 of IBC, 2016.

2. IA No. 759 of 2020 was filed by the Resolution Professional under 30(6) r.w. 31(1) of Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as "IBC") r.w. Regulation 39(4) of the IBBI (Insolvency Resolution Process of Corporate Persons) Regulations, 2016 for approval of Resolution Plan dated August 28,2020 (Second amended and restated Resolution Plan on September 19, 2020 including an Addendum dated September 23, 2020) (Collectively termed as "Resolution Plan") for Corporate Debtor Company viz. Garden Silk Mills Limited submitted by the Respondent(hereinafter raftered to as "Resolution Applicant").
3. The facts, in brief, are that the Corporate Debtor was admitted in CIRP by allowing the application filed by the Financial Creditor u/S 7 of IBC, 2016. Order of admission was passed by this Authority on 24.06.2020 under which moratorium has been declared. Corporate Insolvency Resolution Process was initiated and Mr. Kuresh Khambatti was appointed as Interim Resolution Professional (hereinafter referred to as "IRP"). IRP published public announcement in "**Financial Express**" -English Edition and "**Sandesh**"- Regional Edition and invited the claims received from the creditors and constituted CoC. The first meeting of CoC was held on July, 11.2020,

wherein, basic implementation schedule was decided. The IRP convened the first meeting of CoC on 11.07.2020. The last date for submission of Expression of Interest ("EOI") was 28.08.2020 for inviting the Resolution Plan for the Corporate Debtor. The Claims were received and updated from time to time. As a consequence, two EOIs were received, however, one party submitted the Resolution Plan. The Resolution Applicant is constituent of The Chatterjee Group (TCG) and one of the major supplier of the material to the Corporate Debtor. In the application, it has been specifically mentioned that Resolution Plan has taken care of interest of all Stakeholders in terms of provision Regulation 38 (1) (A) of the IBBI (Insolvency Resolution Process of Corporate Persons) Regulations, 2016 and value given to all Stakeholders is not less than the value debt to them under the liquidation process. It has also been stated that Resolution Plan has been extensively examined by the CoC before granting unanimously approval in the 6th meeting dated 22/09/2020 & 23/09/2020. It has also been pleaded that the Resolution Plan commenced the requirement of Section 30(2) of the Insolvency & Bankruptcy Code, 2016. An Affidavit as required under Section 29(A) of the Insolvency & Bankruptcy Code, 2016 is also enclosed for Resolution Applicant as well as on behalf of the "SPV".

4. During the course of hearing it was also submitted that there was a minor change in the amount due to Operational Creditors. The

revised position of claim received as on 28th October, 2020 has been updated in IA No. 813 of 2020 and which is as under:

DESCRIPTION	AMOUNT CLAIMED (INR)	AMOUNT ADMITTED (INR)
Financial Creditor of the Corporate Debtor excluding related parties	20,958,609,129	20,904,644,307
Operational Creditors (Workmen and Employees) excluding related parties	143,106,753	82,253,253
Operational Creditors (Statutory dues, liabilities including outstanding Governmental Authority dues, Taxes, etc.)	5,029,159,739	4,827,297,551 (including amount admitted on provisional & contingent basis)
Operational Creditors (Other than Workmen and Employees and Statutory Dues) but excluding related parties	244,591,031	213,192,038(including amount admitted on /contingent basis)
Other Creditors (Other than Financial Creditors and Operational Creditors)	NIL	NIL
Details of creditors who are related parties		
(i) Financial	-	-
(ii) Operational as employee	2,713,632	2,713,632
(iii) Operational others	-	-
Total Claims	26,378,180,284	26,030,100,781

5. Learned Senior Counsel for the Applicant appeared and narrated the basic facts. He drew our attention to the Resolution Plan in detail. Based upon the contents of the Plan, it was submitted that approved Resolution Plan complied with all the requirements of Section 30(2) of IBC, 2016 and r.w. relevant Regulations made there-under. It was also submitted that Resolution Plan had been filed before the expiry period of CIRP. Accordingly, he prayed for the approval of the plan.
6. It is submitted that any action proposed to be undertaken by the Resolution Applicant for the implementation of this Resolution Plan, will be undertaken by MCPI Polyester Private Ltd ("SPV"), a wholly owned subsidiary of the Resolution Applicant, as set out in the Resolution Plan. It is also submitted that the Resolution Applicant and the SPV have submitted affidavits / undertakings that they are compliant with the requirements of Section 29A of the Code.
7. Now, we consider the facts and submissions made on behalf of the Applicant and the Respondent being the Successful Resolution Applicant. It is noted that the Corporate Insolvency Resolution Process has been conducted in accordance with the provisions of code r.w. relevant Regulations. No objection has been filed by any person against the Resolution Plan. The claim amount has been varied in terms of prayer made in IA No. 813 of 2020, which was allowed on 16.12.2020. The revised amount of claims has been noted and the

Resolution Plan take care such revised claims. It is noted that the Resolution Plan, submitted for our approval, has been duly approved by the CoC in its 6th meeting dated 23rd September, 2020 by 100% votes. The Resolution Professional has given requisite certificate that the Resolution Plan complies with all requirements of Section 30(2) of the Insolvency & Bankruptcy Code, 2016 r.w. relevant Corporate Insolvency Resolution Process Regulations. The perusal of the Resolution Plan shows that the Financial Creditor will get a sum of Rs. 717.50 Crores (subject to adjustments) against their total claimed amount of Rs. 2095.8 Crores as against the total admitted claims of Rs. 512.66 Crores. Thus, in sum and substance, the Resolution Plan provides for settlement of claim of various stakeholders. It is also noted that the Resolution Plan provides the background of successful Resolution Applicant and its associates. It also provides the details of financial capabilities of the successful Resolution Applicant. The Resolution Plan also provides implementation schedule as under:

SRNO	ACTION	TIMELINE
1.	Incorporation of SPV	Completed. The SPV was incorporated on 12 August 2020
2	Approval Date	x
3	Intimation to stock exchanges for delisting by Steering Committee/Monitoring Agency	X+1

4	Effective Date i.e. shall mean the Approval Date or such other later date if and as may be mutually agreed between the Resolution Applicant and the Steering Committee.			
5	Corporate Debtor to (and Steering Committee and Monitoring Agency to facilitate) file for delisting of its equity shares from the stock exchanges	Y+10		
6	Delisting of Corporate Debtor	On a day within Y+90 Business Days		
7	Transfer Date			
8	Re-constitution of Board			
9	Capital Reduction of Corporate Debtor to reduce and cancel Shareholding of Existing Promoters and public share holders			
10	Capitalization of the SPV and the Corporate Debtor by Resolution Applicant/ SPV			
11	Payment of Other Obligation Discharge			
12	to the Financial Creditor and assignment of debts due to the Financial Creditor to the SPV**			
13	Merger of SPV into Corporate Debtor and conversion of Corporate Debtor into a private company			

Any action proposed to be undertaken by the Successful Resolution Applicant for the implementation of the Resolution Plan, will be undertaken by MCPI Polyester Private Limited ("SPV") a wholly owned subsidiary of the Successful Resolution Applicant. The Resolution Applicant and the SPV have submitted

affidavits/ undertakings that they are compliant with the requirements of Section 29A of IBC, 2016.

8. It has been stated that following steps shall take place in the order of sequence as an integral part of the Resolution Plan

1) Delisting

As an integral part of the Resolution Plan and with effect from the date of the delisting prescribed by the BSE Limited and National Stock Exchange of India Limited, the equity shares of the Corporate Debtor, shall be delisted from BSE Limited and National Stock Exchange of India Limited in accordance with the order of the NCLT read with Regulation 3(3) of the SEBI (Delisting of Equity Shares) Regulations, 2009.

2) Capitalization of SPV

The Resolution Applicant shall infuse amounts up to the Total Discharge Amount in one or more tranches into the SPV, either by way of equity or debt or a combination of both as may be deemed suitable. Subsequent to infusion of amounts towards the New Equity Shares of the Corporate Debtor, or such earlier date as may be agreed between the Steering Committee, the nominees of the Resolution Applicant shall be appointed as the directors of the Corporate Debtor and the existing Board shall stand vacated.

3) Capital Reduction

Simultaneous upon issuance of the New Equity Shares as contemplated above, and as an integral part of the Resolution Plan the entire issued, subscribed and paid-up equity share capital of the Corporate Debtor (excluding the New Equity shares allotted to the SPV) shall stand extinguished in full without payment of any consideration. 100% of the equity share capital of the Corporate Debtor post such reduction shall be held by the SPV (and/ or its nominees). The requirement of adding “and reduced” in the name of the Corporate Debtor shall stand dispensed with.

4) Assignment of Debt

Within 90 (ninety) Business Days of the Effective Date, but prior to the Merger, the entire Claims and Admitted Debt of the Financial Creditor shall stand sold, assigned, transferred and released to and unto the SPV as the Assignee, including the Debt Collateral, by virtue of this Resolution Plan and in exchange for the FC Consideration paid to the Financial Creditor on the date of assignment.

5) Merger of SPV with Corporate Debtor

5.1 Immediately upon implementation of the aforesaid steps and as an integral part of the Resolution Plan, the SPV (transferor company) will merge with the Corporate Debtor (transferee

company) ("Merger"). Below are the broad contours of the scheme of amalgamation:

5.2. Any and all assets, liabilities, rights and obligations of the SPV, as the transferor company, will be transferred to and vested in the Corporate Debtor, as the assets, liabilities, rights and obligations of the NPV, as the transferor company, will become the assets, liabilities, rights and obligations of the Corporate Debtor, as the transferee company.

5.3. Upon Merger, inter-company loans and advances will be cancelled and difference on account of the same will credited either to the Capital Reserve or debited to the goodwill, as the case may be.

5.4. The authorized share capital of the SPV, as the transferor company, will be merged with the authorized share capital of the Corporate Debtor, as the transferee company. The Corporate Debtor will be entitled to take the benefit of the stamp duty and registration fees already paid by the SPV, as the transferor company, on its authorized share capital.

5.5 The SPV, as the transferor company, will stand dissolved without winding up.

5.6. In consideration of the Merger, the Corporate Debtor, as the transferee company shall issue its

equity shares to the equity shareholders of the SPV in accordance with the following share exchange ratio: for every 1 equity share having face value of INR 10 each held in the SPV, the equity shareholders of the SPV will be issued 1 equity share of the Corporate Debtor having face value of INR10 each held in the SPV.

5.6. Further, in terms of the IBM, approval of the shareholders of the Corporate Debtor to the transactions contemplated under the Plan including the Merger shall be deemed to have been given on the Approval Date.

5.7. The Resolution Applicant will hold 100% of the total equity share capital of the Corporate Debtor (i.e. the amalgamated entity) upon effectiveness of the Capital Reduction and the Merger.

9. It has also been stated that the Corporate Debtor shall stand converted from a public limited company into a private limited Company and the Memorandum of Association and the Articles of Association of the Company shall be automatically, without any further act or deed, be substituted and replaced with the form of memorandum of association and articles of association (the "New Charter Documents") as set out in Annexure A of the Scheme).

10. The Resolution Plan also provides for appointment of RP as the chairman of the Steering Committee and which committee shall oversee the implementation of Resolution Plan. The other two members of the said committee will be 1 authorized representative of the Committee of Creditors and i nominee of the Resolution Applicant. The Resolution Plan has also addressed the issues which resulted into Insolvency of the Corporate Debtor and future business plan so as to such situation does not arise.
11. The summary of the payments proposed to be made under the Resolution Plan is as under :

Sr No.	Description	Amount (in INR Lakh)
1.	Total Discharge Amount	Not exceeding and up to INR 747,00,00,000 (Indian Rupees Seven Hundred and Forty Seven Crore)
2.	Proposal for Financial Creditor	An amount of INR 717,50,00,000 (Indian Rupees Seven Hundred and Seventeen Crore and Fifty Lakh) ("FC Consideration") subject to adjustments, if any, towards payment of (i) Balance CIRP Costs (ii) Differential OC Discharge Amount (as defined in the Resolution Plan); and (iii) payment to dissenting Financial Creditor (if any), (hereinafter collectively referred to as the "Adjustment Amounts").
3.	Proposal for Operational Creditors (Workmen	INR 8,50,00,000 (Indian Rupees Eight Crore and Fifty Lakh)

	and Employees)**	
4.	Proposal for Operational Creditors (Statutory dues, liabilities including outstanding Governmental Authority dues, Taxes, etc.)**	Nil
5.	Proposal for Operational Creditors (Other than Workmen and Employees and Statutory Dues)**	An ex-gratia amount up to INR 21,00,00,000 (Indian Rupees Twenty One Crore)
6.	Proposal for Dissenting Financial Creditors	Since there is only one Financial Creditor as per the IM, no provision for dissenting financial creditors has been made. However, in case there is any, such financial creditor shall be paid an amount as prescribed under Section 30(2)(b) of the Code and in priority over payments to assenting Financial Creditors out of the FC Consideration
7.	Proposal for other stakeholders (including public shareholders and other	Nil

	creditors)	
8.	Proposal for Related Parties	This Resolution Plan does not propose any payment to the Related Parties of the Corporate Debtor other than those forming part of Balance CIRP Costs approved by the COC or the Resolution Professional
9.	Working capital infusion	As and when necessary to the extent decided by the Resolution Applicant

12. As regards to the 7 parcels of land at village Jolwa, the submissions on behalf of the suspended management of the Corporate Debtor and Surat Textile Mills Limited have been made as under :

A. In respect of 7 parcels of land at Jolwa

1. The Resolution Plan in respect of Garden Silk Mills Ltd ('GSML' or 'the CD') submitted to this Hon'ble Authority vide IA 661 of 2020 in CP (IB) 453 of 2018 has provided information on Jolwa Land of GSML vide Paragraph 8.1.2 (on Internal pages 48-49 of Resolution plan). In the said Resolution Plan, Relief Concession and Dispensation sought for in the said Resolution Plan vide Paragraph 8.3 (on Internal page 74 and 75 of Resolution Plan) is seeking reliefs and concessions in respect of the transfer of said 7 parcels of Land from the promoters of GSML.

2. It is submitted that the promoters and their related parties are the owners on record in respect of 6 parcels of land i.e. Block No. 196,197, 204,205,227 and 229, whereas Block No.226 is owned by Mr. Soli Bhesania, who is not related party to the promoters.

3. It is submitted that in respect of the aforesaid 6 parcels of land two 'Declaration cum Undertaking' each dated 4th September 2020 has been provided by the land owners viz. Mr. Praful Amichand Shah as Karta of Praful Amichand Shah HUF, Ms. Shilpa Praful Shah, Mr. Praful Amichand Shah and Mr. Sanjay Suresh Shah ('Promoters and their relatives') in favour of GSML/CD. In the said undertaking cum declaration it has been stated that Obligor (i.e. land owners on record) have no right, title or interest whatsoever in the said Land and will not dispute the title of the Corporate Debtor to the said Land and shall provide all cooperation and consent that may be required to (a) confer and perfect the title of the Corporate Debtor over the said Land and (b) obtain any approvals or permissions from any authority or person for the purpose of perfecting the title of the Corporate Debtor in the said Land. The Applicants stand by their undertakings. However all the obligations, including of costs, penalty, premium and any other expenses which are required to be incurred in respect of the above shall be subject to the terms of the 'Agreements to Sale' executed in February 2010 in respect of the said 6 parcels of the land

including the consideration and other terms stated therein shall continue to bind the land-owners and the Corporate Debtor, as the case may be. In view of the above, it is submitted that the said land- owners are not and shall not be obliged to pay any costs, penalty, premium and any other expenses which are required to be incurred in respect of the said 6 parcels of the land at any time in respect of all the process and procedures to be complied with by the CD under the applicable laws and regulations in respect of conferring the title in favour of the CD. It is also submitted that the said Resolution Plan as submitted in the IA No. 661 of 2020 as on today, when approved by this Hon'ble Authority, shall not create any other or further obligation, whether in monetary terms or otherwise on the part of the Land-Owners in respect of conferring the title in favour of the CD over and above what is stated in the said Agreement to Sale' referred to in the 'Declaration cum Undertaking.' Copy of the said two Declaration cum Undertaking is annexed herewith as 'Annexure A' (Colly).

B. In respect of Right of way of Surat Textile Mills Ltd

4. The Resolution Plan in respect of Garden Silk Mills Ltd ('GSML' or 'the CD') submitted to this Hon'ble Authority vide IA 661 of 2020 in CP (IB) 453 of 2018 has provided information on interdependence Garden Silk Mills Ltd ('GSML') (CD) and Surat

Textile Mills Ltd.('STML') on each other vide Paragraph 8.2 (on Internal page 51 of Resolution plan and Page 529 of IA 661 of 2020). In the said Resolution Plan, Relief Concession and Dispensation sought for in the said Resolution Plan vide Paragraph 3.8 (on Internal page 74 and 75 of Resolution Plan and No.552 of IA 661 of 2020) is seeking reliefs and concessions in respect of contract that GSML has with STML in respect of perpetual right of way to STML upon portion of land of GSML.

5. STML is a public limited listed entity having 41,226 public shareholders who collectively hold 5,55,59,529 fully paid-up equity shares of Rs.10/- each comprising 25.02% of its total shareholding. It is submitted that STML is a related party of GSML but not a stakeholder in respect of the CIRP of GSML. In view of the above, it is submitted that the Resolution Plan of GSML, if approved by this Hon'ble Authority, terms thereof shall not be binding on STML.

6. Without prejudice to what is submitted in 2 above, it is further submitted that Concessions, Reliefs and Dispensation sought for in terms of paragraph 3.8 of the Resolution Plan (Supra) shall be subject to the provisions of the law including the Contract Act 1857. Therefore, it may be clarified that all the contracts and arrangements between the parties would be governed by their respective terms and conditions and subject to the provisions of all

laws, including the Contract Act 1872 and the Specific Relief Act, 1963 and that the sanction of the Resolution Plan by this Hon'ble Authority or the said Plan shall not be in derogation of or prejudice the rights of either of the contracting party.

13. As far as Transfer of 7 Parcels of land at Jolwa is concerned, it is agreed by and between the suspended Board of Management and the Successful Resolution Applicant that costs of the transfer including any penalty, premium and other expenses in relation there to will be borne by the corporate debtor and such transfer, thereafter, shall be binding on the land owners. We, accordingly, approve this arrangement.
14. As regards to the Relief and concessions sought by the Resolution Applicant which have been mentioned in Annexure 4 of Resolution Plan, following justifications for approval or sanction by Adjudicating Authority of the same are given as under :

A. JUSTIFICATIONS FOR RELIEFS AND CONCESSIONS SOUGHT IN ANNEXURE – 4 TO RESOLUTION PLAN (@Pg549 of the captioned Application)

The reliefs and concessions sought are restricted to abatement and extinguishment of all previous debts and claims against the Corporate Debtor. The Resolution Plan and concessions and waivers sought therein are not contrary to law. No reliefs, licenses, entitlements of the Corporate Debtor should be terminated by reason of the Corporate Insolvency Resolution Process of the Corporate Debtor

(CIRP). The resolved Corporate Debtor (Resolution Applicant) should be entitled to all benefits which the Corporate Debtor was entitled to prior to CIRP, which shall continue post CIRP as well. Government authorities should permit the resolved Corporate Debtor (Resolution Applicant) to avail of all benefits, concessions, licenses, approvals which it will be entitled to consequent to approval of the resolution plan submitted by the Resolution Applicant (Resolution Plan).

It is submitted that concessions sought are pursuant to the object of the Code, viz., to provide a 'clean slate' to the Corporate Debtor in respect of past claims. Reliance in this respect is made to the judgment of the Hon'ble Supreme Court in the case of Committee of Creditors of Essar Steel India Limited Through Authorised Signatory v. Satish Kumar Gupta.

Clause 1: is in relation to compliance of sections of the Companies Act, 2013, which are reliefs and concessions as permitted under Section 31 (1) of the Code, inter alia towards implementation of actions under the resolution plan.

Clause 2: is in relation to past dues of the Financial and Operational Creditors and are extinguished in terms of the Resolution Plan. Section 3.2, read with Section 3.4 and Section 3.5 of the Resolution Plan may be seen (@ Pg 488, Pg 494 and Pg 496 of the Application). The 'liquidation value' under Section 53 of the Code, due to operational creditors is NIL.

Clause 3: are in respect of licenses / approvals, contractual rights and benefits vested in favour of the Corporate Debtor. Concessions sought are as under :

CLAUSE NO / PAGE NO.	JUSTIFICATION
3.1 / 3.2 / 3.3 / 3.4 / 3.9 (@Pg 551 / 553 of the Application)	<p>Reliance is placed on the judgment of the NCLT, Mumbai bench in the case of Union Bank of India v. Maharashtra Shetkari Sugar Limited¹, and order of the Principal Bench of this Hon'ble Tribunal in Uttam Value Steel & Ors. v State Bank of India & Ors.² Both these orders stipulated:</p> <p>(i) the continuation of approvals granted to the corporate debtor prior to the commencement of CIRP; and</p> <p>(ii) the restoration / renewal / reinstatement of any licenses / approvals / permits that have been revoked, prior to CIRP.</p>
3.8 (@Pg 552 of the Application)	<p>A description of the contracts and arrangements in Section 8.2 of the Resolution Plan (@Pg 529 of the Application) would indicate the interdependence between the Corporate Debtor and Surat Textile Mills Limited (STML). During the hearing, <u>Counsel on behalf of STML / Ex-Promoters of the Corporate Debtor has conceded to this dispensation.</u> As explained in detail in Section 8.2.1 of the Resolution Plan, it is submitted 4 (four) plants critical for the continuance of the operations of Corporate Debtor have been set-up and run on the lands owned by STML and as such free, uninterrupted, and continuous access to these plants (and for that</p>

CLAUSE NO / PAGE NO.	JUSTIFICATION
	<p>purpose grant of this concession)is critical to maintain the status-quo to enable the Corporate Debtor to maintain its 'going concern' status. The dispensation is sought for a period of 12 (twelve) months.</p> <p>It is submitted that this concession is subject the contractual rights of the parties, <u>but not to be exercised in any manner to defeat the purpose of the resolution.</u> This is because termination / discontinuation of these contracts would be detrimental to the CD.</p>
<p>3.5/ 3.6 (@Pg 551 / 553 of the Application)</p>	<p>The reliefs and concessions sought are restricted to abatement and extinguishment of all previous debts and claims against the Corporate Debtor. Further, the resolved Corporate Debtor (Resolution Applicant) should be entitled to all benefits which the Corporate Debtor was entitled to prior to CIRP and shall continue post CIRP as well</p>
<p>3.7 (@Pg 551 / 553 of the Application)</p>	<p>The resolved Corporate Debtor (Resolution Applicant) should be entitled to all benefits which the Corporate Debtor was entitled to prior to CIRP, which shall continue post CIRP as well. Government authorities should permit the resolved Corporate Debtor (Resolution Applicant) to avail of all benefits, concessions, licenses, approvals which it will be entitled to consequent to CIRP.</p>

Clause 4 (@Pg 555 of the Application): Concession sought in Clause 4.1 is in line with the 3rd proviso to Section 79 of the Income Tax Act, 1961, which expressly permits this concession, provided notice is given to the tax authority. Clauses 4.2 to 4.9: relate to previous tax claims and actions against the Corporate Debtor. Taxes are Operational Debt

and upon approval of the resolution plan, would stand extinguished alongside all other Operational Debt. In the present case, notice has been given to the tax authority. The Hon'ble Tribunal by its order dated 9 October 2020 also allowed the tax authority to file a note of objection within 7 (seven) days of the order. No such objection has been filed within the time-period stipulated or even until date.

Clause 5 (@Pg 556 of the Application): is in relation past dues and non-compliances of the Corporate Debtor. These may be granted in terms of Sections 31 and 32A of the Code.

Clause 6 (@Pg 559 of the Application): is in relation to previous litigations, liabilities and investigations against the Corporate Debtor. These may be granted in terms of Sections 31 and 32A of the Code.

Clause 7 (@560 of the Application): is in relation to a limitation of the Resolution Applicant's liability to the 'Total Discharge Amount' as under the Resolution Plan. The reliefs and concessions sought are restricted to abatement and extinguishment of all previous debts and claims against the Corporate Debtor. This may be granted in terms of Section 31 of the Code.

Clause 8 (@Pg 560 of the Application): are in respect of land and property concerning the Corporate Debtor. A summary of the critical dispensations sought, and the legal basis / justification is set out in the table below:

S NO	JUSTIFICATION
8.1 / 8.2 / 8.8	Meant to cover previous claims of land revenue departments. These are standard and are in line with the settled legal position that <u>taxes, whether crystallized or not are operational debt</u> and upon approval of the resolution plan would stand extinguished.
8.3	<p>During the hearing, <u>the Counsel appearing for the ex-promoters has agreed to this concession</u>. Substantial payment of the purchase consideration has been made to recorded owners / ex-promoters. The Corporate Debtor is in possession for the last more than 10 (ten) years and altered its position and incurred huge expenses in construction of building and installation of plant & machinery on the said 7 (seven) land parcels.</p> <p>The Resolution Professional has received an undertaking from the ex-promoters that necessary documents will be executed. <u>It is requested that these undertakings be recorded in the order of the Hon'ble Tribunal</u></p> <p>The object of seeking this concession is to maintain the 'going-concern' status of the Corporate Debtor. This relief is claimed in aid of the implementation of the Resolution Plan. The Hon'ble Tribunal is therefore empowered under the <u>proviso</u> to Section 31(1) of the Code to grant this concession.</p>
8.4 / 8.5 / 8.6 / 8.7	<p>The object of seeking this concession is to maintain the 'going-concern' status of the Corporate Debtor. This relief is claimed in aid of the implementation of the Resolution Plan. The Hon'ble Tribunal is therefore empowered under the <u>proviso</u> to Section 31(1) of the Code to grant this concession.</p> <p>Alternatively, the Hon'ble Tribunal may direct the relevant statutory authority to consider the application of the Successful Resolution Applicant/Corporate Debtor, on its own merits within a reasonable time frame, in line with the objects of the Code.</p>

Clause 9 (@Pg 562 of the Application): is in relation to the levy of stamp duty in relation to the transactions contemplated under the Resolution Plan. The reliefs and concessions sought are restricted to abatement and extinguishment of all previous claims of stamp duty against the Corporate Debtor. There ought to be no imposition of additional stamp duty merely by reason of approval of the Resolution Plan.

Clause 10 (@Pg 562 of the Application): This concession is claimed in aid of the implementation of the Resolution Plan. The Hon'ble Tribunal is therefore empowered under the proviso to Section 31(1) of the Code to grant these concessions. In any event, previous claims by governmental authorities against the Corporate Debtor are operational debts under the Code. Their extinguishment to a NIL value is consistent with the object of the Code, viz., to provide a clean slate to the Corporate Debtor in respect of any claims that may have accrued prior to the commencement of CIRP. Therefore, the concession to this extent ought to be granted.

Clause 11: The concession sought here is general in nature. However, the concessions granted can be restricted to extinguishment of past dues and what is permissible to the resolved Corporate Debtor in law.

B. OTHER PRAYERS SOUGHT IN THE APPLICATION

1. Relief in Prayer (c) of the Application (@Pg 20 of the Application): Tribunal is empowered under the proviso to Section 31(1) of the Code to grant this relief. Section 5 (26) of the Code, defines a 'Resolution Plan' for the purposes of Part 2 of the Code. An 'Explanation' inserted in the said section, by way of an

amendment in 2019 clarifies that: “that a resolution plan may include provisions for the restructuring of the corporate debtor, including by way of merger, amalgamation and demerger.” To this extent the scheme of amalgamation that is sought to be approved in the present Application is not a scheme for the purposes of Section 230-232 of the Companies Act, 2013, but instead a resolution plan that the Hon’ble Tribunal may approve under Section 31 of the Code.

2. Relief in Prayer (d) of the Application (@Pg 20 of the Application): Regulation 3 (3) of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Delisting Regulations) expressly states that the said regulations would not apply to any delisting done pursuant to the terms of a resolution plan approved by the Hon’ble Tribunal. To this extent, the Hon’ble Tribunal is empowered to order the delisting of the shares of the Corporate Debtor, subject to compliance with the provisions of Regulation 3 (3) of the Delisting Regulations. The Resolution Plan contemplates a specific procedure for delisting of the shares under Clause 1.1.1 of Annexure-2 to the Resolution Plan (@ Pg 542 to the Application). Further, in the present case, no exit price is payable to existing public shareholders as the liquidation value due to such shareholders, after paying off dues in order of priority under Section 53 of the Code is NIL. In these circumstances, the Resolution Plan does not contemplate any exit option to existing public shareholders. The Resolution Applicant undertakes to inform the stock exchanges of the delisting of shares within 1 (one) day of the approval of the Resolution Plan by the Hon’ble Tribunal. There is therefore complete compliance with the provisions of

Regulation 3(3) of the SEBI Delisting Regulations. Therefore, prayer (d) to the Application ought to be granted.

15. As far as right of way as to Surat Textiles Mills Ltd., is concerned both party i.e. this entity as well as the Corporate Debtor / Resolution Applicant agreed that there would be perpetual right of way to Surat Textiles Mills Ltd., upon portion of land of GSML without any hindrance and we approve this arrangement which shall remain binding on both entities. We further clarify that GSML will also have right of access on such way without any hindrance from Surat Textiles Mills Ltd.
16. Thus, the 'Resolution Plan' filed with the Application meets the requirements of Section 30(2) of I&B Code, 2016 and Regulations 37, 38, 38(1A) and 39 (4) of IBBI (CIRP) Regulations, 2016. The 'Resolution Plan' is also not in contravention of any of the provisions of Section 29A. The RP has also certified that the 'Resolution Plan' approved by the CoC does not contravene any of the provisions of the law for the time being in force. The Compliance Certificate is placed on record. The 'Resolution Plan' has been approved by the CoC with 100% voting share.
17. The Resolution Plan contains various reliefs and concessions as per annexure -4 of the said Resolution Plan. Certain reliefs have been granted specifically hereinbefore. Hence, general exemption granted

now is in addition to those reliefs. We grant/approve the prayers as regard to various reliefs/concessions sought by the Resolution Applicant subject to condition that such grant/approval is in accordance with the scheme and provisions of Insolvency & Bankruptcy Code, 2016 and CIRP Regulations made there-under. It is further clarified that relevant applicable provisions of all laws, to the extent such provisions/statutes are not overridden by the scheme and provisions of IBC, 2016, shall remain applicable and be complied by Corporate Debtor / Resolution Applicant.

18. We are further of the opinion that Resolution Applicant of the corporate debtor will have all liberty to approach or may approach the concerned Statutory/Competent Authority for any concession, waiver or exemption as per the applicable laws. We further clarify that approval of the Resolution Plan does not mean automatic waiver or abetment of legal proceedings, if any, which are pending by or against the Corporate Debtor as those are the subject matter of the concerned Competent Authorities having their proper/own jurisdiction to pass any appropriate order as the case may be as per the provisions of relevant statutes. We further hold that resolution applicant or the Corporate Debtor has full liberty to approach Competent Authorities for any concession relief or dispensation as the case may be as and when required for proper and effective implementation of the Resolution Plan.

19. Apart from the above observations and directions, it is further directed that :

19.1 The approved 'Resolution Plan' shall become effective from the date of passing of this order.

19.2 The order of moratorium dated 24 June, 2020 passed by this Adjudicating Authority under Section 14 of IBC, 2016 shall cease to have effect from the date of passing of this order.

19.3 The Resolution Professional shall forthwith send a copy of this Order to the participants and the Resolution Applicant.


19.4 The Resolution Plan shall be subject to the various existing laws in force and shall also confirm to such other requirements specified by the Board and other Statutory/Competent Authorities, as the case may be.

19.5 The Resolution Applicant(s) shall pursuant to the Resolution Plan approved under section 31(1) of the Code, obtain the necessary approvals 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 by the Adjudicating Authority under section 31(1) or within such period as provided for in such law, whichever is later, as the case may be.

- 19.6 The Resolution Professional shall forward all records relating to the conduct of the corporate insolvency resolution process and Resolution Plan to the Insolvency and Bankruptcy Board of India to be recorded in its database.
20. Prayers in terms of (A), (B), (C) and (D) under the Prayer Petition of IA 661 of 2020 in CP (IB) 453 of 2018 **are hereby granted**. The Resolution Plan stands modified to the extent of our direction given in this order and to be read along with such directions. Accordingly, IA 661 of 2020 and IA 759 of 2020 in CP (IB) 453 of 2018 are allowed and disposed of in terms indicated above.
21. The permission for reduction of capital, as approved in the Resolution Plan is also granted. The amalgamation of MCPI Polyester Private Limited into the Corporate Debtor in terms of and as envisaged in the Scheme of Amalgamation of MCPI Polyester Private Limited into the Corporate Debtor annexed as Annexure 11 to the Resolution Plan is also approved. Accordingly, after conversion into private limited company, the MoA and AoA of the Corporate Debtor shall be amended and filed with the RoC for information and record as prescribed.
22. In view of the above, the revised 'Resolution Plan' annexed with IA No. 661 of 2020 filed in CP (IB) No. 453 of 2018 is hereby approved, which shall be binding on the Corporate Debtor and its employees, members,

creditors, guarantors and other stakeholders involved in the Resolution Plan including Resolution Applicant.

23. Urgent certified copy of this order, if applied for, to be issued to all concerned parties upon compliance with all requisite formalities.


(Virendra Kumar Gupta)
Member (Technical)


(Madan B. Gosavi)
Member (Judicial)

Signed on this, the 1st day of January, 2021.

sen/vc