



**INSOLVENCY PROFESSIONAL AGENCY
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA**

Casebook Issue 27:
Corporate Insolvency
Resolution Process of
Golden Jubilee Hotels
Private Limited

**INSOLVENCY
UNCOVERED**

Index

1. About Golden Jubilee Hotels Private Limited.....	2
2. Major Financial Creditors/Bankers.....	2
3. CIRP of Golden Jubilee Hotels Private Limited.....	3-6
▪ <i>Bank of Baroda files application in National Company Law Tribunal (“NCLT”)</i>	
▪ <i>EIH Limited moves to NCLT for directions</i>	
▪ <i>Operational Creditors moves to NCLT for directions</i>	
▪ <i>RP files application for exclusion of time in the NCLT</i>	
▪ <i>Application to NCLT by RP for approval of payments to be made to related parties</i>	
▪ <i>EIH Limited files application in NCLT to have a copy of resolution plan approved by COC</i>	
▪ <i>RP files application for approval of Resolution Plan in NCLT</i>	
4. Concluding Notes.....	6
5. Timeline of CIRP.....	7
6. Bibliography.....	8

About Golden Jubilee Hotels Private Limited (“GJHPL”)¹

Golden Jubilee Hotels was incorporated on 18th December 1996 in name and style of Golden Jubilee Estates Limited which was later changed to Golden Jubilee Hotels Limited, headquartered at Hyderabad, is a Public Private Partnership with Dept. of Tourism and YAT&C, Govt. of Telangana.

Golden Jubilee Hotels Private Limited operates as a hotel. The Hotel provides room for accommodation, restaurant for food and party hall services. Golden Jubilee Hotels serves customers in India.

It has its registered office at Survey No. 64, Besides Shilpakalavedika Shilparamam, Madhapur, Hyderabad, Telegana- 500081. Its Authorised Capital is Rs. 350.00 crores and Paid up Capital is Rs. 261.65 crores.

The Directors are Mr. Laxmi Narayan Sharma from 1st June,2006, Mr. Arjun Singh Oberoi since 20th November,2010, Mr. Sunil Kumar Sharma since 10th May, 2011, Mr. Yashdeep Sharma from 18th September, 2014 and Ms. Neha Gambhir since 18th September, 2014.

Major Financial Creditors/Bankers²

Bank of Baroda amongst the Financial Creditors of the GJHPL had the highest exposure and thus the highest voting power too. Other financial creditors were Dena Bank, Syndicate Bank, Corporation Bank, Punjab National Bank, The J & K Bank, Bank of Maharashtra and Punjab and Sind Bank etc.

CIRP of Golden Jubilee Hotels Private Limited

Bank of Baroda files application in National Company Law Tribunal (“NCLT”)³

Bank of Baroda filed an application under section 7 of the Insolvency and Bankruptcy Code, 2016 (“Code”) read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rule, 2016 for initiating the insolvency resolution process against Golden Jubilee Hotels Private Limited.

The case was listed on 7th November 2017; 15th November 2017; 1st January 2018; 10th January 2018; 18th January 2018; 13th February 2018 and 20th February 2018. GJHPL herein the Corporate Debtor (CD) owed a sum of Rs. 167.00 crores to Bank of Baroda. The Financial Creditor proposed the name of Mr. Subodh Kumar Agrawal to act as Interim Resolution Professional (“IRP”). NCLT after hearing both the parties admitted the CIRP.

EIH Limited moves to NCLT for directions⁴

EIH Limited filed application in NCLT under 60(5) of the code, questioning interference of Interim Resolution Professional in the Operation Management Rights of the applicant in relation to the Trident Hotel.

NCLT after hearing both the parties and considering the facts held that Management Agreement entered between EIH Ltd. and CD was binding on the Applicant as well as the RP. The RP had no right to conduct concurrent pre- audit of the operation account of EIH Ltd. The RP has not right to amend the Management Agreement unilaterally even with consent of CoC. Also, RP could not open a new Bank Account pertaining to operations of the Hotel. EIH Ltd. and RP were hereby directed to adhere to the various clauses of Management Agreement and ensure that the affairs of the CD runs smoothly.

NCLAT vide its order dated 28th August 2018 stayed the order dated 25th July 2018 passed by NCLT.

Operational Creditors moves to NCLT for directions 5

Operational Creditors, Consolidated Engineering Company and NCC Limited moved to NCLT against RP for directions under 60(5) of the Code. The creditors mentioned that they wanted NCLT to direct the RP to give notice of all CoC meetings, to provide minutes of the meeting and to permit to attend the meetings of CoC. As per the creditors, their debt is more than 10% of the operational debt and hence, as per the Code they must be allowed to attend the meetings.

The learned counsel for the RP explained that while calculating 10%, the total debt is to be considered as per the Code and not only the operational debt. According to RP, operational creditor mentioned here hold only 5% of the total debt and hence, they were not allowed to participate in CoC meetings.

NCLT after hearing both parties held that operational creditors whose aggregate dues is not less than 10% are entitled to take part in CoC meeting without voting rights. However, the applicants are entitled for a copy of minutes of the CoC meetings after the minutes are finalized.

Consolidated Engineering Limited, herein referred as Operational creditor aggrieved with the order of NCLT dated 26th July 2018 filed appeal in NCLAT against the order passed and prayed to allow the applicant to attend CoC meetings. NCLAT vide its order dated 12th December 2018 held that prima facie it agreed with NCLT. However, taking into consideration facts and circumstances of the case, NCLAT allowed the representative of operational creditor only to watch proceedings of the CoC as agreed by the learned counsel for the RP. The representative participating on behalf of the applicant could not object. If any case,

any contrary decision had been taken, it might move proper application before appropriate forum at proper stage.

RP files application for exclusion of time in the NCLT⁶

RP filed application in NCLT to exclude 33 days from the computation of CIRP of 270 days. It had been submitted by RP that during the period from 25th July 2018 to 28th August 2018 on account of the order passed by the NCLAT the RP was completely precluded from exercising any kind of control on the operation and management of the CD. Thus, the entire CIRP had come to a standstill during the mentioned period. Therefore, 33 days had to be excluded from the CIRP Period.

Application to NCLT by RP for approval of payments to be made to related parties⁷

RP filed application in NCLT for approval to make payment to the related parties. The invoices had been verified by the RP. NCLAT vide its order allowed the RP to make the payments to related parties with approval of NCLT. NCLT allowed to make payments to related parties after approval of CoC.

EIH Limited files application in NCLT to have a copy of resolution plan approved by COC⁸

The application has been filed by EIH Limited praying to NCLT that the applicant be provided with a copy of resolution plan approved by COC for enabling the applicant to verify if any of its independent rights were affected and to raise legitimate objections regarding the same.

RP here mentioned that circular issued by Insolvency and Bankruptcy Board of India (“IBBI”) dated 23rd February 2020, Insolvency Professional had been directed not to disclose the information relating to CIRP to any other person other than specified in the Code or regulations thereunder. RP argued that EIH Limited

is not a member of erstwhile management with respect to CD, Financial Creditor or Operational Creditor.

Thus, EIH Limited had no locus standi to come up before NCLT for availing the Certified Copy of Resolution Plan. After hearing arguments from both parties, NCLT vide its order dated 27th September 2019 rejected the petition and accordingly disposed of the application filed.

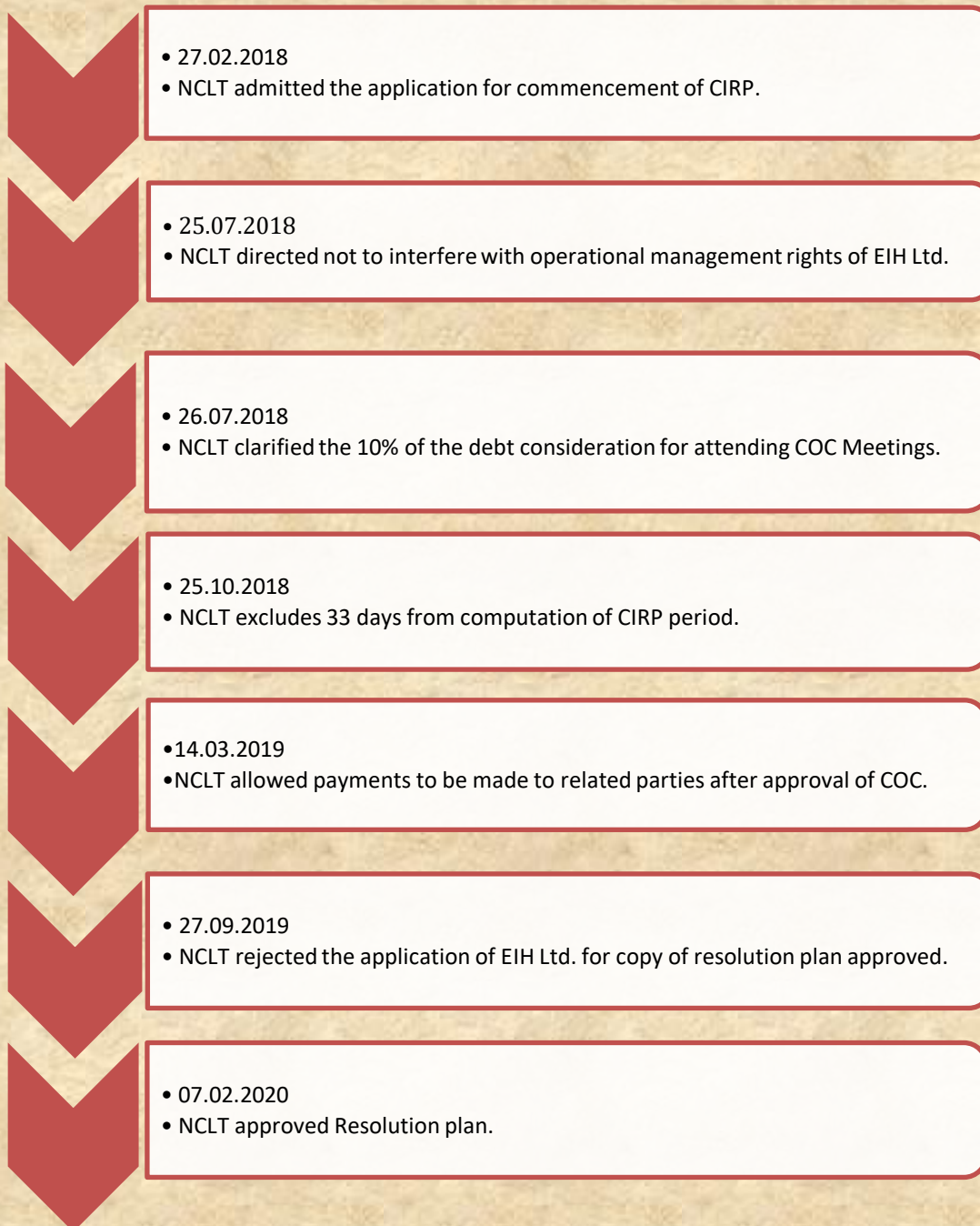
RP files application for approval of Resolution Plan in NCLT⁹

RP filed an application in NCLT for approval of Resolution Plan on 3rd January 2019. CoC in its 20th Meeting held on 18th December 2018 approved the resolution plan submitted by BREP Asia II Indian Holding Co II (NQ) Pte Ltd. with 68.26% votes. Objections were raised. After hearing all the parties, NCLT vide its order dated 7th February 2020 approved the resolution plan.

Concluding Notes

Private equity giant Blackstone Group Inc. has received court approval to acquire a debt-laden Trident hotel in Hyderabad for Rs 584 crore (\$81.7 million), sealing in its first deal in India under the bankruptcy law with around 63% haircut. While approving Resolution Plan, objections were raised from every party be it the promoters of Company or EIH Limited. After deliberations, the Resolution Plan was finally approved by NCLT and the CD became an example of Successful resolution under Insolvency and Bankruptcy Code.

CIRP Timeline



Bibliography

¹ <http://www.mca.gov.in/mcafoportal/companyLLPMasterData.do>

² <https://docs.google.com/viewer?a=v&pid=sites&srcid=Z29sZGVuanViaWxlZWhdGVscy5jb218Z2pocGx8Z3g6NmY0ZjRiYzUxYTMzMjl5Yg>

³ [https://ibbi.gov.in/webadmin/pdf/order/2018/Mar/27th%20Feb%202018%20in%20the%20matter%20of%20Golden%20Jubilee%20Hotels%20Private%20Limited%20CP%20\(IB\)%20No.%20248-7-HDB-2017_2018-03-07%2010:23:17.pdf](https://ibbi.gov.in/webadmin/pdf/order/2018/Mar/27th%20Feb%202018%20in%20the%20matter%20of%20Golden%20Jubilee%20Hotels%20Private%20Limited%20CP%20(IB)%20No.%20248-7-HDB-2017_2018-03-07%2010:23:17.pdf)

⁴ <https://nclt.gov.in/sites/default/files/Interim-order-pdf/IA%20No.732018%20In.pdf>

⁵ <https://nclt.gov.in/sites/default/files/Interim-order-pdf/IA%20No.2322018%20In.pdf>

⁶ <https://nclt.gov.in/sites/default/files/Interim-order-pdf/IA440.pdf>

⁷ https://nclt.gov.in/sites/default/files/Interim-order-pdf/27_120.pdf

https://nclt.gov.in/sites/default/files/Interim-order-pdf/24_135.pdf

⁸ https://nclt.gov.in/sites/default/files/Interim-Order-pdf/Doc055526_0.pdf

⁹ <https://ibbi.gov.in/uploads/order/7e7a413b72febc3d25518ab85307fafc.pdf>