



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

## **Casebook Issue**

Corporate Insolvency  
Resolution Process  
Journey of

Siva Ram Yarns  
Private Limited.

**INSOLVENCY  
UNCOVERED**

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## **About Siva Ram Yarns Private Limited.<sup>1</sup>**

Siva Ram Yarns Private Limited is a Private Limited company registered under Companies Act, 1956, incorporated on 29 March 2008. It is classified as a Non-government company and is registered at the Registrar of Companies, Vijayawada.

Its authorized share capital is Rs. 169,000,000 and its paid-up capital is Rs. 100,000,000. It is involved in Agricultural and animal husbandry service activities, except veterinary activities.[This class includes specialized activities, on a fee or contract basis, mostly performed on the farm.]

Siva Ram Yarns Private Limited's Annual General Meeting (AGM) was last held on 31 December 2022 and as per records from the Ministry of Corporate Affairs (MCA), its balance sheet was last filed on 31 March 2022.

Siva Ram Yarns Private Limited's Corporate Identification Number is (CIN) U01403AP2008PTC058425 and its registration number is 58425. Its Email address is rajeev@kennigton.com and its registered address is 9-93, Bendapudi Village Thondangi Mandal, East Godavari Dist Bendapudi Sankhavaram East Godavari AP 533406 IN.

The directors of Siva Ram Yarns Private Limited are Rajeev Ratanlal Tulshyan, Pooja Rajeev Tulshyan, and Ajay Ghanshyam Pal.

Siva Rama Yarns Private Limited last Annual General Meeting (AGM) was last held on 31st December 2022 and as per records from the Ministry of Corporate Affairs (MCA), its balance sheet was last filed on 31st March 2022.

## **Major Creditors**

- State Bank of India (Financial Creditor) and M/S VST Weaves India Private Limited (Operational Creditor) were the only major claimants in this case.

## **CIRP of Siva Ram Yarns Private Limited.<sup>2</sup>**

### **CIRP initiation under Section 9 of IBC, 2016**

An application was filed by M/S VST Weaves India Private Limited on 19<sup>th</sup> January 2018 which was admitted by the AA on 29<sup>th</sup> October 2019 under section 9 of IBC, 2016 which allows a defaulting corporate debtor to file and initiate CIRP before the Adjudicating Authority.

### **Admission and Initiation of CIRP of Siva Ram Yarns Private Limited**

The Corporate Insolvency Resolution Process (CIRP) was initiated and was presented for hearing before the Adjudicating Authority, NCLT Amravati Bench.

M/s VST Weaves India Private Limited (operational creditor) was incorporated on 1<sup>st</sup> January 2010 with registered office at 31-E, KRPA Road, Pallipalayam Erodi, Tamil Nadu- 638006, and was a supplier of Polyester Staple Fiber Yarns. As such they had supplied the material to M/s Siva Ram Yarns Private Limited during 2015-16. As the payments were not received for the material supplied to M/s Siva Ram Yarns Private Limited, an application was filed at Hon'ble NCLT, Hyderabad Bench u/s 9 of the Insolvency and Bankruptcy Code, 2016, vide petition CP (IB) No.173/9/HDB/2018.

The petition was admitted by the Hon'ble NCLT, Amravati Bench on 15<sup>th</sup> November 2019, and Shri S. Muthuraju was appointed as Interim Resolution Professional (IRP).

Later on, the Operational Creditor filed an I.A.No.45/2019 to replace Mr. Muthuraju as IRP with Mr. A.R. Ramasubramania Raja as the former IRP had given a letter dated 12<sup>th</sup> June 2019, informing that he would not be in a position to act as IRP. The Bench vide order dated 15<sup>th</sup> November 2019 replaced the IRP with Mr. A.R. Ramasubramania Raja.

The CoC in its 1<sup>st</sup> Meeting held on 17<sup>th</sup> December 2019, proposed to replace the IRP and suggested the name of Mr. Dommeti Surya Rama Krishna Saibaba, as Resolution Professional wherein he filed his consent in Form AA on the same date

### **Public Announcement**

Public Notice was issued by IRP on 19<sup>th</sup> November 2019 as contemplated u/23 of the IBC, 2016 and regulation 6(1) of the Insolvency and Bankruptcy Board of India (Insolvency resolution process for Corporate Persons) for inviting claims from the creditors, fixing 2<sup>nd</sup> December 2019 as the last date for receipt of claims under Form-A. Two claims were

received by the IRP amounting to Rupees 37,93,73,594.

### **1st CoC meeting and Appointment of RP**

Committee of Creditors was constituted on 9<sup>th</sup> December 2019 consisting of the sole financial creditor, State Bank of India and the first CoC meeting was held on 17<sup>th</sup> December 2019. The CoC passed the resolution to replace the IRP and appoint Mr Dommeti Surya Rama Krishna Saibaba on 17<sup>th</sup> December 2019. The Hon'ble NCLT appointed Mr. Dommeti Surya Rama Krishna Saibaba as RP vide order dated 3<sup>rd</sup> January 2020. Further, the RP appointed four registered valuers vide appointment letter dated 24<sup>th</sup> December 2019.

### **Application u/s 19(2) of IBC, 2016 and Information Memorandum**

RP filed an application u/s 19(2) of the Code i.e. TCP (IB)NO.22/9/AMR/2019 dated 5<sup>th</sup> March 2020 for seeking cooperation of the management. Further, the Information Memorandum was submitted to the CoC on 25<sup>th</sup> February 2020.

### **Expression of Interest to invite Prospective Resolution Applicant(s)**

The RP issued and published a notice inviting Expression of Interest (Form-G) on 31<sup>st</sup> January 2020, which was forwarded to the Board on 6<sup>th</sup> February 2020. The last date to submit EOI was 15<sup>th</sup> February 2020. In response to the notice, Expression of Interest was received from only one applicant i.e. M/s Kennington Industries Private Limited. Further, the provisional list of resolution applicants was issued on 25<sup>th</sup> February 2020; also the final list was issued on the same date which included M/s Kennington Industries Private Limited.

### **Request for Resolution Plans**

The evaluation matrix was issued on 25<sup>th</sup> February 2020, and the last date for submission of resolution plans was 31<sup>st</sup> March 2020. However, in the meanwhile lockdown was imposed in the wake of Covid-19 pandemic with effect from 25<sup>th</sup> March 2020. Therefore, the Resolution Applicant could not submit the Resolution Plan before 31<sup>st</sup> March 2020 and requested extension of time. The last date for submission of Resolution Plan was extended several times with the approval of CoC.

### **3<sup>rd</sup> CoC meeting**

In the 3<sup>rd</sup> meeting of CoC held on 25<sup>th</sup> February 2020, RP informed that request for Expression of Interest (EOI) was received from three applicants. The complete set of EOI

was received from M/s Kennington Industries Limited.

### **7th CoC Meeting**

In the 7<sup>th</sup> CoC meeting held on 4<sup>th</sup> September 2020, RP advised to seek the approval of NCLT for exclusion of NCLT for exclusion of Covid-19 pandemic period and to further extend the CIRP period by another 90 days beyond 180 days.

Accordingly, an I.A. was filed on 7<sup>th</sup> September 2020 with NCLT with the same prayers. Hon'ble NCLT approved the exclusion of Covid-19 period by 251 days commencing from 25<sup>th</sup> March 2020. It also approved the extension of CIRP period by another 90 days.

### **Fresh Expression of Interest**

With the approval of CoC, the RP published a fresh notice inviting Expression of Interest (Form-G) on 16<sup>th</sup> December 2020 fixing the last date for receipt of Expression of Interest as 31<sup>st</sup> December 2020 and the last date for receipt of Resolution Plan as 13<sup>th</sup> February 2021.

In response to the notice, an Expression of Interest was received from two applicants i.e. M/s Kennington Industries Private Limited, and, Sri M.V. Rattaiah, director of the suspended board of M/s Siva Ram Yarns Private Limited. Both of them submitted self-declaration u/s 29A stating that they are eligible to submit Resolution Plans. Also, both of them submitted the Resolution Plans.

### **Due Diligence of Resolution Plan u/s 29A of the Code**

The due diligence u/s 29A of the Code was conducted by M/s Sanjay & Co., Chartered Accountants, Meerut. The report disqualified Sri M.V. Rattaiah to submit a resolution plan as he was ineligible u/s 29A of IBC, 2016, as he was one of the directors in M/s Spads Textiles Limited which was declared undischarged insolvent.

### **10th CoC Meeting**

In the 10<sup>th</sup> CoC meeting held on 9<sup>th</sup> March 2021, CoC members evaluated the resolution plan submitted by the two Resolution Applicants. After deliberations, the resolution plan submitted by Sri M.V. Rattaiah was rejected as he was found ineligible u/s 29A of the Code.

CoC advised M/s Kennington Industries Private Limited to submit a revised resolution plan.

## **11th CoC Meeting**

In the 11th CoC meeting held on 15th April 2021 the revised resolution plan was approved with 100% voting in terms of the requirement of section 30(2) of the Code read with regulations 37 and 38 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 subject to the approval of the Adjudicating Authority (Hon'ble NCLT, Amravati Bench at Hyderabad)

## **Approval of Resolution Plan<sup>3</sup>**

An application was by the RP before the Adjudicating Authority on 17th April 2021, for the approval of the resolution plan submitted by M/s Kennington Industries Private Limited. The same was accepted by the Hon'ble NCLT vide order dated 23rd March 2022.

## **Timelines**

**29<sup>th</sup> March 2008**

- Siva Ram Yarn Private Limited was incorporated

**15<sup>th</sup> November 2019**

- Initiation of CIRP by M/s VST Weaves India Private Limited

**19<sup>th</sup> November 2019**

- Public announcement

**17<sup>th</sup> December 2019**

- First CoC meeting
- Appointment of RP

**31<sup>st</sup> January 2020**

- Expression of Interest
- 11<sup>th</sup> CoC Meeting: Approval of Revised Resolution Plan-  
**15<sup>th</sup> April 2021**

**17<sup>th</sup> April 2021**

**Approval of Resolution Plan by AA**

## **Bibliography**

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