

(2003) 07 DEL CK 0085

In the Delhi High Court

Case No : C.A. No. 606 of 2003 in CA 797 of 2000 along with all the connected matters

In Re: Modiluft Ltd. (now known as Royal Airways Ltd.)

Date of Decision : 29-07-2003

Acts Referred:

Companies (Court) Rules, 1959 — Rule 67, 69, 79
Companies Act, 1956 — Section 235, 236, 237, 238, 239

Citation : (2003) 106 DLT 217 : (2003) 71 DRJ 397 : (2003) 47 SCL 227

Hon'ble Judges : Mukul Mudgal, J

Bench : Single Bench

Advocate : Rajiv Sawhney, Niraj Sharma and Jasleen Oberoi, for S.K. Modi Group, Rakesh Sawhney, for Paradise Credit Pvt. Ltd., Rajiv Nayyar and Abhimanyu Mahajan, for Leela Capitals and Finance Ltd., H.L. Tiku and H.K. Gulati and M.S. Jarnwal, for Crown Corprn., Vikas Dhawan and Vikrant Rohilla, for Mallanpur Steel HDC, Sandeep Mittal, for Taj, Lufthansa in CA 606/03 and Ravindra Kumar, for OL in Report Nos. 19, 120 and 134/0 A.M. Singhvi, Anand Srivastava, S.S. Mahmood and S. De, in CA 606/03 in CA 797/000, Vibhu Bhakru, for Macho Foods in CA 1852/02, Joseph Koshy, in CP 162/96 and 185/97, S.K. Chaudhary, in CP 322/96 and CCP 2/98, Israel Ali, in CPS 90, 332/97, 90-91, 362/98 and 31/00, Sanjeev Sachdeva, in CP 102/97, U.A. Rana and Arvind Kumar, in CP 147/97, S.D. Salwan, in CP 229/97, R.K. Trakru, in CP 406/97, R.K. Chadha, in CP 341/97, P. Banerjee, in CP 413/97, Mukesh Kr. Tripathi, in CP 48/98, Manish Chandra, in CP 77/98, Ravi Varma and Sumeet Gupta, in CP 469/98, Sharat Kapoor and Pushpendra Shukla, in CPS 496/98 and 363/99, Sandeep Mittal, in CPS 118, 119, 120, 123 and 416/99, M.S. Vinaik, in CP 88/01, Tripat Singh, in CP 110/01, Rashmi P. Malhotra and P.K. Prabhat, in CA 298, 409/02 in CP. 69/9, for the Appellant; A.M. Singhvi Anand Srivastava, S.S. Mahmood and S. De, for the Respondent

Judgement

Mukul Mudgal, J.—This is an application, moved on behalf of the Royal Airways Limited (hereinafter referred to as 'the RAL') u/s 391(1) and 393 of the Companies Act read with Rule 67 & Rule 69 of the Company Court Rules 1959(hereinafter referred to as the Act), praying for directions regarding the convening of the meetings of the creditors of the applicant company for the purpose of considering the Scheme for Compromise with its creditors. The

registered office of applicant company is in Delhi, within the territorial jurisdiction of this Court.

2. The application, CA 797/2000 was initially filed pursuant to an Order of this Court dated 31st December, 1999. In these group of winding up petitions, the first petition was filed on 1st July, 1996 and thereafter upon a total deposit of Rs.9 crores on 31st December, 1999, the RAL was permitted to file a scheme for compromise, CA 797/2000. But pursuant to the Order dated 6th March, 2003 the said scheme was updated by the directions of this Court, leading to the present CA 606/2003.

3. This is an updated Scheme of Arrangement, filed by the applicant pursuant to the order of this Court dated 6th March 2003 in CA 797 of 2000, which reads as under:

"CA 797/00 will be taken up as the main case.

There are two rival claimants to the management of the company. The company, i.e., Modiluft Ltd(now known as `Royal Airways Ltd.") is represented by S/Sh. S.S. Mahmmud & Sumanta De and S.K. Modi Group is represented Shri Rajiv Sawhney, learned Senior Counsel Along with instructing counsel, Mr. Niraj Sharma.

Mr. De, the Learned counsel for the company states that before the Scheme is sent for perusal and if possible, approval by the creditors as contemplated by the Order of this Court dated 23rd November, 2001, he would like to update the scheme in view of the company's current financial status indicating the amount infused and expended in the company up to date now. He states that about Rs.80 crores (75 million US \$) have been received. He also states that out of the said amount of Rs.80 crores, a sum of Rs.40 crores has been paid towards the Government dues.

List all the matters on 29th April, 2003 to enable the learned counsel for the company to submit such an updated scheme with advance copies to all the creditors within four weeks from today. Counsel for the parties in all the connected matters will obtain the copies of the updated scheme from the office of the counsel for the company within four weeks from today."

4. Thus this Court permitted the latest financial position to be updated by way of this application. The order dated 6th March 2003 has not so far been challenged/ set aside or stayed. The salient features of the scheme as updated by this application have been highlighted as under by the counsel for the applicant M/s Royal Airways Ltd.

(a) A vast majority of creditors i.e., to the tune of Rs.41 crores out of Rs.51 crores have consented to the scheme

(b) The present scheme also envisages enhancement in the percentage, of the principal amount to be repaid as per the earlier scheme.

(c) The principal opponent to the scheme S.K. Modi has been found by this Court to have by his fraudulent action, caused a loss of more than Rs.35 crores to the company.

(d) The present management's status in the company has received re affirmation by the injunction of this Court dated 5th September 2001 restraining S/Sh. S.K. Modi, .K. Gupta and D.K. Babbar from acting on behalf of the Company and Bombay High Court Prothonotary's Order dated 15th April, 2002 which confirms the authority and status of the present management (the applicant)

(d) The scheme is to be financed through

(i) deposits in this court of about Rs. 11 crores

(ii) rights issue

(iii) proceeds from sale of shares pledged with inter-corporate depositors.

(e) The scheme cannot be stalled at the initial stages on the ground of time bound debts being excluded in view of the settled positions of law as elucidated by the judgment in Techno Metal India (P) Ltd. vs. Prem Nath Anand reported as (1973) 43 Co. Cas 556 as well as the judgment of the Division Bench of this Court in Diwan Chand Kapoor vs New Rialto Cinema (P) Ltd. reported as (1987) 62 Comp. Cas 810.

5. In support of this application, the applicant has urged as under:-

(a) That more than 11 crores is available for utilization towards the disposal of the scheme as per the Order of the Division Bench of this Court dated 13th December, 2001. The said order reads as follows:-

"Having heard the learned counsel for the parties, we are of the opinion that the impugned order need not be interfered with. However, we may observe that the question of disbursement of the money by the Company Judge may be considered at the time of the final hearing, in accordance with the outcome of the Scheme.

This appeal is accordingly dismissed."

(b) That the debts of individual creditors except customs have been settled and about Rs.51 crores have been settled towards statutory dues. The Customs dues are under litigation and have been questioned by filing of a writ petition No.6611/2001 which is still pending. The payment of such statutory dues was a precursor for the successful re-launch of the airlines and in accordance with the terms of the Conditional No Objection Certificate dated 29th February, 2000 of the Ministry of Civil Aviation. By the Order dated 23rd November, 2001, passed in CA 797/2000, this Court permitted a meeting of 5 classes of creditors, namely, oil companies and other government departments, trade creditors, staff creditors, Lufthansa and Inter Corporate Depositors. The Court had also

observed in the said order that the date, time and venue for the same be disclosed on the next date of hearing.

(c) That the present scheme contemplates 4 classes of creditors as under:

(i) Deutsche Lufthansa A.G. & Lufthansa Technik Aktiengesellschaft;

(ii) Inter Corporate Depositors;

(iii) Trade Creditors and

(iv) Staff Creditors.

(d) Furthermore out of a total value of the creditors of Rs.51 crores, creditors up to Rs.41 crores have given their consents to the scheme which demonstrates the bona fides and the fairness of the scheme. Consequently the dispensation of meeting is sought in respect of (a) Lufthansa which has agreed to receive Rs.6 crores out of a principal amount of Rs.25 crores and accordingly since Lufthansa has consented first motion is sought to be dispensed for Lufthansa, (b) out of a total value of trade creditors of Rs.6,00,84,229, about 83 per cent have consented and dispensation of first notice is also sought for trade creditor's class (c) the meeting of Inter Corporate Depositors is sought even though about the 75% of the ICD Lenders have consented. It is also stated that ICD Crown Corporation can also be invited to attend the Meeting of the Creditors. Agache Associates has not been invited as it caused RAL, a loss of Rs.36 crores and Leela Capital and Finance Limited has not been invited as an ICD lender as its dues are contested in a Civil Suit No.702 of 1997 in the Bombay High Court.

(e) That attempts have been made to launch the airlines operations by Constituting the fully professional Board of Directors and any attempt to thwart the re-launch would affect the interests of investors, shareholders and creditors, public and employees already on the rolls of the company. The litigation on the Original Side of this Court has also been mentioned in this application. It is also stated that the following Board of Directors of RAL have participated in the 18th Annual General Meeting of RAL, held on 16th April, 2003:

1. Mr. Vijay Kumar

2. Mr. Ramesh Kansagara

3. Mr. Bhulo Kansagara

4. Mr. Kishore Gupta

5. Mr. Atul Sharma

6. Mr. Sidhantha Sharma

6. Mr. Sawhney, the learned Senior Counsel, appearing on behalf of the S.K. Modi Group submits that the scheme was already pending and the updated scheme seeks to oust certain set of creditors on the ground that a fraud has been

perpetrated by the S.K. Modi Group and the call money on the shares has not been paid by the said Group. The scheme seeks to emphasize and concretize such claims of the applicant. The wrongful approval of the creditors is also accordingly sought. He has further submitted that right at the threshold the Court should consider the bona fides of the scheme and the basis of the updated scheme seems to be the alleged fraud by the S.K. Modi Group and its consequent liability towards the company. He has further submitted that even referring the scheme for approval amounts to accepting the legality and correctness of the scheme by the Court as the Court is supposed to take into account the bona fides and feasibility of the scheme as per the law laid down in *N.A.P. Alagiri Raja and Company vs. N. Guruswamy and Others* reported as 1989 (65) Comp Cas 758. Reliance has also been placed on *Union of India and Others vs. Godfrey Philips India Ltd.* reported as 1986 (59) Comp Cas 832 to contend that the Company Court is not a conduit pipe for referring whatever schemes are put forward. He has finally submitted that since the controversy as to who is in management is pending adjudication on the Original Side of this Court, Therefore, a disputed management cannot put forward a scheme since the control of the management is pending the result of the civil suit on the Original Side of this Court.

7. Mr. Sandeep Mittal, the learned counsel, who appears on behalf of the Lufthansa, states that the interest of the creditors is foremost and out of Rs.51 crores debts, owed in all by the company about Rs.26 crores are owed to the Lufthansa and about Rs.6 crores are owed to the Taj Group which constitutes Rs.31 crores out of Rs.51 crores and there is a support of such creditors to the scheme.

8. Mr. Dhawan, the learned counsel appearing for the Mallanpur Steel submits that the company which was owed Rs.5 crores cannot be treated differently from Leela. He further submits that the Credit Committee is not competent to adjudicate as to whether a debt is time-barred. He has further submitted that the Mallanpur Steel must be placed in the same position as the Leela Capitals finds itself as out of the total debts owed to the Leela Capitals, a sum of Rs.5 crores has been deposited in Court in a summary suit pursuant to the orders of the Court.

9. Mr. Rajiv Nayar, the learned Senior Counsel, appearing for the Macho Foods, submits that Shri S.K. Modi was involved in a fraudulent transaction as found by this Court in CA 1852/2002 which order still holds the field and any attempt by him to deflate the scheme is tainted with malice. He further says that the wisdom and the desire of the creditors which in the present case is more than Rs.41 crores out of Rs.51 crores debt cannot be brushed aside.

10. Mr. Tikur, the learned Senior Counsel appearing for the Crown Corporation has submitted that the payment to the public sector undertaking and the statutory dues were not justified as the debt has to be shown to exist and the preference to statutory dues is accordingly illegal.

11. It has thus been contended that as per the law laid down in Ram Chand Puri Vs. Lahore Enamelling and Stamping Co. Ltd., S. Abdul Muthalibu Vs. K.M. Mohammed Abdul Khader, and Indian Turpentine & Rosin Co., Ltd. vs Pioneer Consolidating Co., of India Ltd. 1988 Comp Cas 169, it is not permissible for the company to leave out the creditors on the ground of limitation.

12. Mr. Rakesh Sawhney, who appears on behalf of the M/s Paradise Credit Pvt. Ltd. has submitted that due to the passage of time, the scheme propagated in CA 797/2000 has become impossible due to the breach of the contract by Royal Holdings Services Ltd. (RHSL). He has inter alias referred to the extensive adjudication, pending regarding ownership, management and control of the company being Suit Nos.237 of 2002 and Suit No.820 of 2002. Since the original application, C.A.No.797 of 2000 was no longer implementable, the present scheme which avowedly seeks to update the said scheme also cannot be implemented as it is mala fide and illegal. The payment to the public sector companies such as Oil Companies, Customs, MTNL is beyond what would have been payable as originally proposed. The preference given to statutory dues amounts to fraudulent preference as against its other creditors. The applicant's name has been wrongly deleted as it is owed Rs.77,90,500/- which is originally acknowledged in CA 797/2000 and the applicant cannot be kept out of the lists of creditors as per the present CA 606/2003.

13. Before I deal with the rival pleas in support of and in opposition to the updated scheme put forward in the present CA 606/03, it is necessary to keep in mind the fact that at this stage the Court is not according its sanction or imprimatur to the scheme, but is only referring it for consideration by the Company's constituents and the creditors and while the company court can not be merely a conduit or a post office to refer any and every scheme put forward, at this stage the scheme has to be broadly seen not to contravene any law and should not be mala fide for a collateral purpose.

14. In the present case since this scheme, if approved, seeks to repay the creditors and has already the consent of Lufthansa which is said to be owed Rs.26 crores and also has the consent of 83 per cent trade creditors and Therefore, at this stage, the bona fides of the scheme can not be doubted. Detailed and extensive pleas on the legality and validity of the scheme may be rightly advanced and when the 1st motion is carried and the scheme brought before this Court for sanction. Thereafter the scheme has to be referred to the Regional Director, Companies and upon receiving its comments the plea of all other creditors and objectors as to the scheme's legality and viability may be urged. It would be extremely unfair to the preponment of the scheme and the other vast majority of creditors to be denied this opportunity of having the scheme deliberated upon by those whose consent through this first motion u/s 391(1) is sought.

15. I cannot lose sight of the fact that this scheme now propounded seeks to re-launch the airlines operation of the company and is thus an avowed attempt to

revive the fortunes of the company by attempting to liquidate the debts of the company. Therefore the position of law laid down in N.A.P. Alagiri Raja and Company's case (supra) and (59) Godfrey Philips India Ltd's case (supra) is not applicable as the scheme has been found prima facie valid and bona fide.

16. Secondly, the mere filing of suits on the original side by one of the rivals to the propounder of the scheme cannot be construed to be a bar to entertaining a scheme in the absence of any interim order. If Mr. Sawhney's plea as to the existence of dispute as to management pending in this Court as bar for propounding a scheme by the existing management is accepted, then all that an objector/opponent has to do is to file a suit and dub the management as disputed, to thwart a scheme. If such a plea is accepted even a suit without merit filed to ostensibly dispute the management's credentials, can have the effect of stalling a revival scheme for several years. Such a plea of Shri Sawhney about the pendency of a suit about the control of the company being a bar against the consideration of this scheme u/s 391 cannot, Therefore, be accepted inter alia in the absence of an interim order given in the civil suit. I am also not bound to consider the other pleas of the objectors at this stage as the creditors of this company are yet to give their verdict on the feasibility and desirability of the scheme.

17. Regarding the plea of Shri Sawhney that the original scheme has become impossible due to passage of time, the very fact that an updated scheme is being put forward that too pursuant to permission granted by this Court on 6th March, 2003 belies the plea of the objector regarding the outdated nature of the scheme.

18. Furthermore, the avowed preference given to the government/statutory dues can not be considered as fraudulent as it was done bona fide, pursuant to the conditions found in the No Objection Certificate dated 29th February, 2000 granted by the Ministry of Civil Aviation. Condition No.(b) in the conditional approval to import aircraft fully supports the applicant and reads as follows:-

"(b) it would give an undertaking that it would settle the dues with all agencies like AAI, Customs, Oil Companies etc., and furnish certificates to this effect from the concerned agencies."

Thus the objection as to a fraudulent preference to statutory dues is totally baseless in view of the above conditional approval. The company obviously cannot be revived without the above approval which imposed the condition leading to the statutory payment objected to. The payment of the sum of Rs.51 crores towards statutory dues cannot thus be faulted and is in fact essential for the revival of the company. Such payment of statutory dues are in any event in public interest.

19. In so far as objection to flawed classification of creditors is concerned, the settled law in view of the approval of the view of Palmer on Company Law by the Hon'ble Supreme Court in Miheer H.Mafatlal vs. Mafatlal Industries in 1996(87) Comp. Cases 792 @ 83 is as under:

"On the express language of section 391(1) it becomes clear that where a compromise or arrangement is proposed between a company and its members or any class of them a meeting of such members or class of them has to be convened. This clearly pre-supposes that if the scheme of arrangement or compromise is offered to the members as a class and no separate scheme is offered to any sub-class of members which has a separate interest and a separate scheme to consider, no question of holding a separate meeting of such a sub-class would at all survive. Even otherwise it becomes obvious that as minority shareholder if the appellant had to dissent from the scheme his dissent representing 5% equity shareholding would have been visible both in a separate meeting, if any, or his sub-class or in the composite meeting where also his 5% dissent would get registered by the appellant either remaining present in person or through proxy. Consequently when one and the same scheme is offered to the entire class of equity shareholders for their consideration and when the commercial interest of the appellant so far as the scheme is concerned is in common with other equity shareholders he would have a common cause with them either to accept or to reject the scheme from commercial point of view. Consequently, there was no occasion for convening a separate class meeting of the minority equity shareholders represented by the appellant and his group as tried to be suggested. It is also to be kept in view that it is not the case of the appellant that any different terms of compromise were offered to persons holding equity shares who were covered by the family arrangement of 1979 or otherwise. In fact the entire proposal of the scheme of arrangement was one affecting equally and in the like manner all the existing equity shareholders of the respondent company. In this connection, it is profitable to refer to what the learned author Palmer in his treatise Company Law, 24th edition, has to say:

"What constitutes a class:

The court does not itself consider at this point what classes of creditors or members should be made parties to the scheme. This is for the company to decide, in accordance with what the scheme purports to achieve. The application for an order for meetings is a preliminary step, the applicant taking the risk that the classes which are fixed by the judge, unusually on the applicant's request, are sufficient for the ultimate purpose of the section, the risk being that if in the result, and we emphasize the words "in the result, they reveal inadequacies, the scheme will not be approved". If e.g., rights of ordinary shareholders are to be altered, but those of preference shares are not touched, a meeting of ordinary shareholders will be necessary but not of preference shareholders. If there are different groups within a class the interests of which are different from the rest of the class, or which are to be treated differently under the scheme, such groups must be treated as separate class for the purpose of the scheme. Moreover, when the company has decided what classes are necessary parties to the scheme, it may happen that one class will consist of a small number of persons who will all be willing to be bound by the scheme. In that case it is not the practice to hold a meeting of that class, but to make the class a party to the

scheme and to obtain the consent of all its members to be bound. It is, however, necessary for at least one class meeting to be held in order to give the court jurisdiction under the section."

It is, Therefore, obvious that unless a separate and different type of scheme of compromise is offered to a sub-class of a class of creditors or shareholders otherwise equally circumscribed by the class no separate meeting of such sub-class of the main class of members or creditors is required to be convened."

Therefore, at this stage it is for the company to decide what classes of creditors or members should be made parties to the scheme. If the scheme is eventually found inadequate, it is a risk that the propounder of the scheme is taking. Consequently, the classes, if any, left out lead to inadequacies in the scheme, then the scheme may not be approved u/s 391(2). Accordingly, the plea as to erroneous classification at this stage raised by the objectors cannot be upheld in view of the above settled position of law.

20. Section 391 of the Act reads as under:-

"391. Power to compromise or make arrangements with creditors and members.____(1) Where a compromise or arrangement is proposed____

(a) between a company and its creditors or any class of them; or

(b) between a company and its members or any class of them;

the Court may, on the application of the company or of any creditor or member of the Court may, or, in the case of a company which is being wound up, of the liquidator, order a meeting of the creditors or class of creditors, or of the members or class of members, as the case may be, to be called, held and conducted in such manner as the Court directs.

(2) If a majority in number representing three-fourths in value of the creditors, or class of creditors, or members, or class of members, as the case may be, present and voting either in person or, where proxies are allowed [under the rules made u/s 643], by proxy, at the meeting, agree to any compromise or arrangement, the compromise or arrangement shall, if sanctioned by the Court, be binding on all creditors, all the creditors of the class, all the members, or all the members of the class as the case may be, and also on the company, or in the case of a company which is being wound up, on the liquidator and contributories of the company....."

The relevant position of law applicable at the stage of S. 391(1) of the Act has been eloquently summed up by the Madras High Court in N.A.P. Alagiri Raja & Co. vs. N. Guruswamy (1989) 65 Comp. Cases 758 as under:

"An order u/s 391(1) has to be made only after the court considers the feasibility or otherwise of the proposed scheme or settlement and the bona fides of the applicant and the application. It cannot be said that at the stage of filing an application u/s 391(1), the court is not called upon to consider the feasibility or

otherwise of the proposed scheme or settlement and that will have to be decided first in the meeting of the creditors or shareholders as the case may be and then only when it comes before the court for confirmation or sanction of the arrangement under clause (2) of section 391, the court will have to be satisfied about the reasonableness of the compromise and the public interest or the creditors interest."

Thus it is clear that at this stage of Section 391(1) the Company Court is concerned with the feasibility of the scheme, the bona fides of the proponent, the public interest, the reasonableness and the creditor's interest.

21. In so far as the plea about the exclusion of time barred debts not being part of the scheme is concerned, in view of the position of law in Palmer's Company Law (24th Edn.) which was quoted with approval by the Hon'ble Supreme Court, it is for the proponent of the scheme to take such risk of exclusions and it is not for the Company Court at the Section 391(1) stage to take into account this factor. It has not been pointed out by any objector that any similarly situated time bound debt has been included in the scheme. Furthermore adequate provision can be made for such claimants by appropriate modification u/s 391(2) by the Court if the claim of debts excluded from the scheme on the ground of limitation are found to be genuine and maintainable. The case of Leela, which is the subject matter of orders of a competent Court and that of statutory dues which are a sine qua non for the launch of the scheme obviously stand on a different footing. Accordingly, it is not possible to accept the plea of Shri Dhawan that the scheme would not be valid unless Mallanpur steel, for whose claim there is no Court order is brought on par with Leela's dues. When a meeting u/s 391(1) takes place, Mallanpur will have adequate opportunity of putting forward its point of view. Thus the position of law laid down by Palmer would also apply to Mr. Dhawan's plea. In my view, Dr. Singhvi is further justified in submitting that the principles which come into operation when Section 391(2) is to be applied are different from those which come into play when a scheme is sent for consideration u/s 391(1). He is also justified in referring to the Company Court Rules 67 & 79 which clearly stipulate different parameters applicable u/s 391(1) and 391(2). It is noteworthy that the scheme is binding only when it is got sanctioned by the Court and the denial of even a consideration for revival would be extremely unfair and unjust to the proponents of the scheme and the creditors who have already lent their support to the scheme.

22. Therefore, on consideration of all the factors enumerated above, I am of the view that the updated scheme, sought to be submitted by the applicant is bona fide and reasonable and prima facie feasible as well as in public interest as well as the creditor's interest, and should accordingly be sent for consideration u/s 391(1) of the Act.

23. The Board of Directors of the applicant company has passed the Resolutions dated 8th March, 2003 and 16th April, 2003, approving the proposed Scheme for Compromise. Copy of the said Resolutions have been placed on record. The

applicant has placed on record a copy of the Scheme for Compromise. The salient features of the proposed Scheme of Compromise and the circumstances which necessitate the compromise between the companies have been explained in the application and in the affidavit in support of the summons. The applicant has stated that no proceedings under Sections 235 to 251 of the Companies Act are pending against the Applicant Company or any of the creditors/Companies. The applicant has also placed on record its copies of the Memorandum and Articles of Association. Copy of the Audit Committee Report dated 5th April, 2003 of the applicant company has been placed on record.

I have considered the averments in the application and affidavit in support of the summons and also the materials placed on record. In view of the above submissions and findings recorded by me, it is ordered as under:

(a) in so far as the Lufthansa is concerned, the first motion is dispensed with in view of its consent to the updated scheme;

(b) in so far as the trade creditors are concerned since out of a total value of trade creditors of Rs.6,00,84,299/- approximately 82% have consented to the scheme, the first motion is dispensed with for the trade creditors;

(c) since 75 per cent of the Inter Corporate Deposit Lenders have consented and Mallanpur Steel has objected, the meeting be convened for the Inter Corporate Depositors;

(d) in view of the statement made by the learned counsel for the applicant, Crown Corporation Limited is also permitted to attend the meeting of the Inter Corporate Depositors;

(e) in so far as staff creditors are concerned due to the lack of requisite majority, the meeting has to be convened.

24. Accordingly in view of the aforesaid observations, the requirement of convening and holding the meetings of Lufthansa and the trade creditors is dispensed with. However, the meetings of the Inter Corporate Depositors as well as the staff creditors of the applicant company have to be convened as per the separate order being passed today for the purpose of considering and approving the proposed updated Scheme for Compromise.