

**IN THE NATIONAL COMPANY LAW TRIBUNAL
KOCHI BENCH**

MA/96/KOB/2020

IN

IBA/44/KOB/2019

(Under Section 30(6) of the Insolvency and Bankruptcy Code 2016)

Order delivered on 29th September, 2020

Coram:

Hon'ble Shri Ashok Kumar Borah, Member (Judicial)

Applicant/Resolution Professional:

K.P. Dileep,
Resolution Professional of
M/s Kaula Agro Foods Pvt.Ltd.
Veluthedath House, Ponnurunni,
Vytilla PO, Cochin-682019.

In the matter of

M/s Kaula Agro Foods Private Limited -Corporate Debtor

Parties/Counsel present (through video conference)

For the applicant : Shri K.P.Dileep, Resolution Professional

ORDER

This Miscellaneous Application has been filed by Mr. K.P.Dileep, Resolution Professional u/s 30(6) of IBC, 2016 read with Regulation 39(4) of the Insolvency and Bankruptcy Board of India (Insolvency Process of Corporate Persons) Regulations, 2016 in order to confirm and obtain an order on the successful Resolution Plan approved by the Committee of Creditors of the Debtor Company viz. M/s Kaula Agro Foods Private Limited.

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2. IBA/44/KOB/2020 has been filed by the Applicant Sameer Muhamed Abdul Rahman on 16.10.2019 before this Tribunal u/s 10 of the Insolvency and Bankruptcy Code (IBC), 2016, read with Rule 7 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, to initiate Corporate Insolvency Resolution Process (CIRP) against **M/s Kaula Agro Foods Private Limited** (hereinafter referred to as “Corporate Debtor”). The said application was admitted by this Tribunal vide Order dated 03.12.2019 and Mr. K.P. Dileep (Registration No. IBBI/IPA-001/IP-P01310/2018-19/12220) was appointed as the Interim Resolution Professional (IRP). The first CoC held on 03.01.2020 approved to continue the IRP as RP. The CIRP period commenced thereafter.

3. The IRP, so appointed had submitted the action taken towards commencement of CIRP as under: -

- a. IRP took over the management of affairs of the Corporate Debtor and caused public announcement on 06.12.2019 under Regulation 6(1) of the Insolvency and Bankruptcy Board of India Regulation, 2016 for filing claims by the creditors. On due verification of claims received CoC was formed with State Bank of India as the sole financial creditor with 100% voting rights.*
- b. In the first CoC meeting held on 03.12.2020, it was unanimously resolved to appoint Sri Dileep K.P., as Resolution Professional under Section 22(2) of the IBC, to manage the operation of the Corporate Debtor till conclusion of CIRP, after obtaining a written*

consent from him in Form-2. The appointment of Resolution Professional was taken on record by this Tribunal on 08.01.2020.

- c. The Resolution Professional convened subsequent CoC meetings on 14.02.2020, 18.06.2020, 15.07.2020 and 01.08.2020 wherein significant issues on Information Memorandum, appointment of valuers, appointment of auditor for transaction audit, approval of resolution cost, extension of timeline for CIRP on account of lockdown imposed by the Central Government in the wake of Covid-19, Publication of Expression of Interest and approval of Resolution Plan were discussed and decided.*

EXPRESSION OF INTEREST (EOI) CALLING FOR RESOLUTION PLAN

4. As per Section 25(2) (h) of the IBC, 2016, the Resolution Professional invited Expression of Interests calling for Resolution Plans from the prospective Resolution Applicants, by publishing Form-G in two newspapers on 10.03.2020. There were few enquiries received based on the publication of EOI, however, due to imposition of nationwide lockdown on 24.03.2020, the enquiries did not materialise and they did not evince interest in submission of EOI. The time line was extended on account of the lockdown period. During the extended time line, Resolution Professional received one EOI from M/s Tolins Pure Foods Pvt Ltd (CIN No: U15400KL2020PTC062141) having Registered Office at 27/1153, 2nd Floor, Main Avenue Opp. Kairali Apartments, Panampilly Nagar, Ernakulam.

ACCEPTANCE OF STAGE BID FROM RESOLUTION APPLICANT

5. The EOI submitted by **M/s TOLINS PURE FOODS PVT LTD** (hereinafter referred to as “Resolution Applicant) bearing CIN No: U15400KL2020PTC062141 was evaluated by the CoC at its meeting held on 18.06.2020. On a preliminary scrutiny of the EOI application, the CoC found that the Resolution Applicant did satisfy the eligibility criteria prescribed under Section 29A of the IBC. An affidavit confirming their eligibility under Section 29A of the Code was obtained. Accordingly, the CoC decided to call for detailed Resolution Plan from the Resolution Applicant. The minutes of the said CoC meeting dated 18.06.2020 was submitted to this Bench which was taken on record by this Tribunal on 07.07.2020.

RESOLUTION PLAN

6. The Resolution Plan submitted by the Resolution Applicant, was discussed by the CoC at its meeting held on 15.07.2020. Thereafter Resolution Plan was approved by the CoC at its meeting held on 01.08.2020.

BACKGROUND OF THE CORPORATE DEBTOR

7. M/s. Kaula Agro Foods Private Limited (Corporate Debtor) was incorporated on 18.02.2008 with the main objective as to “*prepare, manufacture, market trade, import, export, process, sell and carry on the business of pickles, spices, chillies, pepper, cloves and other food items derived from agricultural and farming activities and to carry out all kind of agriculture,*

horticulture and other allied activities, and also establish, develop , promote and aid in India or outside India any agriculture or horticulture business or industry”

BACKGROUND OF RESOLUTION APPLICANT

8. Tolins Group was founded in 1982 as an SSI unit, by the great visionary late Shri KP. Varkey, foreseeing the prospects in tyre re-treads. The Group possesses an excellent track record in the manufacturing and marketing of tyres and accessories, well-knit dealer network across the country and active customer support. Their product won huge accolades in the market for their durability, high strength, and longer functional life. Tolins Group established itself as a major tyre re-treading solution provider across the country and as many as 40 foreign countries, including, East Africa, Middle East and New Zealand. Notably, Tolins is the first Indian re-tread brand to enter and survive in the toughest and most competitive American market for pre-cured re-treading products. Over a short span of time, the Tolins Group succeeded in developing Tolins into one of the leading rubber products and tyre manufacturing Companies in the country, having production facilities both in India and abroad. After the success in the tyre industry Tolins Group forayed into the FMCG industry through Uniglobe Foods Pvt Ltd., which was incorporated in 2nd July 2019 with the main object of manufacturing and dealing food products including rice, rice products etc. The Company acquired an existing Rice Mill and upgraded the manufacturing facility with the latest technology which has a capacity of 50MT per day. The Company is successfully running to achieve the projected goal. The

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Resolution Applicant, was established on 23rd May 2020 for manufacturing and marketing of food products like spice powder, masala powder etc. The Resolution Applicant proposed to acquire the Corporate Debtor with a view to achieve a production capacity of 150 MT of spices powder and 100 MT of Rice powder per month.

9. The basic idea behind acquisition of Corporate Debtor by the Resolution Applicant is to achieve a synergy as the Corporate Office of Resolution Applicant is close to the factory of Corporate Debtor. Therefore, such acquisition will help them to start operation straight away thereby avoiding the hassles of starting a green field project.

10. The Resolution Plan submitted by the Resolution Applicant is reproduced herein below, for further details/references.

RESOLUTION PLAN

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2. Background of the Resolution Applicant

2.1 Techno Commercial Profile of Tolins Group of Companies

Tolins Group was founded in 1982 as an SSI unit, by the great visionary late Shri K.P. Varkey, foreseeing the prospects in tyre retreads. The Group possesses an excellent track record in the manufacturing and marketing of tyres and accessories, well-knit dealer network across the country and commendable customer support. Our product earns huge accolades in the market for their durability, high strength, and longer functional life.

The group has established itself as a major tyre retreading solution provider across and as many 40 foreign countries, including, East Africa, Middle East and New Zealand. Notably, Tolins is the first Indian retread brand to enter and survive in the toughest and most competitive

American market for pre-cured retreading products. Over a short span of time the group has succeeded in developing Tolins into one of the leading rubber products and tyre manufacturing companies in the country, having production facilities both in India and abroad.

Following are the companies under the management of Tolins group in the manufacturing sector.

- 1 Tolins Tyres Private Limited. – Manufacturing of Tyre/Flaps and other tyre retreading materials to domestic market/STU/Export.
- 2 Tolin Rubbers Private Limited. – Manufacturing of Rubber Compound for industrial use.
- 3 Toja Tyre & Treads Private Limited. – Manufacturing of Tyre retreading materials for domestic market.
- 4 Peejay Rubber Industries Private Limited. – Manufacturing of Tyre retreading materials for domestic market
- 5 Quality Mix India Private Limited. – Manufacturing of Rubber compound for industrial use.
- 6 Tolins Tread India Private Limited. – Manufacturing and marketing of tyre retreading materials
- 7 Tolins Technologies Private Limited. - Manufacturing of Tyre Retreading Machineries.
- 8 Chris Hotels India Private Limited. – Refreshment Contractors

2.1.1 Footprints in FMCG sector

Getting inspired from the family manned paddy cultivations and the conventional methods of processing rice during 1960s, Shri K.P.Varkey was the pioneer in starting a rice mill in Kalady, which has emerged into the largest rice producing cluster in Kerala.

After the success in the tyre industry Tolins group forayed into the FMCG industry through Uniglobe Foods Pvt Ltd., which was incorporated in 2nd July 2019 with the main object of manufacturing and dealing food products including rice, rice products etc. The company acquired an existing Rice Mill and upgraded the manufacturing facility with latest technology which has a capacity of 50 MT per day. The company is successfully running to achieve the projected goal.

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The major positive outlook about FMCG industry is the increase in demand of food product and services in India due to the growing youth population, primarily in country's urban regions. FMCG is an industry like textiles and garments where new brands are acceptable to customers if placed with good quality supported with optimum pricing.

Tolins being a reputed brand in Non-FMCG Industry, incorporated another company in the FMCG sector, Tolins Pure Foods Pvt Ltd on 23rd May 2020 for manufacture and marketing of more food products like spice powder, masala powders etc. The company finds it synergistic to acquire Kaula Agro Foods Pvt Ltd a manufacturing company having capacity to produce 150 MT of Spice Powders per month and 100 MT of Rice Powders per month. Together Uniglobe Pvt Ltd, Tolins Pure Foods Pvt Ltd and Kaula Agro Foods Pvt Ltd can capture significant market share of the food industry.

2.1.2 Presence in other sectors

Tourism sector: - Tolins had launched myboattrip.com, world's first online booking portal for Houseboats. Now we have few selected signature properties for our guests in Munnar, Alleppy and Kochi, offering personalised care and hospitality under professional management expertise of Tolins. We also offer a fleet of Luxury Houseboats cruising across the serene backwaters of God's own country which is the most enchanting holiday experience one can ever have.

Following are the companies under the management of Tolins group in the tourism sector.

1. Tolins Hotels and Resorts
2. Cyrus Resorts Private Limited.
3. Safe Boat Trip Private Limited.

Education sector: - Tolins Group has forayed into Education arena with setting up of "LITTLE STARS" - Play school in Kalady near Cochin in 2012. Little Stars run by Tolins Educational Trust is widely considered as the best and largest play school in Kerala. The school is situated in a large campus with 30000 sq. Ft. built up area. The features offered includes air-conditioned classroom, large indoor and outdoor play area, air-conditioned media hall with big screen projected dormitory, breakfast, lunch and evening snack provided and air-conditioned transport etc. Academic training by expert teachers follows Montessori system. Textbooks including Malayalam language are specially designed for a student teachers' ratio of 10:1.

Continuing with successful play school campus in Kalady, Tolins group founded a world class school at Malayattoor, just 20 min drive from Cochin International Airport. Located on 15-acre green campus on the foothills of Western Ghats amongst lush green surroundings. Tolins World School covers LKG to Class XII batches based on CBSE syllabus.

Following are the institutions and companies under the management of Tolins group in the education sector.

1. Tolins World School Foundation
2. Tolins World School Pvt Ltd
3. Tolins Educational Trust

2.2 Tolins Pure Foods Private Limited

Tolins Pure Foods Private Limited (TPFPL) is the company which will be acquiring the Corporate Debtor, Kaula Agro Foods Private Limited (KAFPL). The incorporation details of TPFPL is as follows: -

Name of the company	Tolins Pure Foods Private Limited
CIN	U15400KL2020PTC062141
Registration Number	062141
Date of Incorporation	23 rd May 2020
Registered Address	27/1153, 2nd Floor, Main Avenue, Opp. Kairali Apartments, Panampilly Nagar Ernakulam - 682036, Kerala, India
Paid up Capital	Rs 20,00,000
Share Holders	1. Kalamparambil Varkey Tolin (1,000 shares) 2. Chris Tolin (1,000 shares)
PAN	AAHCT8593M

2.2.1 Directors

Sl No	Name	Father's Name	Address	DIN	PAN	Shares held
1	Kalamparambil Varkey Tolin	Kalamparambil Paulo Varkey	Kalamparambil House, Kalady P.O., Ernakulam - 683574	00381218	ABNPT9804F	1000

2	Chris Tolin	Kalamparambil Varkey Tolin	Kalamparambil House, Kalady P.O., Ernakulam - 683574	08746261	BJRPT6996B	1000
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2.2.1.1 Kalamparambil Varkey Tolin

Dr K.V. Tolin joined his business of his late father Shri K.P. Varkey in early 1990's and accelerated diversification of the family business from rice mill to tread and tyre manufacturing business. By 2005 he dared to think about commencing manufacturing automobile tyres, which was dominated by major giants of the industry. Because of his aggression as an Industrialist, by 2008 the group become successful in exporting 60% of tyre production to several Middle Eastern and African subcontinental countries.

Dr Tolins got Doctorate in Production management, with special relation to tyre industry, from Colombo University, Sri Lanka.

Dr. K. V. Tolin, as an Industrialist, received the following recognitions/awards from different sources:

- Best Exporter Award from Government of India from 2007 onwards.
- Entrepreneur Excellence Academician Cocreating value with Gratitude from Jain Bharath School of Management studies.
- Business Award 2004 – Global Malayalee Council
- Vocational Excellence Award 2012-13 – from Rotary Club of Irinjalakuda North
- Awards for Entrepreneur of the year 2006 & 2007 – from Berchmans Institute Management Studies, S.B. College, Changanacherry
- Award from All Kerala SSI Tread Rubber Manufacturers Association for winning Central Govt Export award consecutively for 2 years in 2007 & 2008
- Safe Award 2012 – from Department of Factories & Boilers
- Grama Deepthi Puraskaram 2013 – from Ayyappa Seva Samithi
- Kalady Grama Panchayath honour for the Social & Industrial Development of Kalady

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Dr Tolin is highly regarded as a philanthropist and his passion for Education culminated into an International School in Malayatoor, 'Tolins World School',

Details of the companies in which Dr K.V. Tolin is a Director are as follows

CIN	Name of the Company	From
U25191KL1988PTC005002	Peejay Rubber Industries Private Limited	23-12-02
U25199KL1988PTC005235	Quality Mix India Pvt Ltd	28-11-91
U25111KL1993PTC007001	Toja Tyre And Treads Pvt Ltd	24-02-93
U55101KL1999PTC013039	Chris Hotels India Private Limited	19-05-99
U25119KL2003PTC016289	Tolins Tyres Private Limited	11-05-10
U25111KL2010PTC025284	Tolins Tread India Private Limited	05-01-10
U29199TZ2011PTC016814	Tolins Technologies Private Limited	03-03-11
U61200KL2014PTC037197	Safe Boat Trip Private Limited	01-09-14
U63040KL2012PTC032695	Cyrus Resorts Private Limited	21-11-12
U80300KL2012PTC032993	Tolins World School Private Limited	21-12-12
U15490KL2019PTC058632	Uniglobe Foods Private Limited	02-07-19
U74999KL2020PTC061882	Uniglow Health Care Private Limited	17-03-20
U15400KL2020PTC062141	Tolins Pure Foods Private Limited	23-05-20

2.2.1.2 Mr. Chris Tolins

Mr.Chris Tolin, the elder son of Dr.K.V.Tolin, chairman, Tolins Group. He had his secondary education at Rajagiri Public School, Kalamassery Kochi and had graduated in Bachelor of Business Administration from Flame University, Pune with Major in Entrepreneurship and minor in Digital Marketing. Later did MSc Marketing at University of Bath, UK during the year 2019-2020.

Mr. Chris Tolin, has engaged in the affairs of the group companies during his Graduation and Joined in the business as Managing Director of M/s. Tolins Pure Foods Private Limited for manufacture and supply of various food products and He has accelerating for diversification of family business from Tread & Tyre manufacturing business to FMCG Sector.

Details of the companies in which Mr Chris Tolin is a Director are as follows: -

CIN	Name of ths Company	From
U15400KL2020PTC062141	Tolins Pure Foods Private Limited	23-05-20

2.2.2 Declaration of relationship with Corporate Debtors

The Directors of Tolins Pure Foods Private Limited does not have any relationship with the Corporate Debtor and is not ineligible as per section 29A of Insolvency Bankruptcy Code 2016.

2.2.3 Statement of default in any other Resolution Plan

It is hereby stated that the Resolution Applicant or any of our related parties has **NOT** failed to implement or contributed to the failure of implementation of any other resolution plan approved by the Adjudicating Authority at any time in the past.

2.3 Key Financial Indicators of the Group Companies

Tolins Pure Foods Private Limited (TPFPL) is a company incorporated on 23rd May 2020. Acquiring the business and plant of Kaula Agro Foods Private Limited, is one of the steps the company and the promoter group takes to foray into the FMCG market.

The financial and management strength of TPFPL is the strength of its promoter group. Hence the key financial indicators of three flagship companies of the group is presented here along with their audited financials as annexure.

PARTICULARS (Amount in Rs Lakhs)	Tolins Tyres Pvt Ltd		
	Audited		Provisional
	FY 2017-18	FY 2018-19	FY 2019-20
<u>Profitability Indicators</u>			
Revenue from operations	7,816.94	9,253.26	8,450.05
Other Income	148.95	71.15	173.80
Total Revenue	7,965.89	9,324.42	8,623.85
Expenses	7,358.75	8,801.44	8,118.24
EBIDTA	607.14	522.98	505.61
EBITA Margin	7.62%	5.61%	5.86%
Depreciation and amortisation expenses	174.43	168.56	153.76
Finance Costs	364.89	304.39	291.81
Profit before tax	67.82	50.03	60.04
Profit before tax %	0.85%	0.54%	0.70%
Net Profit after tax	47.51	47.13	45.03
Net Profit after tax %	0.60%	0.51%	0.52%
Cash Accruals	221.94	215.69	198.79
Cash Accruals %	2.79%	2.31%	2.31%
<u>Balance Sheet Indicators</u>			
Net worth	794.59	841.72	886.74

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Liabilities			
Long Term Borrowings	855.55	812.12	1,013.50
Other Non-Current Liabilities	27.01	18.81	29.54
Current Liabilities	4,587.92	4,943.74	4,541.38
Total Liabilities	5,470.48	5,774.67	5,584.41
Assets			
Fixed Assets	1,394.80	1,248.17	1,263.16
Other Non-Current Assets	-	-	-
Current Assets	4,870.27	5,368.22	5,208.00
Total Assets	6,265.06	6,616.39	6,471.16
Current Ratio	1.06	1.09	1.15
Debt : Equity Ratio	1.08	0.96	1.14

PARTICULARS (Amount in Rs Lakhs)	Toja Tyre & Treads Pvt Ltd		
	Audited		Provisional
	FY 2017-18	FY 2018-19	FY 2019-20
Profitability Indicators			
Revenue from operations	4,145.89	4,441.45	4,001.02
Other Income	135.29	214.22	8.63
Total Revenue	4,281.18	4,655.66	4,009.65
Expenses	4,059.19	4,447.87	3,764.98
EBIDTA	221.99	207.80	244.67
EBITA Margin	5.19%	4.46%	6.10%
Depreciation and amortisation expenses	29.82	32.72	54.97
Finance Costs	156.68	145.50	146.77
Profit before tax	35.50	29.58	42.93
Profit before tax %	0.83%	0.64%	1.07%
Net Profit after tax	27.87	21.87	32.20
Net Profit after tax %	0.65%	0.47%	0.80%
Cash Accruals	57.69	54.59	87.17
Cash Accruals %	1.35%	1.17%	2.17%
Balance Sheet Indicators			
Net worth	625.38	647.25	685.28
Liabilities			
Long Term Borrowings	499.87	499.25	521.15
Other Non-Current Liabilities	-	-	-
Current Liabilities	2,161.25	1,466.75	1,524.46
Total Liabilities	2,661.12	1,966.00	2,045.61
Assets			
Fixed Assets	241.54	226.16	318.08
Other Non-Current Assets	26.09	29.06	26.09
Current Assets	3,018.86	2,358.03	2,386.72

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Total Assets	3,286.50	2,613.26	2,730.89
Current Ratio	1.40	1.61	1.57
Debt : Equity Ratio	0.80	0.77	0.76

PARTICULARS (Amount in Rs Lakhs)	Tolin Rubbers Pvt Ltd		
	Audited		Provisional
	FY 2017-18	FY 2018-19	FY 2019-20
Profitability Indicators			
Revenue from operations	7,573.69	8,817.31	7,930.87
Other Income	128.33	32.97	8.95
Total Revenue	7,702.02	8,850.28	7,939.82
Expenses	7,467.35	8,597.75	7,703.48
EBIDTA	234.67	252.53	236.34
EBITA Margin	3.05%	2.85%	2.98%
Depreciation and amortisation expenses	14.12	21.07	16.10
Finance Costs	177.78	200.17	166.63
Profit before tax	42.76	31.28	53.61
Profit before tax %	0.56%	0.35%	0.68%
Net Profit after tax	32.97	24.03	40.21
Net Profit after tax %	0.43%	0.27%	0.51%
Cash Accruals	47.09	45.10	56.31
Cash Accruals %	0.61%	0.51%	0.71%
Balance Sheet Indicators			
Net worth	600.27	624.31	664.51
Liabilities			
Long Term Borrowings	26.52	17.04	11.45
Other Non-Current Liabilities	0.58	-	-
Current Liabilities	4,087.57	3,254.02	2,749.11
Total Liabilities	4,114.66	3,271.05	2,760.56
Assets			
Fixed Assets	96.10	107.80	94.56
Other Non-Current Assets	77.17	77.83	78.26
Current Assets	4,541.66	3,709.72	3,252.25
Total Assets	4,714.93	3,895.36	3,425.07
Current Ratio	1.11	1.14	1.18
Debt : Equity Ratio	0.04	0.03	0.02

3. Proposals in Resolution Plan

Kaula Agro Foods Pvt Ltd (the “Corporate Debtor” or “KAFPL”) was engaged in the business of manufacturing, marketing & selling of Food Products like Rice Powders, Spice Powders, Masala Powders etc.

Tolins Pure Foods Pvt Ltd (Resolution Applicant or “TPFPL”) is willing to provide a Resolution Plan for the Corporate Debtor as **A Going Concern**.

In this context TPFPL undertakes as follows: -

1. We have invested human resources and time to peruse the limited information available of KAPFL.
2. We have conducted various visits at the plant and office of KAPFL, scrutinised various documents made available, including but not limited to the Information Memorandum, Audited financials etc, to arrive at the current situation of the Corporate Debtor.
3. Based on the above said scrutiny We concluded that a significant financial investment needs to be undertaken to revive the business and in order to make the plant viable.
4. Even though TPFPL is a freshly incorporated company we are confident that with the financial strength, proven operational track record and efficient & experienced management team and promoters of our Group Companies, TPFPL will be able to invest necessary financial capital and human resources to revive the Corporate Debtor and turnaround its operations.
5. We believe that by reviving the Corporate Debtor we shall be able to contribute significantly to the society and the government by putting in use the resources to its best use and also will be able to generate employment, both direct & indirect, thereby improving the income generation capability of the region.

6. This Resolution Plan is prepared in conformity with Regulation 39 (Mandatory Contents of the resolution plan) of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations 2016.

3.1 PROPOSAL FOR FINANCIAL AND CAPITAL RESTRUCTURING

3.1.1 Financial Restructuring

Based on the information made available to us and on the evaluation by you we propose to pay an aggregate amount of **Rs 4,50,00,000 (Rupees Four Crores Fifty Lakhs)** to settle all liabilities of the Corporate Debtor.

We have accordingly devised the Resolution Plan as follows: -

3.1.1.1 Insolvency Resolution Process Cost

As per section 30 (2) (a) of Insolvency and Bankruptcy Code, 2016, (IBC) each resolution plan shall provide for the payment of Insolvency Resolution Process (IRP) Costs in priority to the payment of other debts of the corporate debtor.

Details of the IRP Costs as per the Resolution Professional (RP) is as follows: -

Sl No	Particulars	Amount	GST	Total
1.	Fee of Resolution Professional (from December 2019 to August 2020)	9,00,000	1,71,000	10,71,000
2.	Cost incurred by the Resolution Professional to run the Corporate Debtor as a going concern	Nil	Nil	Nil
3.	Amount of interim finance & the cost incurred to raise such finance	Nil	Nil	Nil
4.	Any cost incurred as the expenses of the Government to facilitate the insolvency resolution process	Nil	Nil	Nil

5.	Other cost / out of pocket expenses by the Resolution Professional	3,77,800	33,612	4,11,412
	Total	12,77,800	2,04,612	14,82,412

3.1.1.2 Claims Admitted in the Information Memorandum

SI No	Particulars	Secured Financial Creditors	Operational Creditors
1	Admitted Dues (Amount in Rs)	Rs 5,45,12,116	Rs 3,64,74,324
2	Amount to be Paid	Rs 4,50,00,000 (Rs Four Crores Fifty Lakhs, inclusive of necessary provisions for the payment of IRP cost, Secured Creditors & Operational Creditors)	
3	Proposed amount to disburse	Rs 4,02,00,000 (Rs Four Crores Two Lakhs)	Rs 33,17,588 (Rs Thirty-Three Lakhs Seventeen Thousand Five Hundred and Eighty-Eight)
4	Disbursement Amount	The allocation & distribution of the proceeds of Rs 4.5 crores, after payment of IRP cost, among the Secured Financial creditors & Operational Creditors shall be determined by the Committee of Creditors	
5	Payment Tenor	Lumpsum payment within 60 days from the date of approval of the resolution plan by NCLT.	Lumpsum payment within 60 days from the date of approval of the resolution plan by NCLT

3.1.1.3 Liquidation Value due to Operational Creditors Regulation 38 (1) (a)

of Insolvency and Bankruptcy for Corporate Persons Regulation states that the amount due to the operational creditors under a resolution plan shall be given priority of payment over financial creditors.

We propose that: -

- (a) the amount that shall be paid to the Operational Creditors shall not be less than the liquidation value. The liquidation value payable to the Operational Creditors in the event of liquidation under waterfall mechanism, as per section 53, is zero.

(b) Rs 33,17,588 as proposed by us or if a different amount is sanctioned by the Committee of Creditors, such amount, shall be paid to the Operational Creditors.

(c) the amount that shall be paid to the Operational Creditors, as approved by the Committee of Creditors, shall be paid in priority over Financial Creditors.

3.1.1.4 Payment to Financial Creditors

State Bank of India is the only Financial Creditor of the Corporate Debtor. The financial debt is by way of Overdraft Facility, which is secured by equitable mortgage of 141.83 cents of Land & Building of the Corporate Debtor. The amount payable to the Financial Creditor shall be approved by the Committee of Creditors.

3.1.1.5 Workmen Due & Employee Due

Workmen due & Employee due is NIL as on the CIRP Commencement date, as per the Information Memorandum.

3.1.1.6 Statutory Dues

Statutory dues of Rs 2,38,874 is payable for ESI (Rs 1,58,264), PF (Rs 9,689) and GST (Rs 70,921), as per the audited balance sheet FY 2017-18 & as per the provisional balance sheet FY 2019-20.

It is understood that no demand notice has been received from the Statutory authorities. Also, no claim is received from the Statutory Authorities as per the Information memorandum. Hence it is proposed to be written off.

3.1.1.7 Equity Shareholders

Equity Share Capital issued to the existing Shareholders shall be cancelled & fresh equity shares shall be issued to the resolution applicant.

3.1.1.8 Loan from Directors

Loan from directors to the tune of Rs 25,57,08,805 (due as per the provisional financials 2019-20) shall be written off.

3.2 Proposal for Operational Restructuring

We believe that significant operating restructuring needs to be undertaken to revive the business of Kaula Agro Foods Pvt Ltd. Further the company needs additional working capital funds. This will be in addition to the Rs 4.50 crores, which will be used for the repayment of existing liabilities.

We propose to infuse the following amount in Kaula Foods Pvt Ltd as Capital for Operating Restructuring

Capital Cost	
Capital Repair & Refurbishment Cost	1,00,00,000
Purchase of Vehicles	1,20,00,000
Total	2,20,00,000
Operational Cost	
Working Capital	3,50,00,000
Total	3,50,00,000
Total Operation Restructuring Cost	5,70,00,000

3.21 Capital Repair & Refurnishment Cost

The plant has shut down operations since FY 2016-17 and during 2018 due to the floods the factory was almost submerged. Even though the

MA/96/KOB/2020 in IBA/44/KOB/2019

factory building, and the plant & machinery is intact as of now, it requires repairs & refurbishment for restarting the operations.

The factory and the plant & machinery were inspected by our engineers and an amount of Rs 1 crore is budgeted for the Capital repairs. The Capital repairs and refurbishment includes the repairs of plant & machinery, building, tools & equipment, furniture & fittings and computer & accessories.

It is expected to take 60 days, from the date of handing over the factory to us, to finish the repairs & to make the factory operational.

3.2.2 Purchase of Vehicles

Success of a FMCG business lies in the distribution network. Tolins, with its multi brands, enjoys a brand reputation in the market. We plan the distribution through three channels: (i) through distributor network (ii) through Van sales direct to the Retailers (iii) supply through supermarkets.

We are planning to acquire some vehicles to ensure that our products are available in the market on demand. It is proposed to purchase 15 to 20 distribution vehicles at the initial stage which will cost approximately Rs 1.20 crores by availing term loan from a financial institution.

3.2.3 Working Capital

Working capital is the life blood of any business. So, we are planning to infuse Rs 3.5 crores as working capital for the operation to commence.

The working capital requirement is arrived at based on the projected financials and the operating cycle.

Operating Cycle & Working Capital		
Component	Days	Amount
RM Stock	60	3,60,04,705
Debtors	15	46,76,724
Expenses	30	16,52,750
Gross WC requirement	105	4,23,34,179
Less: Creditors	30	74,07,763
Net WC requirement	75	3,49,26,415

The Resolution Applicant will bring in 25% the working capital requirement as margin for working capital and the balance 75% will be met through Overdraft facility from Bank. We already had discussion with our existing bankers for the facility.

3.3 Total Infusion of Funds (both Capital Restructuring & Operational) and Means of Finance

As stated, Tolins Pure Foods Private Limited (TPFPL) will infuse an aggregate of Rs 10.20 crores for the proposed Financial and Business Restructuring. The total sources & uses of Funds are as follows: -

Particulars	Amount
Application of Funds	
Funds required for settlement of liabilities of Corporate Debtor	4,50,00,000
Capital Repair Cost	1,00,00,000
Purchase of Vehicles	1,20,00,000
Working Capital Infusion	3,50,00,000
Total	10,20,00,000
Source of Funds	
Equity Infusion	
Settlement of Liabilities	4,50,00,000
Long Term Loan from TPFPL	
Capital Repair Cost	1,00,00,000
Margin for Term Loan	12,00,000
Working capital Margin	87,50,000
Subtotal	1,99,50,000

Term Loan	1,08,00,000
Working Capital Loan	2,62,50,000
Total Means of Funds	10,20,00,000

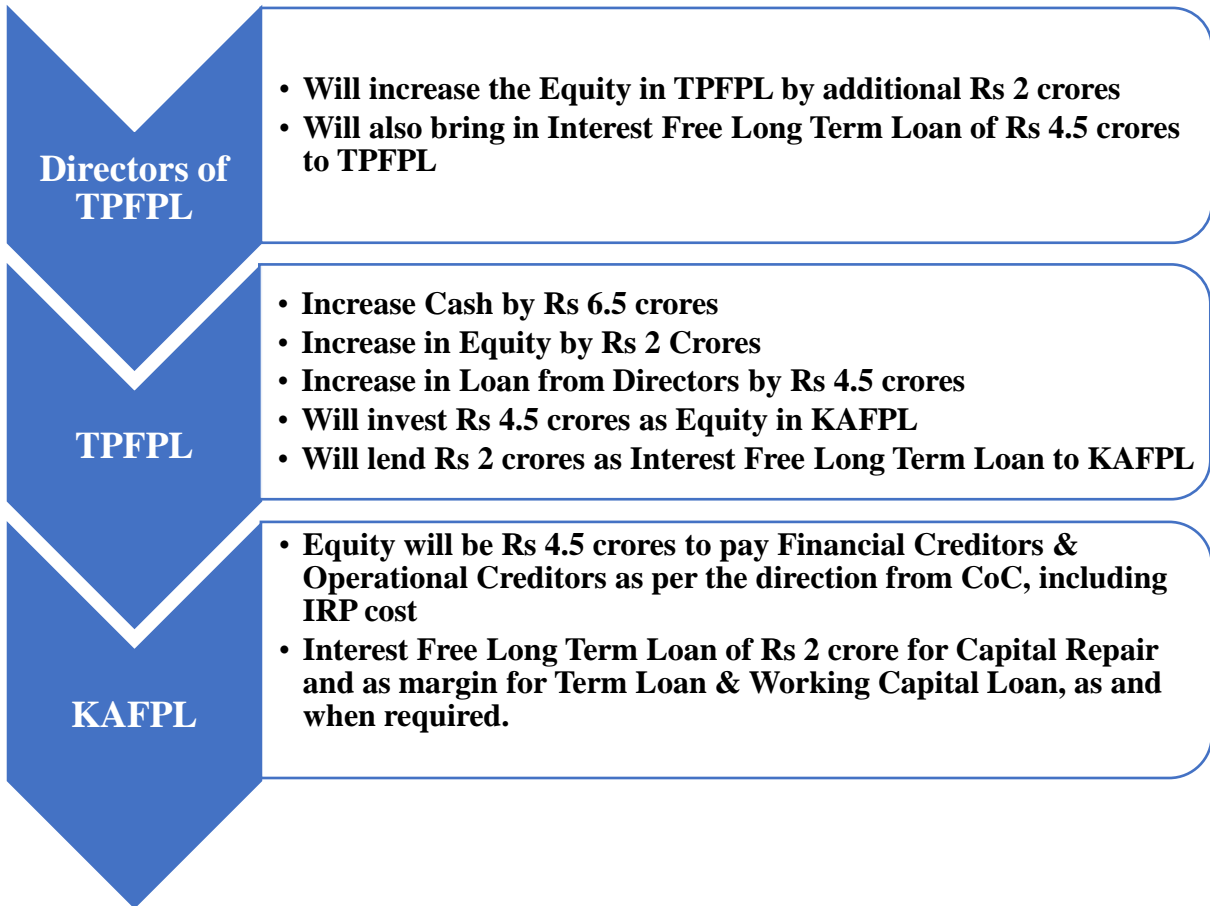
3.3.1 Proposal relating to the infusion of Capital by the Resolution

Applicant

Tolins Pure Foods Pvt Ltd (TPFPL) is a company incorporated during May 2020 having a paid-up capital of Rs 20 Lakhs. Mr K.V. Tolin and Chris Tolin are the directors.

The directors will fund the Resolution Plan by infusing fresh equity to the tune of Rs 2 crores in Tolins Pure Foods Pvt Ltd. The remaining amount of Rs 4.5 crores will be bought in as Interest Free Long-Term Loan from directors to Tolins Pure Food Pvt Ltd (TPFPL).

Tolins Pure Foods Pvt Ltd (TFPL) will acquire Shares in Kaula Agro Foods Pvt Ltd (KAFPL) to the tune of Rs 4.50 crores and utilise the amount to settle the Financial Creditors and Operational Creditors in the ratio approved by the Committee of Creditors. The balance amount of Rs 2 crores for Capital Repairs, Margin for Term Loan and Working Capital Loan will bought in by Tolins Pure Food Pvt Ltd (TPFPL) as Interest Free Long-Term Loan to Kaula Agro Foods Pvt Ltd (KAFPL) as and when necessary.



4. TERMS OF RESOLUTION PLAN AND IMPLEMENTATION SCHEDULE

4.1 Schedule for implementation of the Resolution Plan

The term of the plan shall commence once the scheme is approved by the NCLT (“Approved Date”) and the implementation there off shall continue for the period until the execution of the requisite documentation and receipt of all approvals and permissions envisaged under the Resolution Plan. The date on which the requisite documentations have been executed and all approvals and permissions envisaged under this resolution plan is received is hereinafter referred to as “Effective date”

4.2 Exemptions and Reliefs sought as part of Resolution Plan

The Resolution Applicant seeks the following reliefs from the NCLT and from the other relevant government authorities: -

1. Exemption from compliance of extinguishment of the shares of the current shareholders of Kaula Agro Foods Pvt Ltd.
2. Exemption from any Income Tax Liability arising due to the write off of the Loan from Directors in the books of the Corporate Debtor to the tune of Rs 25,57,08,805 (as on 31st March 2020).
3. Allow setting up off of brought forward losses and unabsorbed depreciation for computation of taxable profits under section 79 of the Income Tax Act 1996 for a period of 8 years.
4. Allow setting up off of brought forward losses and unabsorbed depreciation for the purpose of computation of book profits under Section 115JB of the Income Tax Act 1996.
5. Provide a reasonable opportunity to be heard by the Jurisdictional Principal Commissioner or Commissioner of Income Tax as set forth in Section 79 (2) (c) of Income Tax Act 1996 for carry forward of business loss or unabsorbed depreciation.
6. Exemption from any tax liability due to the implementation of the Resolution Plan.
7. Exemption from stamp duty liability arising due to the implementation of the Resolution Plan.

8. To settle all legal proceedings pending against the Corporate Debtor in any Court or Tribunal or tax authorities and other contingent liabilities irrevocably and unconditionally as on the effective date.
9. To absolve the Resolution Applicant from any liability arising due to the outcome of any legal proceeding on any legal cases pending against the Corporate Debtor as on the Effective Date.
10. To pass an order stating that no other person is eligible to receive any amount from the Corporate Debtor as on the effective date, other than the persons eligible to receive amount as per the approval of this Resolution Plan.
11. Extinguish all liabilities in relation of corporate guarantees, indemnities etc provided by the Corporate Debtor as on the effective date.
12. Exemption from any duty, charges, fees or by whatsoever name called arising due to the change of ownership structure of the Corporate Debtor.
13. All claims and rights of the promoters against the Corporate Debtor shall stand irrevocably and unconditionally extinguished.
14. All claims of government authorities in relation to all taxes, liabilities, fees, penalties etc for the period pertaining prior to the effective date shall stand fully extinguished.
15. All claims of Koovappady Grama Panchayat, Kerala State Pollution Control Board and Food and Safety Authority of India etc, in

relation to all taxes, liabilities, fees, penalties etc, for the period pertaining prior to the effective date shall stand fully extinguished.

16. To release all encumbrances, charges, security interest etc created on the assets of the Corporate debtor on the Effective Date.
17. Revocation of all power of attorneys provided by any person to the Corporate debtor as on the effective date.
18. Terminate without liability all outstanding negotiable instruments issued by the Corporate Debtor or any other person on behalf of the Corporate Debtor.
19. NCLT to recommend full support to be extended by the water, electricity and other relevant authorities for effective revival of Corporate Debtor
20. All actions with regard to the assets/claims/rights etc, as mentioned in the Balance Sheet of the Corporate Debtor, as well as off balance sheet items, as on the Effective Date shall be the assets/claims/rights of the Resolution Applicant and shall be dealt with at its sole discretion.
21. To permit amendment of the Constitutional documents of the Corporate Debtor.

4.3 MANAGEMENT AND CONTROL OF THE BUSINESS OF THE CORPORATE DEBTOR DURING THE IMPLEMENTATION OF THE PLAN.

4.3.1 Till the Approval Date

The **Resolution Professional** shall hold the properties and assets of the Corporate Debtor, on a going concern basis till the Approval Date. The Resolution Professional shall manage the affairs of the Corporate Debtor on a going concern basis and shall give updates, in the form of information only, to the Resolution Applicant from time to time. The existing promoters and directors of the Corporate Debtor shall do all such acts, deeds and things as may be required by the Resolution Professional to ensure that the company continue on a going concern basis.

4.3.2 Supervision and implementation of the plan

Upon the Approval Date and until the Effective Date the **Resolution Applicant** shall hold the properties and assets of the Corporate Debtor in trust for the Financial Creditor of the company. During the said period Resolution Applicant shall supervise the implementation of the plan and do all such acts, deeds, matters and things as may be necessary, desirable, or expedient in order to implement or give effect to this plan in accordance with its terms and shall act under the supervision of the Committee of Creditors. The power of the suspended Board of Directors of the Corporate Debtor under section 17 (1) (A) of Insolvency and Bankruptcy Code, 2016 shall remain suspended until the new Board of Directors of the company is constituted by the Resolution applicant as at the Effective Date.

In the interim period, between the Approval Date and the Effective Date, the affairs of the company shall be managed by the **Resolution Professional**, who shall exercise all such powers as are generally vested on the Board of Directors of the company.

4.3.3 On and from the Effective Date

On and from the Effective Date the Resolution Applicant shall take over the management of the Kaula Agro Foods Pvt Ltd., the company and shall acquire the management control inter alia by taking the following measures: -

1. All existing Directors of the company shall be deemed to have resigned and vacated their office. The Board of Directors of the company shall be restored and reconstituted by the Resolution Applicant. The reconstituted board shall be entitled to exercise all powers of the Board of Directors of the company under the applicable laws.
2. All existing employees of the company shall be deemed to have resigned and new employees shall be appointed by the Resolution Applicant.
3. All relevant forms and all necessary actions in relation to resignation of existing directors and appointment of new directors and key managerial person shall be effectuated. The order of the NCLT approving the Resolution Plan shall direct the Registrar of Companies to take on account of such appointments, resignation of directors and key managerial persons of the company.
4. The Auditors of the company shall be deemed to have vacated office and new person/firm nominated by the Resolution Applicant shall be designated and appointed as the Auditor of the company.
5. All powers of attorneys and/or other corporate authorisations or mandates issued by the company to any person/s to enable such person/s to carry out various functions of the company, to sign and execute various

documents and/or represent the company and to operate the bank accounts of the company shall stand revoked with immediate effect as on the date of Effective Date. The reconstituted Board of Directors of the company shall be entitled to authorise such person/s as it deemed fit to carry out such functions of the company, sign and execute various documents and/or represent the company and to operate the bank accounts of the company.

Upon completion of the action contemplated in the Resolution Plan, the Resolution Applicant shall hold 100% share capital of the company.

4.4 Payment Schedule

All payments within the limits of Rs 4.5 crore of offer (the Resolution Amount due to the Creditors) and the disbursement as approved by the Committee of Creditors shall be done within 60 days from the date of approval of the Resolution Plan by the NCLT, or before the Effective Date whichever is earlier. Upon payment of the Resolution Amount the Financial Creditors shall release all encumbrances, charges, security interest etc created on the assets of the company.

4.5 Details of Statutory Approvals and Compliance

The plant requires to have the following licences to run the unit. These licences are to be renewed. We note to renew these licences as and when the unit is ready for commencing operations.

5. FINANCIAL PROJECTIONS AFTER RENEWAL OF OPERATIONS

5.1 Industry & Market Outlook

India's contribution to global consumption is expected to touch 5.8% by 2020.

Nature	Current Status	Last renewed Date	Authority
Environment Clearance	Not Available	-	-
Fire and Safety	Not Available	-	-
Pollution Control	Expired	30/06/2018	Kerala State Pollution Control Board
Food and Safety	Expired	31/03/2019	Food Safety and Standards Authority of India.
Certificate to operate	Expired	31/12/2019	Department of Factories and Boilers, Government of Kerala.
Statutory Licence	Expired	31/03/2019	Grama Panchayat, Koovappady.
Registration Certificate	Active		Ministry of Corporate Affairs.
Registration under Tax Authority	Active		Income Tax Department

Increase in disposable income in rural India and low penetration level in rural market offer room for growth. Rural consumption has increased, led by combination of increasing incomes and higher aspiration levels. There is an increased demand for branded products in rural India. The rural FMCG market in India is expected to grow to US\$ 220 billion by 2025 from present level of USD 30 billion of recent level. Another major positive outlook about FMCG industry is the increase in demand of food product and services in India due to the growing youth population, primarily in country's urban regions. Online portals are expected to play key role for branded products. It is estimated that 40% of all

FMCG consumption in India will be online by 2025. The online FMCG market is forecasted to reach US\$ 45 billion in 2020 from US\$ 20 billion in 2018.

In Food & Beverage Industry Tier II players rising fast and are expected to control over 40% the FMCG segment by 2020 end as cited in a case study by rating agency CRISIL. In the last six years, tier II FMCG players have increased their share in the domestic F&B market to around 30% from the earlier 20%, and grown at nearly twice the place of tier I players like ITC, Nestle, Britannia etc. Based on the study, this bucket (tier II companies) will sustain strong growth in the next five years, leading to further increase in their share to 40%.

As per CRISIL report, at Rs. 1.2 trillion, F&B is over 50% of the FMCG market. And the tier II players have outgrown the FMCG biggies, like Nestle, ITC and Britannia. This phenomenon has been witnessed only in the F&B segment.

In brief, the aforesaid positive market & industry outlook is more favourable to **“TOLINS** to find its place in the Food Industry and to grow as per this Project Report. In other words, the positive catalyst will continue for the tier II players on the business side which is the main favourable factor to TOLINS for success its FMCG project.

5.2 SWOT Analysis of Tolins acquiring Kaula Agro Foods

5.2.1 Strength:

1. TOLINS brand has an acceptance in the market of Tyre & Tyre retreading materials as a quality assured brand especially among Keralites. So, this quality assured brand name using getting associated with Kaula's product will help to get an acceptance in the initial stage of re launching the products.

2. TOLINS marketing network: TOLINS brand and the group itself has a proven track record in its industry in India and reaching through its strong marketing network vis own sales depots and dedicated dealer network. Experience in developing such strong marketing network is strength of TOLINS group with appropriate marketing strategy.
3. Manufacturing unit situated in the heart of Kerala where proximity to RM exists for Rice Manufacturing, especially in the Rice Mill cluster of Kerala-Kalady.
4. Brand dominance world-wide: Existence of TOLINS brand as a leader of tyre re-tread material in Middle East, African, Europe & US Markets, especially among Keralites will be an added advantage when TOLINS enters into Food Industry.
5. Proven Entrepreneur: Dr. K.V. TOLIN is a proven Entrepreneur/Industrialist and his Entrepreneur skill is strong positive base to this acquisition
6. Strong Leadership: Dr. K.V.Tolin's leadership skill & quality to lead the unit towards success
7. Experience in Rice Industry: Promoter's experience in Rice Industry during last decade will be added advantage
8. Availability of skilled and unskilled labour without any Trade Union issues
9. Power supply without any substantial break
10. TOLINS strategy of price competitiveness with lesser overhead in operation and marketing: TOLINS strategy of competitive pricing by passing on the

advantage of low overhead because of the spread of units may lead to a competitive pricing.

5.2.2 Weakness:

1. New Entrant in the Industry: Food Industry is an industry where Tier-I and Tier-II brands competes where non-branded products compete with price. TOLINS in the food industry is a new entrant which is the only weakness as it has to compete with Tier-I & Tier-II brands in the Industry.
2. A new entry in the highly competitive FMCG market without much advertisement Plan

5.2.3 Opportunity:

1. FMCG market itself is an ocean in today's Indian consumer market, even though plenty of domestic and MNCs brands are operating well. Tier II & new entrants together has more share than biggies like ITC, Nestle etc in the F&B segment in FMCG, as per the recent CRISIL study.
2. To add more value-added products in the range: The company has opportunity to add more products like curry powder in its product range once its rice powder clicked in the market.
3. To catch good market share through social media: Increasing prominence of social media gives good opportunity to promote its products.
4. To catch reasonable market share in Modern Trade: Supermarket, Hyper markets etc will give sufficient space to reach consumers quickly by offering good sales promotion schemes such as quantity discounts, schemes etc.

5. E-commerce Platform / Online Marketing: Online FMCG shopping is a growing model. Global average of online FMCG shopping is 5.1% whereas India stands at 0.1%, so there is potential for growth in online marketing of FMCG in India as Rural India is not yet tapped much through online marketing.

6. 25% CAGR forecast in Indian FMCG market

7. Increase in Aspiration level of rural India and increased demand for branded products in rural India

8. Level playing field between Tier-II brand and non-branded local manufactures: In Food industry, there is a niche space lower to Tier - II brands, but above non-branded local manufacturers. TOLINS brand can explore this opportunity if it is positioned with appropriate pricing & quality at Tier-II level.

5.2.3 Threat:

1. Industry nature of aggressive Advertisement and Sales Promotion Expenditure: FMCG is the major industry where substantial amount flows for aggressive advertisement and sales promotion expenditure. It is major threat to a new entrant in this industry.

2. Price Competition from Other players in the industry, especially from unorganized sector

3. Increased quality norms in other countries.

4. Volatile commodity prices based on price movement in Commodity Future Market, based on speculative trading

5. Unforeseen change in Climatic condition in the Country (especially in Agriculture areas) lead to drop in crop output and directly it may be led to increase commodity prices which finally may affect profitability of the Group if it cannot pass on such hike in cost to the market.

5.3 Financial Projections

5.3.1 Revenue Projection

Particulars	Rs in Lakhs				
	2020-21 (5months)	2021-22	2022-23	2023-24	2024-25
<u>Manufactured Products</u>					
Curry Powder	521.01	1,302.51	1,823.52	2,344.53	2,865.53
Masalas	226.67	566.68	793.35	1,020.02	1,246.69
Rice Powder	193.58	425.88	490.41	580.75	709.80
Sub Total	941.26	2,295.07	3,107.27	3,945.29	4,822.02
<u>Outsource & Packing</u>					
Rice Products & Wheat Products	77.57	201.67	279.24	349.05	426.62
Pickles	17.04	44.31	61.35	76.69	93.73
Edible Oils	3.62	9.41	13.03	16.29	19.90
Other Products	82.93	215.61	298.54	373.17	456.10
Sub Total	181.16	471.00	652.16	815.20	996.35
<u>Revenue from Operations</u>	1,122.41	2,766.08	3,759.43	4,760.49	5,818.37

Outsourced products are essential to penetrate the market with a bouquet of products, even though they provide lesser gross margin,

5.3.2 Projected Profit & Loss Statement (Rs in Lakhs)

Particulars	Rs in Lakhs				
	2020-21 (5 months)	2021-22	2022-23	2023-24	2024-25
<u>I. Revenue</u>					
Revenue from operations	1,122.41	2,766.08	3,759.43	4,760.49	5,818.37
Other Income					
Total Revenue	1,122.41	2,766.08	3,759.43	4,760.49	5,818.37
Cost of materials consumed	888.93	2,160.28	2,870.08	3,597.13	4,396.50
Gross Profit	233.48	605.79	889.36	1,163.35	1,421.88
Gross Profit %	20.8%	21.9%	23.7%	24.4%	24.4%
<u>2. Expenditure</u>					
Factory Expenses	94.23	197.83	217.50	239.19	263.11

Administrative Expenses	9.30	26.23	40.21	53.56	68.11
Sales & marketing Expenses	94.80	264.60	405.96	543.17	690.77
Total	198.33	488.66	663.67	835.91	1,021.99
Profit Before Depreciation Interest & Tax	35.15	117.14	225.69	327.44	399.89
PBDIT %	3.1%	4.2%	6.0%	6.9%	6.9%
Depreciation and amortisation expenses	36.05	63.84	69.06	56.98	47.10
Profit Before Interest & Tax	(0.90)	53.30	156.63	270.46	352.79
PBIT %	-0.1%	1.9%	4.2%	5.7%	6.1%
Finance Costs	17.81	33.29	36.10	34.73	30.87
Profit Before Tax	(18.71)	20.01	120.53	235.73	321.92
PBT %	-1.7%	0.7%	3.2%	5.0%	5.5%
Tax Expenses	-	-	18.08	58.93	80.48
Profit After Tax	(18.71)	20.01	102.45	176.80	241.44
PAT %	-1.7%	0.7%	2.7%	3.7%	4.1%

5.3.2.1 Assumptions

1. Capacity of the plant is to produce 150 MT of Spice powders and 100 MT of Rice powders monthly.
2. Annualised Capacity Utilization, after renewal of the units, to be achieved in the proportion of 50% in the first year, 75% in the second year and 100% in the third year for Spice powders and 50% in the first year, 90% in the second year and 100% in the third year for Rice powders.
3. In 2020-21 the plant is estimated to operate 5 months, after the acquisition of the plant on the Effective date and spending 2 months for capital repairs and refurbishment.
4. The revenue includes the sales of outsourced products, for which the Corporate Debtor does not have capacity, like Wheat & Rava Products, Pickles, Whole spices, Oils etc. A whole range of products are essential to effectively capture the market.

5.3.3 Projected Balance Sheet (Rs in Lakhs)

PARTICULARS	2020-21	2021-22	2022-23	2023-24	2024-25
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	450.00	450.00	450.00	450.00	450.00
(b) Reserves and Surplus	(111.69)	(91.68)	10.77	187.57	429.01
(2) Non-Current Liabilities					
(a) Long term borrowings	96.17	109.14	146.07	103.69	57.45
(b) Long term Loans and Advances	200.00	200.00	200.00	200.00	200.00
(3) Current Liabilities					
(a) Short term borrowings	262.50	262.50	262.50	262.50	262.50
(b) Trade payables	74.08	180.02	239.17	299.76	366.37
(c) Other current liabilities	16.53	40.72	55.31	69.66	85.17
(d) Short Term Provisions	-	-	-	-	-
Total	987.59	1,150.71	1,363.83	1,573.18	1,850.50
II. ASSETS					
(1) Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	538.09	514.26	525.20	468.22	421.12

MA/96/KOB/2020 in IBA/44/KOB/2019

(ii) Intangible Assets					
(iii) Capital Work in progress					
(b) Deferred Tax Asset					
(c) Long term loans and advances	2.68	2.68	2.68	2.68	2.68
(2) Current Assets					
(a) Inventories	360.05	478.35	599.52	732.75	842.66
(b) Trade Receivables	46.77	115.25	156.64	198.35	242.43
(c) Cash and cash equivalents	40.00	40.18	79.78	171.18	341.60
(d) Short-term loans and advances					
(e) Other current assets					
Total	987.59	1,150.71	1,363.83	1,573.18	1,850.50

5.3.3.1 Assumptions

1. The Share Capital of Rs 450 Lakhs to be bought in by the resolution applicant for financial restructuring of the Corporate Debtor
2. Loan from Directors of Rs 200 Lakhs to be bought in for operating restructuring (Rs 100 Lakhs for capital repairs and Rs 100 Lakhs as margin money for term loan and working capital loan).
3. The Balance Sheet of the Corporate Debtor is proposed to be reconstructed as on the Effective Date as below: -

Particulars	Balance Sheet before CIRP		Reconstruction of Balance Sheet for CIRP				
	2018-19 (Audited)	2019-20 (Provisional)	Reconstruction Entries	Bal after Reconstitution	Fresh Equity Infusion for Settlement	Dep for the 1st Half of 2020-21	Balance Sheet as on Acquisition
I. EQUITY AND LIABILITIES							
(1) Shareholders' Funds							
(a) Share Capital	450.00	450.00	450.00		450.00		450.00
(b) Reserves and Surplus	(3,422.09)	(3,488.42)	(3,405.51)	(82.92)		(10.06)	(92.98)
(2) Non-Current Liabilities							
(a) Long term borrowings	2,531.21	2,557.09	2,557.09				
(3) Current Liabilities							
(a) Short term borrowings	401.79	401.79	648.90	450.00	(450.00)		

(b) Trade payables	710.38	697.11					
(c) Other current liabilities	3.38	2.39	2.39				
(d) Short Term Provisions	0.40						
Total	675.07	619.96	252.88	367.08	-	(10.06)	357.02
II. ASSETS							
(1) Non-Current Assets							
(a) Fixed Assets							
(i) Tangible Assets	404.73	375.10	10.89	364.20		(10.06)	354.14
(ii) Intangible Assets	0.08	0.07	0.07				
(iii) Capital Work in progress							
(b) Deferred Tax Asset							
(c) Long term loans and advances	2.68	2.68		2.68			2.68
(2) Current Assets							
(a) Inventories	23.47						
(b) Trade Receivables	233.24	233.24	233.24				
(c) Cash and cash equivalents	2.19	0.20		0.20			0.20
(d) Short-term loans and advances	8.68	8.68	8.68				
(e) Other current assets							
Total	675.07	619.96	252.88	367.08	-	(10.06)	357.02

- a. The net worth of the Corporate Debtor as on 31st March 2020 is Negative at Rs (3,038.42) Lakhs and the book value per share is also Negative at Rs (67.52). Hence the share capital does not have any value. The existing share capital of the Corporate Debtor is proposed to be extinguished. The resolution applicant to bring Rs 450 Lakhs to, pay off the Financial Creditors and Operational Creditors, for which fresh shares to be issued.
- b. The current Directors of the Corporate Debtor shall relinquish their claim against the loan of Rs 2,557.09 Lakhs.

- c. Trade receivables of Rs 233.23 Lakhs does not have any value and to be written off.
 - d. Assets like vehicles, furniture & fittings, computer & accessories, tools & equipment, and software to the tune of Rs 10.96 Lakhs are not fit for usage and to be written off.
 - e. Depreciation for an amount of Rs 10.06 crores to be provided for the period 01.04.2020 to 31.08.2020 to arrive at the value of Fixed assets as on the Effective Date.
 - f. The split of resolution amount between Financial Creditors and Operation Creditors will be based on the decision of the Committee of Creditors and the quantum of IRP cost.
 - g. The above reconstruction entries are proposed based on the Provisional Balance Sheet as on 31st March 2020. In case the Audited Balance Sheet does have a different figure, the Reconstruction entries will also be redrawn. Any how their won't be any changes in the "Balance Sheet as on Acquisition", shown in the above table, on either cases.
4. Tangible fixed asset as on 31st March 2021 includes capital repair of Rs 100 Lakhs and proposed purchase of vehicles of Rs 120 Lakhs. Further in 2021-22 & 2022-23 also additional vehicles are proposed to be acquired.
 5. Inventories & Trade Receivable shown the balance sheet are acquired in the course of business after the Effective date, once the operations of the Corporate Debtors are restarted by the resolution applicant after acquisition of the company. Likewise, Trade payables are also part of the new business. Other current liabilities are payments for expenses.
 6. Long term borrowings are Term loan taken for acquisition of vehicles, proposed to be repayable within 5 years and Short-term borrowings is Working capital loan proposed to be taken as secured loan against the assets of the company for the renewed operations.

5.3.4 Projected Cash Flow Statement (Rs in Lakhs)

Particulars	2020-21 (5 months)	2021-22	2022-23	2023-24	2024-25
<u>Cash Flows from Operating Activities</u>					
Net Profit after Tax	(18.71)	20.01	102.45	176.80	241.44
Add:					
Depreciation	36.05	63.84	69.06	56.98	47.10
Interest	17.81	33.29	36.10	34.73	30.87
Cash Flow before working capital changes	35.15	117.14	207.61	268.51	319.41
Adjustments for working capital					
(Increase)/Decrease in Current Assets					
(Increase)/Decrease in Inventory	(360.05)	(118.30)	(121.18)	(133.23)	(109.91)

(Increase)/Decrease in Debtors	(46.77)	(68.49)	(41.39)	(41.71)	(44.08)
Increase/(Decrease) in Current Assets					
Increase/(Decrease) in Trade Payable	74.08	105.95	59.15	60.59	66.61
Increase/(Decrease) in Other Current Liabilities	16.53	24.19	14.58	14.35	15.51
Increase/(Decrease) in Short term borrowings	262.50	-	-	-	-
Net Changes in working capital	(53.71)	(56.65)	(88.83)	(100.00)	(71.87)
Net Cash used in Operating Activities (A)	(18.56)	60.49	118.78	168.51	247.54
<u>Cash Flows from Investing Activities</u>					
<i>Inflow</i>					
Sale of Fixed Asset					
<i>Outflow</i>					
Purchase of Fixed Asset	(220.00)	(40.00)	(80.00)	-	-
Net Cash from Investing Activities (B)	(220.00)	(40.00)	(80.00)	-	-
<u>Cash Flows from Financing Activities</u>					
<i>Inflow</i>					
Increase in Capital	-				
Increase in Long Term Borrowings	108.00	36.00	72.00	-	-
Increase in Long Term Loans & Advances	200.00				
<i>Outflow</i>					
Loan Repaid to Bank and other Institutions	(11.83)	(23.03)	(35.07)	(42.38)	(46.24)
Interest Payment	(17.81)	(33.29)	(36.10)	(34.73)	(30.87)
Net Cash from Financing Activities (C)	278.36	(20.31)	0.83	(77.12)	(77.12)
Net Increase/(Decrease) In Cash (A+B+C)	39.80	0.18	39.60	91.40	170.42
Opening Cash	0.20	40.00	40.18	79.78	171.18
Closing Cash	40.00	40.18	79.78	171.18	341.60

5.3.4.1 Assumptions

1. The working capital loan is shown as full drawn throughout the years to arrive at the cash generation capacity of the unit.
2. Working capital loan is assumed to be having 9% interest rate and Term loan is assumed to be having 8.75% interest rate.

5.3.5 Key indicators		
Avg Return on Capital Employed	21.34%	Calculated on 5 years' return. Return is calculated as Profit after tax with Depreciation added back. Capital Employed is calculated as Equity plus Term loan, without considering retained earnings
Avg Return on Equity	21.50%	Calculated on 5 years' return. Return is calculated as Profit after tax with Depreciation added back. Retained earnings is not considered as part of Equity
Payback period	5.22 years	Calculated on 5 years' return. Return is calculated as Profit after tax with Depreciation added back.

IRR	21.16%	Calculated on 10 years' return. Return is calculated as Profit after tax with Depreciation added back. Return beyond five years is considered to increase 10% year on year
NPV	Rs 278.86 Lakhs	Discount factor considered is 15%. Calculated on 10 years' return. Return is calculated as Profit after tax with Depreciation added back. Return beyond five years is considered to increase 10% year on year

The following are the exemption and reliefs sought by the Resolution Applicant in the Resolution Plan: -

1. Exemption from compliance of extinguishment of the shares of the current shareholders of Kaula Agro Foods Pvt Ltd.
2. Exemption from any Income Tax Liability arising due to the write off of the Loan from Directors in the books of the Corporate Debtor to the tune of Rs 25,57,08,805 (as on 31st March 2020).
3. Allow setting up off of brought forward losses and unabsorbed depreciation for computation of taxable profits under section 79 of the Income Tax Act 1996 for a period of 8 years.
4. Allow setting up off of brought forward losses and unabsorbed depreciation for the purpose of computation of book profits under Section 115JB of the Income Tax Act 1996.
5. Provide a reasonable opportunity to be heard by the Jurisdictional Principal Commissioner or Commissioner of Income Tax as set forth in Section 79 (2) (c) of Income Tax Act 1996 for carry forward of business loss or unabsorbed depreciation.
6. Exemption from any tax liability due to the implementation of the Resolution Plan.

7. Exemption from stamp duty liability arising due to the implementation of the Resolution Plan.
8. To settle all legal proceedings pending against the Corporate Debtor in any Court or Tribunal or tax authorities and other contingent liabilities irrevocably and unconditionally as on the effective date.
9. To absolve the Resolution Applicant from any liability arising due to the outcome of any legal proceeding on any legal cases pending against the Corporate Debtor as on the Effective Date.
10. To pass an order stating that no other person is eligible to receive any amount from the Corporate Debtor as on the effective date, other than the persons eligible to receive amount as per the approval of this Resolution Plan.
11. Extinguish all liabilities in relation of corporate guarantees, indemnities etc provided by the Corporate Debtor as on the effective date.
12. Exemption from any duty, charges, fees or by whatsoever name called arising due to the change of ownership structure of the Corporate Debtor.
13. All claims and rights of the promoters against the Corporate Debtor shall stand irrevocably and unconditionally extinguished.
14. All claims of government authorities in relation to all taxes, liabilities, fees, penalties etc for the period pertaining prior to the effective date shall stand fully extinguished.

15. All claims of Koovappady Grama Panchayat, Kerala State Pollution Control Board and Food and Safety Authority of India etc, in relation to all taxes, liabilities, fees, penalties etc, for the period pertaining prior to the effective date shall stand fully extinguished.
16. To release all encumbrances, charges, security interest etc created on the assets of the Corporate debtor on the Effective Date.
17. Revocation of all power of attorneys provided by any person to the Corporate debtor as on the effective date.
18. Terminate without liability all outstanding negotiable instruments issued by the Corporate Debtor or any other person on behalf of the Corporate Debtor.
19. NCLT to recommend full support to be extended by the water, electricity and other relevant authorities for effective revival of Corporate Debtor
20. All actions with regard to the assets/claims/rights etc, as mentioned in the Balance Sheet of the Corporate Debtor, as well as off balance sheet items, as on the Effective Date shall be the assets/claims/rights of the Resolution Applicant and shall be dealt with at its sole discretion.
21. To permit amendment of the Constitutional documents of the Corporate Debtor.

FINDINGS: -

11 I have heard the submissions made by the learned counsel for the Resolution Professional through video conferencing and on-going through the

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Resolution Plan submitted by M/s. Tolins Pure Foods Pvt Ltd with the approval by 100% voting right of the CoC, the CoC found that the plan stands the requirement of being viable and feasible for revival of the Corporate Debtor. By and large, all the compliances have been done by the Resolution Applicant for making the plan effective after approval by this Bench.

12. The 'Resolution Plan' filed with typed set to the Application meets the requirements of Section 30(2) of the Insolvency and Bankruptcy Code, 2016 and Regulation 37,38,38(1A) and 39 of the IBBI(CIRP) Regulations, 2016. The 'Resolution Plan' is also not in contravention of any of the provisions of Section 29A. Therefore, this Tribunal in exercise of the powers conferred under Sub-Section (1) of Section 31 of the I&B Code, 2016, approves the 'Resolution Plan' annexed with **MA/96/KOB/2020** in **IBA/44/KOB/2019** by granting concession /exemptions in **item numbers 1(one),8(eight), 9 (nine),11 (eleven),13 (thirteen),16(sixteen)17(seventeen), 18 (Eighteen), 20 (twenty) and 21 (twenty one) enumerated under Para 4.2 of the Resolution Plan.** The Resolution Plan approved shall be binding on the Corporate Applicant, its employees, members, creditors, guarantors and other stakeholders involved in the Resolution Plan.

13. The Resolution Applicant shall, pursuant to the Resolution Plan approved under Sub-section (1) of Section 31, obtain the necessary approval 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 this Tribunal under Sub-section (1) of Section 31 or within such period as provided for in such law, whichever is later.

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14. Subject to the observations made in this Order, the **Resolution Plan submitted by M/s Tolins Pure Foods Pvt Ltd is hereby APPROVED by this Bench.**

15. The order of Moratorium dated 03.12.2019 passed by this Adjudicating Authority under Section 14 of the I&B Code, 2016 shall cease to have effect from the date of passing of this Order.

16. The Resolution Professional shall forward all record relating to the conduct of the CIRP and the 'Resolution Plan' to the IBBI, so that the Board may record the same on its data-base.

17. The directions embodied and period of implementation provided herein above shall be effective from the date of this Order

18. The approved 'Resolution Plan' shall become effective from the date of passing of this Order.

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

20. With the above Order, this **MA/96/KOB/2020** stands disposed of.

Dated the 29th day of September, 2020

Sd/-
(Ashok Kumar Borah)
Member (Judicial)