

**NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCH
COURT NO.1**

ATTENDANCE CUM ORDER SHEET OF THE HEARING OF NATIONAL COMPANY LAW TRIBUNAL,
BENGALURU BENCH, BENGALURU, HELD ON 10.02.2020

CAUSE LIST - 2

PRESENT: 1. Hon'ble Member (J), Shri Rajeswara Rao Vittanala
2. Hon'ble Member (T), Shri Ashutosh Chandra

CP/CA No.	Purpose	Sec	Name of Petitioner	Petitioner Advocate	Name of Respondent	Respondent Advocate
CP(IB) No. 124/BB/2019	For hearing - CIRP IA No. 84/2020	Sec 9 of I&B code 2016	R. Sathyanarayana	S Narendra Kumar, Rajani N Kumar & C.P Bhasakara, Advocates	M/s Sri Murugarajendra Oil Industry Pvt Ltd	Shri Hari Babu Thota, RP

ADVOCATE FOR PETITIONER/s:

HARI BABU THOTA, RP

ADVOCATE FOR RESPONDENT/s:

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ORDER

Heard Shri Hari Babu Thota, learned Resolution Professional.

I.A. No.84 of 2020 and CP (IB) No.124/BB/2019 are disposed of by common order.

Member (T)

Member (J)

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

C.P. (IB) No.124/BB/2019
U/s 9 of IBC, 2016
R/w Rule 6 of I&B (AAA) Rules, 2016

&

I.A. No.84 of 2020 in
C.P. (IB) No.124/BB/2019
U/s 30(6) of IBC, 2016

Hari Babu Thota
Resolution Professional of
Sri Murugarajendra Oil Industry Pvt. Ltd.

#41/1, 2nd Floor, 11th Cross, 8th Main,
2nd Block, Jayanagar,
Bengaluru – 560 011.

- Applicant/Resolution Professional

IN THE MATTER OF:

R. Sathyanarayana, Proprietor
'Sai Krupa', Sri Banashankari
Temple Street, Challakere,
Chitradurga Dist.,
Karnataka – 577 522.

- Petitioner/Operational Creditor

Versus

Sri Murugarajendra Oil Industry Pvt. Ltd.
2nd Floor, Palace View, K.P. West,
Bengaluru – 560 008.

- Respondent/Corporate Debtor

Date of Order: 10th February, 2020

Coram: 1. Hon'ble Shri Rajeswara Rao Vittalala, Member (Judicial)
2. Hon'ble Shri Ashutosh Chandra, Member (Technical)

Parties/Counsels Present:

For the Applicant/RP : Mr. Hari Babu Thota, PCS



ORDER

Per: Rajeswara Rao Vittanala, Member (J)

1. I.A. No.84 of 2020 in C.P. (IB) No.124/BB/2019 is filed by Mr. Hari Babu Thota, Resolution Professional of M/s. Sri Murugarajendra Oil Industry Private Limited (hereinafter referred to as 'Applicant/Resolution Professional') under Section 30(6) of I&B Code, 2016 by inter alia seeking to accept the Resolution Plan submitted by the Resolution Applicant, Atrih Agni Growth Private Limited and Hiten Somchand Ladhad, which was approved by the Committee of Creditors at their meeting held on 29th January, 2020, for revival of the Corporate Debtor Sri Murugarajendra Oil Industry Private Limited

2. Brief facts of the case, as mentioned in the Application, which are relevant to the issue in question, are as follows:

(1) C.P. (IB) No.124/BB/2019 is filed by Mr. R. Sathyanarayana, Proprietor ('Petitioner/Operational Creditor') U/s 9 of I&B Code, 2016 R/w Rule 6 of the I&B (Application to Adjudicating Authority) Rules, 2016, by inter alia seeking to initiate Corporate Insolvency Resolution Process (CIRP) in respect of the Corporate Debtor i.e. M/s.Sri Murugarajendra Oil Industry Private Limited was admitted by the Adjudicating Authority vide Order dated 04th June, 2019 by appointing Mr. H.R. Shivaprasad as the Interim Resolution Professional, imposing moratorium, etc.Pursuant to Section 15 of the Code R/w Regulation 6 of the IBBI (CIRP) Regulations, 2016, the IRP has made Public Announcement in Form-A on 03.07.2019 calling upon the Creditors of Corporate Debtor to submit their claims with proof on or before 14.07.2019.



- (2) The Committee of Creditors (CoC) in its 1st meeting held on 30.07.2019 has appointed Mr. Hari Babu Thota, Insolvency Professional having Regn. No. IBBI/IPA-02/IP-N00084/2017-2018/10225 as the Resolution Professional. Subsequently, this Adjudicating Authority vide Order dated 14.08.2019 passed in I.A. No.390 of 2019 has confirmed the appointment of Mr. Hari Babu Thota as Resolution Professional of the Corporate Debtor.
- (3) Pursuant to Regulation 27 of the Insolvency and Bankruptcy Board of India (CIRP) Regulations, 2016, the RP shall within 7 days of his appointment, appoint two Registered Valuers to determine the fair market value and liquidation value of the Corporate Debtor in accordance with the provisions of the Code, and accordingly RP had appointed following Registered Valuers:

1.	Mr. Devarakonda Ravi Shankar	Securities or Financial Assets
2.	Ms. Inampudi Bindu Mahadevi	Securities or Financial Assets
3.	Mr. S. J. Ranganath	Land & Buildings
4.	Mr. Inturi Veeraiah	Land & Buildings
5.	Mr. Aswartha M.	Plant & Machinery
6.	Mr. K.G. Ramesh	Plant & Machinery

Pursuant to Section 29 of the Code r/w Regulation 36 of IBBI (Corporate Insolvency Resolution Process) Regulations, 2016 ('CIRP Regulations'), the RP shall prepare an Information Memorandum within two weeks of his appointment. Accordingly, the RP prepared an Information Memorandum and made available of the same to the CoC on 06.09.2019.

- (4) The CoC in its 2nd meeting held on 20.09.2019 has *inter alia* approved the Evaluation Matrix, Criteria for Resolution Applicants and noted the relevant dates of Invitation for Expression of Interest in Form-G. Accordingly, the invitation for Expression of Interest (EoI) in Form-G was issued on 20.09.2019 and published on



22.09.2019 in the 'Deccan Chronicle' (English newspaper) and 'Samyukta Karnataka' (Kannada newspaper) stating the last date for submission of EoI as 05.10.2019, and the EoI was received from the following prospective Resolution Applicants namely (a) Vyom Agro Acres LLP jointly with Mr. R. Manjunath (b) Mr. Sha Somchand Kanji and (c) Mr. Suraksh Ravikumar. The provisional list was issued by the RP on 06.10.2019 with following prospective Resolution Applicants:

<i>Sr. No.</i>	<i>Name of the prospective Resolution Applicant</i>	<i>Date of receipt of EoI</i>
1.	Vyom Agro Acres LLP, jointly with Mr. R. Manjunath	5 th October, 2019

Further, the RP has rejected the EoI received from the following prospective Resolution Applicants:

<i>Sr. No.</i>	<i>Name of the prospective Resolution Applicants</i>	<i>Reason for rejection</i>
1.	Mr. Sha Somchand Kanji	Had not submitted the undertakings prescribed for issuance of Request for Resolution Plan
2.	Mr. Suraksh Ravikumar	Relative to the Directors of Corporate Debtor, who had NPA's was not eligible to submit the Resolution Plan pursuant to the provisions of the Section 29A of the Code.

Hence, the RP issued Request for Resolution Plan only to M/s.Vyom Agro Acres LLP jointly with Mr. R. Manjunath who had furnished all the undertakings.

(5) The final list of prospective Resolution Applicants was issued by the RP on 12.10.2019 with following prospective Resolution Applicants:

<i>Sr. No.</i>	<i>Name of the prospective Resolution Applicant</i>	<i>Date of receipt of EoI</i>
1.	Vyom Agro Acres LLP, jointly with Mr. R. Manjunath	5 th October, 2019



It is stated that the last date for submission of Resolution Plan was 11.11.2019. However, the RP received a letter from the prospective Resolution Applicant i.e. Vyom Agro Acres LLP jointly with Mr.R. Manjunath on 09.11.2019, informing their inability to submit the Resolution Plan for revival of the Corporate Debtor. However, the RP had come across positive response from the business market of the Corporate Debtor. Hence, proposed for re-issuance of invitation for EoI.

- (6) It is stated that the CIRP of Corporate Debtor commenced w.e.f. 04.06.2019 and estimated date of closure of Insolvency Resolution Process was 10.12.2019. Further, the RP opined that due to the above circumstances, the period of CIRP might exceed beyond 180 days. Hence, the CoC during its 3rd meeting held on 21.11.2019 has *inter alia* approved for extension of CIRP period for a period of 90 days and authorised the RP to file application in this regard. Subsequently, the Adjudicating Authority vide its Order dated 02.12.2019 passed in I.A. No.633 of 2019 has extended the CIRP for a further period of 90 days.
- (7) The CoC during its 4th meeting held on 07.12.2019 has *inter alia* approved for re-issuance of invitation for EoI in Form-G and approved the revised criteria for Resolution Applicants. The revised invitation for submission of EoI in Form-G was issued on 13.12.2019 stating the due date for submission as 28.12.2019. Pursuant thereto, RP received EoI from the following applicants:

Sr. No.	Name of the prospective Resolution Applicant with address	Date of receipt of EoI
1.	M/s. Atrih Agri Growth Private Limited jointly with Hiten Somchand Ladhad	23 rd December, 2019

As per the said Form-G, the due date for issue of provisional list of prospective Resolution Applicants was 29.12.2019. The list was



issued on 29.12.2019 with the Applicant namely M/s. Atrih Agri Growth Private Limited jointly with Mr. Hiten Somchand Ladhada.

- (8) Pursuant to Regulation 36A (11) of the CIRP Regulations, the Applicant was provided five days' time to submit objections, if any. The final list of prospective Resolution Applicant was issued on 04.01.2020 from the Applicant namely M/s. Atrih Agri Growth Private Limited jointly with Mr. Hiten Somchand Ladhada. The last date for receipt of Resolution Plan was 29.12.2019. The RP received the Resolution Plan from M/s.Atrih Agri Growth Private Limited jointly with Mr. Hiten Somchand Ladhada on 25.01.2020.
- (9) It is stated that the notice of 5th meeting of CoC of the Corporate Debtor along with the Agenda was sent to the Members of CoC and Directors of suspended Board of Corporate Debtor on 27.01.2020. At the 5th meeting of CoC held on 29.01.2020, the Members *inter alia* perused the Resolution Plan and the members constituting 100% of voting share have approved the Resolution Plan submitted by M/s. Atrih Agri Growth Private Limited jointly with Mr. Hiten Somchand Ladhada for revival of the Corporate Debtor and authorised the RP to file application in this regard.

(10) Valuation given by Registered Valuers is as under:

Sr. No.	Name of the Registered Valuer	Valuation of	Value arrived at		Average	
			Fair Value (in INR)	Liquidation Value (in INR)	Fair Value (in INR)	Liquidation Value (in INR)
1.	Devarakonda Ravi Shankar	Financial Assets & Securities	15,03,843	14,38,465	15,03,843	14,84,818
2.	Inampudi Bindu Mahadevi	Financial Assets & Securities	16,29,238	15,31,171		
3.	SJ Ranganath	Land & Buildings	1,68,05,500	1,17,63,000	1,69,02,750	1,09,81,500
4.	Inturi Verraiah	Land & Buildings	1,70,00,000	1,02,00,000		



5.	K.G. Ramesh	Plant & Machinery	2,14,01,000	64,22,000	2,17,50,500	67,66,000
6.	Aswartha M	Plant & Machinery	2,21,00,000	71,10,000		
TOTAL					4,01,57,093	1,92,32,318

1.	Fair Value	Rs.4,01,57,093.00
2.	Liquidation Value	Rs.1,92,32,318.00

(11) The brief of the approved Resolution Plan is stated hereunder:

i. Brief about the Resolution Applicants:

The 'ATRIH AGRI GROWTH PRIVATE LIMITED' is a Private Limited Company, registered under the Companies Act, 2013 bearing CIN: U15400KA2019PTC129300. The Company comprises of two Director namely Sri Hiten Somchand Ladhada and Sri Basavaraj Kai.

Sri Hiten Somchand Ladhada:

Sri Hiten Somchand Ladhada is one of the leading businessmen in Bangalore having experience in dealing various types of edible oil from the past 3 decades. He has hailed from a traditional family, where his ancestors are associated extensively with the edible oil trading activities edible oil.

He has well established infrastructure for marketing of all types of edible oil in the State of Karnataka, Maharashtra and Gujarat. At present he is proprietor of M/s Shah Somchand Khanji, a proprietorship firm located at Bengaluru dealing in edible oil trading activities, both whole sale and retail. This proprietorship Firm is dealing in various branded edible oils like Sunpure, Sundrop, Emami, Dhara, Ruchi Gold, Gold Winner etc., including Vanaspathi and such other allied products. This proprietorship firm has crossed annual turnover of around Rs.33 crores. The existing infrastructure shall suffice to resume operations of the Corporate Debtor and its merger with the Resolution Applicant. He will be in charge of the entire business activities of the Resolution Applicant, post-merger.

Sri Basavaraj Kai:



Sri Basavaraj Kai is a business man having 25 years' experience in commercial activities in Davanagere and Bangalore. He has undertaken various consultation assignments both in Proprietorship and Corporate organizations. His insights into Business and Commerce place him well to undertake this resolution plan along with Mr. Hiten Somchand Ladhada. He is capable of procuring raw materials required for the Debtor Company. He is looking after day to day administration of the Debtor Company.

a) Payment to the Stakeholders:

The Resolution Applicant immediately on approval of the Resolution Plan shall make payment towards following stakeholders by the Resolution Applicant:

- i. CIRP Cost – 100%*
- ii. Employees Dues – 100% (as per the books of accounts of CD, if any claim received during the Resolution Plan implementation period)*
- iii. Unsecured Financial Creditors other than related parties – 100%*
- iv. Operational Creditor – 100%*
- v. Unsecured Financial Creditors who are related parties – 14%*

b) Cancellation of existing Share Capital of CD:

The existing paid up equity share capital of the Corporate Debtor is Rs.26,25,00,000/- shall be cancelled.

c) Extinguishment of Liabilities:

The liability to the extent of Rs.1,56,448,319/- (owing to Mr. K V Ravikumar of Rs.5,37,16,008/- and to Mr.Suraksh R of Rs.10,18,78,743/- and to other operational creditors who have not submitted the claim form of Rs.8,53,568/-) shall be extinguished in the books of the Corporate Debtor. Further, liability of Rs.60,000/- and Rs.2,50,00,000/- against the claim of Mr. Ravikumar and Mr. Suraksh R respectively shall be taken over by the resolution applicant through merger of CD with RA.

d) Merger of CD with Resolution Applicant:

Subsequent to cancellation of the existing equity share capital of the Corporate Debtor, the Corporate Debtor with the Authorized Capital of Rs.30,00,00,000/- and along with all the assets and liabilities (except

debt to the extent of Rs.1,56,448,319/- that shall be extinguished), shall be merged with resolution applicant without following the provisions of Section 230 to 232 and related provisions of the Companies Act, 2013 prescribed for merger of Companies on approval of this Resolution Plan by the Hon'ble NCLT, Bengaluru Bench and the Corporate Debtor shall cease to exist on filing the order with the Registrar of Companies, Karnataka.

e) Details of assets and liabilities that shall be taken over by Resolution Applicant through merger:

Following are the assets and liabilities of CD that would be taken over by RA through merger:

DETAIL STATEMENT OF ASSETS & LIABILITIES OF DEBTOR COMPANY TRANSFERRED TO AMALGAMATED COMPANY				
Particulars	Amount as per Information Memorandum	Settlement amount as per Resolution Plan	Assets Extinguished	Carried over to Resolution Applicant
ASSETS TAKEN OVER BY R.A.	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Authorised Capital	30,00,00,000.00	--	--	30,00,00,000.00
a. Land & Buildings	57,13,158.00	--	--	1,50,00,000.00
b. Plant & Machinery & Office equipments - Core Asset.	2,14,26,605.00	--	--	1,00,00,000.00
c. Plant & Machinery - Non-core assets		--	--	1,00,00,000.00
d. Refund of VAT	5,23,024.00	--	--	5,23,024.00
e. Bank Accounts	22,01,199.00	--	--	22,01,199.00
GRAND TOTAL:	--	--	--	3,77,24,223.00

DETAIL STATEMENT OF ASSETS & LIABILITIES OF DEBTOR COMPANY TRANSFERRED TO AMALGAMATED COMPANY				
Particulars	Amount as per Information Memorandum	Settlement amount as per Resolution Plan	Liability proposed to be Extinguished	Liability proposed to be taken over by Resolution Applicant
LIABILITIES TAKEN OVER BY R.A.	(Rs.)	(Rs.)	(Rs.)	(Rs.)
K.V. Ravikumar - Director	5,37,76,008.00	60,000.00	5,28,19,000.00	60,000.00
Sha Karji Devji Refineries Pvt. Ltd.	20,73,000.00	20,73,000.00	0.00	20,73,000.00
Sri Anjaneya Cotton Mills Ltd.	41,48,000.00	41,48,000.00	0.00	41,48,000.00
Suraksh Ravikumar	12,68,78,743.00	2,50,00,000.00	10,18,78,743.00	2,50,00,000.00



R. Sathyanarayana	9,38,068.00	9,38,068.00	0.00	9,38,068.00
Srinivasa & Co.	28,000.00	0.00	28,000.00	0.00
Sri Sathyasai Trade Link	2,80,000.00	0.00	2,80,000.00	0.00
Sri Shiva Canvassing	3,70,000.00	0.00	3,70,000.00	0.00
Sri Shivasai Trading Co.	32,000.00	0.00	32,000.00	0.00
Sri Swamy Samarth Canvassing	1,43,500.00	0.00	1,43,500.00	0.00
Provision for CIRP Expenses	--	--	--	29,71,024.00
Employees' Salary	--	--	--	2,50,000.00
Working Capital reserved for implementation of resolution process	--	--	--	68,58,199.00
Capital expenditure for upgradation of Plant & Machinery	--	--	--	29,26,000.00
GRAND TOTAL				4,52,24,291.00

f) Payment of Dues to Mr. Suraksh R:

The Resolution Applicant shall issue 5-year tenure 6% Non-Convertible Debentures (NCDs) with annual interest payment terms, to Mr. Suraksh R, Guarantor, who had settled the loans availed by the Corporate Debtor and who is also a related party of the CD for an amount of Rs.2,50,00,000/- redeemable by the Resolution Applicant at any time during the tenure of NCDs, against his outstanding of Rs.12,68,78,743/- as full and final settlement. The NCDs shall be issued within 2 months from the receipt of the order.

g) Payment of Dues to Mr. Ravikumar K V:

Mr. K V Ravikumar (unsecured financial creditor) who is also the director of the Corporate Debtor shall be paid an amount of Rs.60,000/- towards his outstanding of Rs.5,37,76,008/- as full and final settlement.

h) Assets & Liabilities of the Corporate Debtor:

Post-merger, assets and liabilities, all licenses, approvals, permits including all entitlements and trademarks of the Corporate Debtor shall be transferred to the merged entity.

i) Exemptions Sought:

(Handwritten signature)

Exemption sought from Stamp duty & Goods and Service Tax for transfer of Land & Buildings and Plant & Machinery (including non-core assets) of the Corporate Debtor on its merger with the Resolution Applicant.

j) Appointment Date and Effective Date:

The appointed date and effective date for the merger of Corporate Debtor with the Resolution Applicant shall be the date of filing the Order of Hon'ble NCLT, Bengaluru Bench with the Registrar of Companies, Karnataka.

k) Statutory Dues:

No liability is outstanding towards statutory dues against the Corporate Debtor as on the date of submission of this Resolution Plan and if anything arises at a future date the Resolution Applicant shall pay NIL amount towards the same.

Further, the Resolution Applicant shall not be liable to pay any dues/ outstanding/ commitments/ borrowings/ any liability in any form relating to the Corporate Debtor in connection with its previous activities and upto to the date of approval of the Resolution Plan, after its merger with the Resolution Applicant.

ii. Proposed Payment to various Stakeholders against the outstanding:

Type of Stakeholder	Amount of debt in INR	Amount of debt as % of total liability	Proposed repayment Amount in INR	Proposed repayment as % to outstanding
<i>Unsecured Financial Creditors other than related parties</i>	62,21,918.00	3.29%	62,21,918.00	100%
<i>Operational Creditors</i>	9,38,068.00	0.50%	9,38,068.00	100%
<i>Unsecured Creditors who are related parties</i>	18,06,54,750.00	95.63%	2,50,60,000.00	14%
<i>Statutory Authorities</i>	Nil	--	Nil	--
Unclaimed outstanding debt				

Operational Debt	8,53,568.00	0.45%	Nil	--
Workmen & Employees Dues	2,50,000.00	0.13%	2,50,000.00	100%
Total Outstanding/ Settlement Amount-A	18,89,18,304.00	100%	3,24,69,068.00	--
Other Provisions				
CIRP Cost including Interim finance availed during CIRP period	29,71,024.00		29,71,024.00	100%
Capital expenditure for Upgradation of Plant and Machinery	29,26,000.00		29,26,000.00	--
Working Capital reserved for resuming Resolution Plan	68,57,281.00		68,57,281.00	--
Total provisions made - B	1,27,54,305.00		1,27,54,305.00	
TOTAL (A+B)	20,16,72,609.00		4,52,23,373.00	

iii. Term of Plan and its implementation schedule of Resolution Plan:

Action	Timeline
NCLT approval for the Resolution Plan	X
Cancellation of Existing Share Capital of CD	X + 1 Month
Merger of Corporate Debtor with Resolution Applicant	X + 1 Month
Upfront cash towards CIRP cost, Operational Creditors and unsecured creditors other than related parties	X + 1 Month
Issue of NCDs by RA to the financial creditor who is the related party	X + 2 Months
Employees Dues, as per the books of accounts of CD, if any claim received during the Resolution plan implementation period	X + 3 Months
Sale of Non-core assets of the Corporate Debtor	X + 3 Months
Upgradation of assets of Corporate Debtor (post-merger)	X + 3 Months

iv. Means of Source & Distribution of Funds:

Sl. No.	Payments to be made	Amounts Payable	Source of Funds	Description of Proposal
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		(INR Lakhs)		
1.	CIRP Cost	29,71,024.00	Net owned funds of Resolution Applicant post-merger	100% shall be paid upfront within 1 month of receipt of order of NCLT
2.	Employees' Dues	2,50,000.00	Net owned funds of Resolution Applicant post-merger	100% shall be paid as per the books of accounts of CD, if any claim received during the Resolution plan implementation period
3.	Unsecured Financial Creditors other than related parties	62,21,918.00	a. 50% shall be paid out of Net owned funds of Resolution Applicant post-merger b. 50% shall be paid out of sale proceeds of sale of non-core assets of CD	Upfront payment of 50% of total claim shall be paid within 1 month and balance shall be paid within 3 months of approval of resolution plan
4.	Operational Creditor	9,38,068.00	a. Net owned funds of Resolution Applicant post-merger	Shall be paid within 1 month of receipt of order of NCLT
5.	Working capital reserved for implementation of resolution plan	68,57,281.00	Fund infusion by way of issue of CCDs by resolution applicant and balance if any available out of sale proceeds of non-core assets of CD subsequent to payment to the secured creditors who are not related parties	
6.	Capital expenditure for Upgradation of Plant and Machinery	29,26,000.00	Fund infusion by way of issue of CCDs by resolution applicant and balance if any available out of sale proceeds of non-core assets of CD subsequent to payment to the secured creditors who are not related parties	
7.	Unsecured Financial Creditors who are related parties	2,50,60,000.00	- Rs.60,000/- shall be paid out of net owned fund by resolution applicant - The resolution applicant shall issue NCDs of Rs.2,50,00,000/- by resolution applicant.	

v. Management and control during the term of resolution plan:

The affairs of the Corporate Debtor shall be vested with as it is proposed to merge the Corporate Debtor with the Resolution Applicant, the management and control during the term of resolution plan in corporate debtor won't arise. However, the Resolution Applicant shall be managed by the following directors: 1) Sri Hiten Somchand Ladhada and 2) Sri Basavaraj Kai.

vi. Supervision and monitoring of implementation of the resolution plan:



It is proposed to continue the Resolution Professional to act as supervisor for monitoring of the implementation of resolution plan for a period of 3 months.

Business Plan:

The business plan in the proposed Resolution Plan stated that the RA worked out on the basis of the inherent know-how and expertise of the Edible Oil industry gained over the three decades of experience in the said field.

Careful analysis of the earlier business modalities executed by the Corporate Debtor was researched and such other similar cases that had significant exposure in the edible oil industry like Ruchi Soya Industry, KS Oils etc., was taken into account.

The edible oil industry has evolved very significantly over the last three decades. The market analysis reveals multiple important factors viz. expansion of edible oil markets, shrinkage in the domestic agricultural production of oil seeds, substitute of lower priced imported oils, and the shift into the development of Consumer Brands of Packaged Oils as against unpackaged oil.

In view of these developments, the resolution applicant had proposed to restrict extraction of oil from the traditional oil seeds (cotton seed, mustard, ground-nut, coconut, til) which are easily available in the local market. However, all the machineries except Oil Explorers and certain Refinery installation for physical process of edible oils will be non-core assets and will be disposed off; and sales proceeds thereon would be appropriate during the relevant plan.

vii. Future Projection (Rs. in lakhs):

Particulars	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Total Revenue	744.88	3492.51	3654.57	3837.30	4029.16
Net Profit (Projections)	23.80	7.33	52.12	59.21	66.10

Break up of CIRP Cost:

V. S. S. S.

Sr. No.	Particulars	Amount (in INR)	Amount (in INR)
	IRP Period		
1.	Expenses incurred by IRP	17,784.00	
2.	Advertisement	27,216.00	
3.	Remuneration of IRP	2,50,000.00	
	Total – A		2,95,000.00
	RP Period		
1.	RP's Remuneration (Rs.75,000/- p.m. – Estimated upto February 2020)	4,87,500.00	
2.	Expenses incurred by RP in connection to CIRP including printing, stationery, conveyance, application filing fees before this Hon'ble Tribunal etc.	8,355.00	
3.	Fees of Registered Valuers	2,15,000.00	
4.	Statutory Auditor's Remuneration	1,98,000.00	
	Total – B		26,75,950.00
1.	Interim Finance	17,00,000.00	
2.	Interest on Interim Finance	63,750.00	
	Total – C		17,63,750.00
	Grand Total (A+B+C)		43,34,700.00

Exemptions/Reliefs Sought:

The Resolution Plan seeks various exemptions and reliefs including the following:

- i. The approval of this Plan by NCLT shall constitute adequate and final approval of NCLT for all actions and purposes of this plan including (a) extinguishment/cancellation of the existing share capital of the Corporate Debtor (as may be agreed upon) in terms of Section 66 and other provisions of the 2013 Act and other Applicable Laws; and (b) for merger of Corporate Debtor with the Resolution Applicant in terms of the Companies Act, 2013 and other Applicable Laws and accordingly, no approval/consent shall be necessary from any other Person in relation to any of these actions including under any agreement, the constitution documents of the Corporate Debtor or any Applicable Laws.
- ii. To waive off the procedure under the Companies Act, 2013 and from payment of fee for increase in the Authorised share capital of the



Resolution Applicant due to merger of the Corporate Debtor with the Resolution Applicant.

- iii. *The Central Board of Direct Taxes shall: (A) consider the Corporate Debtor to give exemption to the Resolution Applicant from any non-compliance of the provisions of Section 2(1B) read with Section 72A and Section 47(vi) of the Income Tax Act, 1961 relating to transfer of assets and carry forward of losses, and shall treat the proposed resolution plan has complied with the amalgamation/merger provisions of the IT Act, and all the benefits/exemptions relating to amalgamation/merger be extended to the Resolution Applicant and the Corporate Debtor; and (B) post-merger of the CD, provide relief to the Resolution Applicant, from all past litigations of the Corporate Debtor, if any, pending at different levels and provide a waiver from all disputed and undisputed Tax dues, Tax Deducted at Source (TDS)/Tax Collected at Source (TCS) including interest and penalty on such dues/litigations. Further, the Income Tax Authorities to consider providing waivers/reliefs/exemptions from applicability of or payment of taxes, interest or penalty levied/proposed to be levied pertaining to the period prior to the date of implementation of the resolution plan relating to and including any proceedings pending against the Corporate Debtor or in respect to proceedings which may initiated in future under the Income Tax Laws applicable to the Corporate Debtor.*
- iv. *The GST Authorities to not void the transactions contemplated under this Plan (including any form of corporate restructuring) under Section 81 of the Central/State Goods and Service Tax Act, 2017 and not impose any successor liability on the Corporate Debtor and the Resolution Applicant.*
- v. *Any Encumbrance (including any Encumbrance created pursuant to any Applicable Law and including but not limited to Sections 281 of the Income Tax, 1961, Section 81 of the Central Goods and Services Tax Act, 1961 and under Karnataka Value Added Tax, 2003, and*



any other direct and indirect tax laws, whether over immovable, movable assets, fixed deposits or cash or any other rights or privileges and including without limitation, any guarantee, security, letter of credit or pledge provided by Corporate Debtor or the Existing Promoters or any third party on behalf of the Corporate Debtor that was created/granted/arranged in connection with any Financial Debt or Operational Debt or any other debt or obligation of the Corporate Debtor, at any time prior to the Approval Date, shall automatically be released and all liabilities and obligations of the Corporate Debtor and any Third Party (including the Existing Promoters) on behalf of the Corporate Debtor in relation to such Encumbrance or other form of collateral (including those created/arranged by the Corporate Debtor as guarantor or a third party security provider in relation to its related parties or associates, if any) shall stand permanently extinguished and released on the approval of this Resolution Plan by the NCLT, without the requirement of any further action on part of any party and irrespective, of whether such Financial Creditor or Operational Creditor is receiving any payment under this Resolution Plan or not.

Furnishing of Earnest Money Deposit and Performance Security:

The Resolution Applicant has provided Earnest Money Deposit of Rs.10,00,000/- by way of Demand Draft issued on 21st January 2020 vide DD No.002146 along with the Expression of Interest as stated in the detailed invitation for submission of Expression of Interest.

Subsequent to the approval of the Resolution Plan by the CoC in their 5th meeting held on 29th January, 2020, the Resolution Applicant – M/s.Atrih Agri Growth Private Limited jointly with Mr.Hiten Somchand Ladhad had provided Banker's Cheque drawn on HDFC Bank Limited Jayanagar 3rd Block, Bangalore for Rs.50,00,000/- (Rupees Fifty Lakhs only) in favour of the Corporate Debtor drawn on



4th February 2020 vide Cheque No.045540 in accordance with terms of the Request for Resolution Plan.

3. Heard Mr. Hari Babu Thota, learned Resolution Professional. We have carefully perused the pleadings of Party and extant provisions of the Code and the Rules made thereunder and the Law on the issue.
4. Mr. Hari Babu Thota, Resolution Professional, while reiterating various averments made in the Application/Petition, has further submitted that the Resolution Plan as approved by the CoC satisfy all requisite conditions as per the provisions of the Code, and the same is approved with requisite majority, and thus urged the Adjudicating Authority to approve the Resolution Plan.
5. The Resolution Professional has produced Minutes of the 5th Meeting of the Committee of Creditors of Sri Murugarajendra Oil Industry Pvt. Ltd., the Corporate Debtor, held on 29th January, 2020 at #41/1, 2nd Floor, 11th Cross, 8th Main, 2nd Block, Jayanagar, Bengaluru, wherein, the Resolution Plan submitted by M/s.Atrih Agri Growth Private Limited, was considered in depth. He has also submitted that proceedings of COC held on various dates and also filed Compliance Certificate in Form-H, under Regulation 39(4) of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 by inter alia furnishing all the requisite details.
6. In order to approve a Resolution Plan U/s 31(1) of the Code, Resolution Professional should examine each Resolution Plan as prescribed under Section 30(2) of the Code, as mentioned below:



- a) provides for the payment of insolvency resolution process costs in a manner specified by the Board in priority to the payment of other debts of the corporate debtor;
- b) provides for the payment of the debts of operational creditors in such manner as may be specified by the Board which shall not be less than the amount to be paid to the operational creditors in the event of a liquidation of the corporate debtor under Section 53;
- c) provides for the management of the affairs of the corporate debtor after approval of the resolution plan;
- d) the implementation and supervision of the resolution plan;
- e) does not contravene any of the provisions of the law for the time being in force;
- f) confirms to such other requirements as may be specified by the Board.

As detailed supra, that in compliance with the said requisite conditions, Resolution Professional has submitted various documents and statements as per provisions of the Code and the Rules made there under. And these compliances are briefly pointed out as under:

- (1) The Resolution Professional has filed Compliance Certificate in Form-H, dated 05.02.2020 under Regulation 39(4) of the IBBI (Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016:

1. The details of the CIRP are as under:

Sl. No.	Particulars	Description
1	Name of the CD	Sri Murugarajendra Oil Industry Private Limited
2	Date of Initiation of CIRP	04.06.2019
3	Date of appointment of IRP	04.06.2019



4	Date of Publication of Public Announcement	03.07.2019
5	Date of Constitution of CoC	24.07.2019
6	Date of First Meeting of CoC	30.07.2019
7	Date of Appointment of RP	14.08.2019
8	Date of Appointment of Registered Valuers	24.08.2019
9	Date of Issue of Invitation for EoI	20.09.2019 (Form G was reissued on 13.12.2019)
10	Date of Final List of Eligible Prospective Resolution Applicants	(The RP had not received any EOI from Prospective Resolution Applicant. Hence, the Form G was reissued on 13.12.2019. Accordingly, all the dates relating to resolution plan are considered from the re-issued Form G from this point) 04.01.2020
11	Date of Invitation of Resolution Plan	29.12.2019
12	Last Date of Submission of Resolution Plan	03.02.2020
13	Date of Approval of Resolution Plan by CoC	(As the undersigned had received EoI from only one Resolution Applicant and the said Resolution Applicant submitted the resolution plan on 25.12.2019, the undersigned had considered the same and called for the meeting of CoC instead of waiting up to 03.02.2020)
14	Date of Filing of Resolution Plan with Adjudicating Authority	05.02.2020
15	Date of Expiry of 180 days of CIRP	10.12.2019
16	Date of Order extending the period of CIRP	02.12.2019
17	Date of Expiry of Extended Period of CIRP	29.02.2019
18	Fair Value	Rs.4,01,57,093.00
19	Liquidation value	Rs.1,92,32,318.00
20	Number of Meetings of CoC held	5

(2) The Resolution Plan dated 25.01.2020 is received from the Resolution Applicant M/s.Atrih Agri Growth Private Limited jointly with Mr. Hiten Somchand Ladhada and is approved by the

Committee of Creditors (CoC) of Sri Murugarajendra Oil Industry Private Limited on 29.01.2020.

(3) The RP also certified that:

- i. The said Resolution Plan broadly complied with all the provisions of the IBC, 2016, the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (CIRP Regulations) and does not contravene any of the provisions of the law for the time being in force.
- ii. The Resolution Applicant M/s.Atrih Agri Growth Private Limited jointly with Mr. Hiten Somchand Ladhada has submitted an affidavit pursuant to Section 30(1) of the Code confirming its eligibility under Section 29A of the Code to submit resolution plan. The contents of the said affidavit are in order.
- iii. The said Resolution Plan has been approved by the CoC in accordance with the provisions of the Code and the CIRP Regulations made thereunder. The Resolution Plan has been approved by 100% of voting share of financial creditors after considering its feasibility and viability and other requirements specified by the CIRP Regulations.
- iv. The voting was held in the meeting of the CoC held on 29.01.2020 where all the members of the CoC were present.

(4) The list of Financial Creditors of the Corporate Debtor being members of the CoC and distribution of voting share among them is as under:

Sl. No.	Name of Creditor	Voting Share (%)	Voting for Resolution Plan (Voted for/ Dissented/Abstained)
1	M/s.Sha Kanji Devji Refineries Pvt. Ltd.	33.33	Voted For
2	Sri Anjaneya Cotton Mills Ltd.	66.67	Voted For

(5) The Resolution Plan is having a specific a statement under Regulation 38(1A) of the CIRP Regulations as to how it has dealt with the interests of all stakeholders in compliance with the Code and Regulations made thereunder.

(6) The amounts provided for the stakeholders under the Resolution Plan is as under: (Amount in Rs. Lakh)

Sl. No.	Category of Stakeholder *	Sub-Category of Stakeholder	Amount Claimed	Amount Admitted	Amount Provided under the Plan#	Amount provided to the Amount Claimed (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Secured Financial Creditors	a. Creditors not having a right to vote under sub-section (2) of Sec. 21	NIL	-	-	-
		b. Other than (a) above:	NIL	-	-	-
		(i) Who did not vote in favour of the resolution plan	NA	-	-	-
		(ii) who voted in favour of the resolution plan	NA	-	-	-
		Total [(a) + (b)]	NIL	-	-	-
2.	Unsecured Financial Creditors	(a) Creditors not having a right to vote under sub-section (2) of section 21	18,06,54,750.00	18,06,54,750.00	2,50,60,000.00	14%
		(b) Other than (a) above:	62,21,918.00	62,21,918.00	62,21,918.00	100%
		(i) who did not vote in favour of the resolution plan	NIL	-	-	-
		(ii) who voted in favour of the resolution plan	62,21,928.00	62,21,928.00	62,21,928.00	100%
		Total (a) +(b)	2,42,87,403.00	2,42,87,4023.00	2,42,87,403.00	-
3.	Operational Creditors	(a) Related Party of Corporate Debtor	NIL	NA	NA	NA
		(b) Other than (a) above:	9,38,068.00	9,38,068.00	9,38,068.00	100%

#Amount provided over time under the Resolution Plan and includes estimated value of non-cash components. It is not NPV.



(7) The interests of existing shareholders have been altered by the Resolution Plan as under:

It is proposed to cancel the existing share capital of Rs.26,25,00,000/- as appearing in the books of accounts of the Corporate Debtor.

Sl. No.	Category of Shareholder	No. of Shares held before CIRP	No. of Shares held after the CIRP	Voting Share (%) held before CIRP	Voting Share (%) held after CIRP
1	Equity	2,62,50,000	NIL	100	NIL

(8) The compliance of the Resolution Plan is as under:

Section of the Code Regulation No.	Requirement with respect to Resolution Plan	Clause of Resolution Plan	Compliance (Yes/No)
25(2)(h)	Whether the Resolution Applicant meets the criteria approved by the CoC having regard to the complexity and scale of operations of business of the CD?	Clause 3 para 12	Yes
Section 29A	Whether the Resolution Applicant is eligible to submit resolution plan as per final list of Resolution Professional or Order, if any, of the Adjudicating Authority?	An affidavit u/s 29A has been provided by the Resolution Applicant	Yes
Section 30(1)	Whether the Resolution Applicant has submitted an affidavit stating that it is eligible?	-	Yes
Section 30(2)	Whether the Resolution Plan: (a) provides for the payment of insolvency resolution process costs? (b) provides for the payment of the debts of operational creditors? (c) provides for the management of the affairs of the Corporate Debtor? (d) provides for the implementation and supervision of the resolution plan? (e) Contravenes any of the provisions of the law for the time being in force?	VI (a) VI (E) XII(3) XII(4)	Yes Yes Yes Yes No
Section 30 (4)	Whether the Resolution Plan (a) is feasible and viable, according to the CoC? (b) has been approved by the CoC with 66% voting share?	- -	YES YES
Section 31(1)	Whether the Resolution Plan has provisions for its effective implementation plan, according to the CoC?	-	Yes
Regulation 35A	Where the resolution professional made a determination if the Corporate Debtor has been subjected to any transaction of the nature covered under Sections 43, 45, 50 or 66, before the one hundred and fifteenth day of the insolvency commencement date, under intimation to the Board?	NIL	Not Applicable as there are no such transactions found by the undersigned
Regulation 38(1)	Whether the Resolution Plan identifies specific sources of funds that will be used to pay the – (a) insolvency resolution process costs?	VII(1)	YES

K. L. B.

	(b) liquidation value due to operational creditors? (c) liquidation value due to dissenting financial creditors?		YES NA
Regulation 38(1A)	Whether the resolution plan includes a statement as to how it has dealt with the interest of all stakeholders?	IX	Yes Clause 9 provides a statement
Regulations 38(2)	Whether the Resolution Plan provides: (a) the terms of the plan and its implementation schedule? (b) for the management and control of the business of the Corporate Debtor during its term? (c) adequate means for supervising its implementation?	XII XII(3) XII(4)	YES YES YES
38 (3)	Whether the resolution plan demonstrates that – (a) it addresses the cause of default? (b) it is feasible and viable? (c) it has provisions for its effective implementation? (d) it has provisions for approvals required and the timelines for the same? (e) the resolution applicant has the capability to implement the resolution plan?	The CoC after deliberations on the said aspects has approved the resolution plan	YES YES YES YES YES
39 (2)	Whether the RP has filed application in respect of transactions observed, found or determined by him?	NIL	NIL

7. As stated supra, the Resolution Professional has filed Compliance Certificate dated 05.02.2020, under Regulation 39(4) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, by *inter alia* stating that no such transactions of section 66 or avoidance application filed/pending:

Sl. No.	Type of Transaction	Date of Filing with Adjudicating Authority	Date of Order of the Adjudicating Authority	Brief of the Order
1	Preferential transactions under Section 43	NA	-	-
2	Undervalued transactions under Section 45	NA	-	-
3	Extortionate credit transactions under Section 50	NA	-	-
4	Fraudulent transactions under Section 66	NA	-	-

8. The above facts and circumstances clearly established that the Resolution Plan dated 25th January, 2020 which was approved by the Committee of Creditors on 29th January, 2020 for Sri Murugarajendra Oil Industry Private Limited, submitted by M/s. Atrih Agri Growth Private Limited jointly with Mr. Hiten Somchand Ladhada, Resolution Applicant



confirm all the requisite conditions so as to approve it under Section 31(1) of the Code. The Resolution Plan is approved by the CoC with 100% in accordance with law. Therefore, we are of the considered opinion that the said Resolution Plan is a fit to be approved under Section 31(1) of the IBC, 2016.

9. In the result, by exercising the powers conferred on this Adjudicating Authority, under Section 31(1) IBC, 2016, both C.P. (IB) No.124/BB/2019 and I.A. No.84 of 2020 are disposed of with the following directions:

- (1) The Resolution Plan dated 25th January, 2020 submitted by M/s.Atrih Agri Growth Private Limited (Resolution Applicant) as approved by the Committee of Creditors at their 05th meeting held on 29th January, 2020 with 100% voting is hereby approved by declaring that the Resolution Plan will be binding on the Corporate Debtor (Applicant) and its employees, members, creditors including the Central Government, any State Government or any local authority to whom a debt in respect of payment of dues arising under any law for the time being in force, as authorities to whom statutory dues are owed, guarantors, and other stakeholders involved in the resolution plan.
- (2) The moratorium imposed vide Order dated 04.06.2019 passed in the CP shall cease to have effect from the date of communication of the order.
- (3) The Resolution Professional is directed to handover the management control of all the assets, documents/records in physical and/or digital form on an as is where is basis to the Resolution Applicant immediately, and the Resolution Professional will be ceased to be Resolution Professional.

- (4) The Resolution Professional shall forward all records relating to the conduct of the CIRP and the Resolution Plan to the Board to be recorded on its database.
- (5) The Resolution Applicant shall pursuant to the Resolution Plan approved under sub-section (1) obtain the necessary approval required under any law for the time being in force within a period of the one year from the date of approval of the Resolution Plan by the Adjudicating Authority under sub-section (1) or within such period as provided for in such law, which is later:
- (6) The Resolution Applicant is at liberty to file any miscellaneous application seeking for clarification, if any, in the implementation of the terms and conditions to the Resolution Plan.
- (7) No order as to costs.

**ASHUTOSH CHANDRA
MEMBER, TECHNICAL**

**RAJESWARA RAO VITTANALA
MEMBER, JUDICIAL**

Krishna