Karuturi Global Limited

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Date: 12-08-2020

To,

National Stock Exchange of India Limited,	**BSE Limited**,
Exchange Plaza C-1, Block –G,	25th Floor, P J Towers,
Bandra Kurla Complex,	Dalal Street,
Bandra (E), Mumbai- 400 051	Mumbai 400 001.
NSE script code: KGL ISIN: INE299C01024	BSE script code: KGL | 531687

Subject: Disclosure under Regulation 30 read with Schedule III of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Dear Madam/Sir,

We refer to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations") and other applicable provisions.

Pursuant to the SEBI Regulations, we hereby provide case update concerning the Corporate Insolvency Resolution Process ("**CIRP**") of M/s Karuturi Global Limited ("**KGL/Corporate Debtor**") as a matter of mandatory compliance. The summary of the court order received in I.A. no. 244 of 2020 is provided below. It should be noted that the summary of the order is for reference only and it should not be construed as a holistic encapsulation of the order passed by Hon'ble National Company Law Tribunal ("**NCLT**"), Bengaluru.

I.A. no. 244· of 2020 (Application filed by the Resolution Professional) (Order date 24/07/2020 received on 05/08/2020):

It should be noted that on 3rd September 2019, pursuant to the application filed by the suspended Managing Director of the Corporate Debtor, interim order in IA 421/2019 was passed by the Hon'ble NCLT directing maintenance of status quo in respect of the CIRP until final disposal of the said application. The said application was disposed of by Hon'ble Tribunal by its order dated 16th January 2020, thereby lifting the stay imposed by its earlier order. A copy of the order dated 16th January 2020 was made available to the RP on 22nd January 2020.

The Resolution Professional filed the I.A. no. 244 of 2020 seeking an exclusion of 60 days intervening between 3rd September, 2019 to 22nd January, 2020 from computation of the 330 days' time limit for completion of the CIRP as mandated under under Section 12 of the Insolvency and Bankruptcy Code, 2016.

In the result, I.A no. 244 of 2020 is disposed of with the following directions:

i. A period of 60 days shall stand excluded from computation of the CIRP period, as prayed for.

ii. The Resolution Professional shall take expeditious steps to finalize the CIRP, without any further delay and to submit a report to the Adjudicating Authority well before completion of the CIRP period.

The copy of the order in annexed herewith as Annexure A for reference.

We request you to kindly take the same on record and treat this information as a disclosure in compliance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

Thanking you,

Yours truly,

For Karuturi Global Limited,

Sd/-
Ghanshyam Das Mundra
(Karuturi Global Limited is under Corporate Insolvency Resolution Process of the Insolvency and Bankruptcy Code, 2016 by National Company Law Tribunal ("**NCLT**"), Bengaluru Branch order dated august 2, 2019. Its affairs, business and assets are being managed by the Resolution Professional, Mr. Ghanshyam Das Mundra, appointed under the provisions of the Code.)
IP Regn. No.: IBBI/IPA001/IP-P00248/2017-18/10477
Email ID: cirp.kgl@mytemple.co.in

IN THE NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCH

I.A. No.244 of 2020 in
C.P. (IB) No.216/BB/2018
U/s 12 of IBC, 2016
R/w Rule 11 of NCLT Rules, 2016

IN THE MATTER OF:

Shri Ghanshyam Das Mundra
Resolution Professional of
M/s. Karuturi Global Limited
Office: E-204, Ashok Garden,
TJ Road, Sewree,
Mumbai – 400 015. - Applicant/RP

Date of Order: 24th July, 2020

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

Parties/Counsels Present:

For the Applicant/RP : Shri Aakash Sherwal, Advocate

ORDER

Per: Ashutosh Chandra, Member (Technical)

1. I.A. No.244 of 2020 in C.P. (IB) No.216/BB/2018 is filed by Shri Ghanshyam Das Mundra, Resolution Professional of M/s. Karuturi Global Limited (hereinafter referred to as 'Applicant') U/s 12 of IBC, 2016 R/w Rule 11 of the NCLT Rules, 2016, by inter alia seeking to exclude the period of 60 days from the computation of the Corporate Insolvency and Resolution Process (CIRP) period of Corporate Debtor, in the interest of justice and equity.

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

(1) Initially, M/s. Axis Bank Limited ('Petitioner/Financial Creditor') had filed C.P. (IB) No.216/BB/2018 U/s 7 of the Code R/w Rule 4 of I&B (AAA) Rules, 2016, by inter alia seeking to initiate CIRP in respect of M/s. Karuturi Global Ltd., ('Respondent/Corporate Debtor') on the ground that it has committed a default of Rs.86,60,30,519.03/-. Accordingly, the case was admitted by an order dated 02.08.2019 by initiating CIRP in respect of the Corporate Debtor appointing Shri Ghanshyam Das Mundra as IRP, imposing moratorium etc.

(2) It is stated that the 180-day CIRP period was to conclude on 28.01.2020. The Tribunal vide order dated 07.02.2020 in IA No.83 of 2020 has extended the CIRP period by 90 days from 29.01.2020 and the same was due to expire on 27.04.2020.

(3) The RP herein issued an invitation for Expressions of Interest ('EOIs') from Prospective Resolution Applicants ('PRAs') as per Form-G of the IBBI (IRP for Corporate Persons) Regulations, 2016 ('CIRP Regulations') on 13.02.2020. Accordingly, the deadline for submission of EOIs was 28.02.2020 and the same was extended till 14.03.2020 and further extended till 13.04.2020 in the best interests of the revival of the Corporate Debtor and in order to ensure the maximisation of the value of all the stakeholders of the Corporate Debtor.

(4) In response to the same the Applicant has thus far received EOIs from three PRAs, viz. PCL Foods Ltd, Kenwide Millers Ltd, and Mr Sai Ramakrishna Karuturi (MD of suspended Board of Directors). Further to above, there have been several entities which have regularly contacted the Applicant evincing interest in the resolution of the Corporate Debtor's debts.

(5) It is stated that w.e.f. 25.03.2020, the Central Government declared a nationwide lockdown and prohibited all non-essential activities in response to the onset of the COVID-19 pandemic. Further, the Hon'ble NCLAT in suo moto Company Appeal (AT) (Insolvency) No.01 of 2020 passed order dated 30.03.2020 providing that:

> *"That the period of lockdown ordered by the Central Government and the State Governments including the period as may be*

extended either in whole or part of the country, where the registered office of the Corporate Debtor may be located, shall be excluded for the purpose of counting of the period for 'Resolution Process' under Section 12 of the Insolvency and Bankruptcy Code, 2016, in all cases where 'Corporate Insolvency Resolution Process' has been initiated and pending before any Bench of the National Company Law Tribunal or in Appeal before this Appellate Tribunal."

(6) As per the aforesaid dicta, the period intervening 25.03.2020 and 31.05.2020 (both dates included) is not to be included for the calculation of CIRP period. Further, due to continuing pandemic conditions notwithstanding the lifting of the lockdown by the government, the Applicant is making all efforts to continue to conduct the CIRP under adverse circumstances.

(7) Considering the 90-day extension earlier granted by this Tribunal and the excluded COVID period, the extended CIRP period is due to expire on 04.07.2020. In this regard, it is stated that the period of 330 days as mandated u/s 12 of the Code shall be completed for the present CIRP on 02.09.2020 (excluding COVID-19 lockdown period). Accordingly, an exclusion for a period of only 60 days is being sought i.e. from 05.07.2020 to 02.09.2020 to complete the CIRP within the statutory time period prescribed u/s 12 of the Code.

(8) It is stated that there are several parties which are interested in submitting EOIs for the resolution of the Corporate Debtor's debts. However, due to the unfortunate circumstances of the COVID-19 pandemic and the significant disruption to regular work, several PRAs have been unable to submit EOIs within the stipulated deadlines. In the best interests of the revival of the Corporate Debtor and with the intention of improving the chances of a successful resolution of its debts, the Applicant has from time to time on account of the considerable interest expressed by various PRAs through e-mail and telephone.

(9) The CoC in its 5th meeting held on 09.06.2020 had passed a resolution extending the deadline for submission of EOIs till 20.06.2020. Despite the said

extension, several interested parties have been unable to submit proposals within the deadline due to the COVID-19 pandemic.

(10) It is further stated that the interests of all parties are best served by broadening the field of PRAs who might submit feasible resolution plan for the CoC's consideration and approval. The Applicant has also faced difficulty in preparing the Information Memorandum as per section 29 of the Code r/w CIRP Regulations on account of non-cooperation of the officers of the Corporate Debtor in making available necessary documents, information etc.

(11) With the easing of lockdown restrictions in the State of Karnataka from 04.05.2020, the Applicant has requested the CEO Mr Ram Krishna Karuturi to formulate a proposal for the reopening of the offices of Corporate Debtor as well as the farm at Doddaballapur. However, the same was refused and this has further hampered progress in the CIRP to ensure swift completion of all formalities prior to issuance of Information Memorandum.

(12) In view of the above, the CoC in its 6th meeting held on 29.06.2020 approved further extension of deadline for submission of EOI till 10.07.2020. Further, it also approved a resolution seeking an exclusion of 60 days from the CIRP period with members representing 66.21%. In light of the above, the instant Application has been filed seeking **to** exclude a period of 60 days from the computation of the CIRP period on account of the stay on CIRP subsisting in the period intervening 03.09.2019 and 22.01.2020 (both dates included). The Applicant has also relied upon the judgment passed by the Hon'ble Supreme Court in *Committee of Creditors of Essar Steel Ltd v Satish Kumar Gupta 2019 SCC Online SC 1478*.

3. Heard Shri Aakash Sherwal, learned Counsel for the Resolution Professional / Applicant **through Video Conference**. We have carefully perused the pleadings of the party and also extant provisions of the Code, and Rules made thereunder and the Judgement relied upon, as stated supra.

4. The Hon'ble Apex Court, in its decision in *Committee of Creditors of Essar Steel India Limited Vs. Satish Kumar Gupta & Ors.*, has conferred the power on the Adjudicating Authority to consider the issue of exclusion of time from the statutory period prescribed under the provisions of the Code, based on sufficient justification.

5. The Hon'ble NCLAT also considered the issue of granting exclusion of time in appropriate cases, in the case Company Appeal (AT) (Insolvency) No. 185 of 2018 (arising out of Order dated 27.4.2018 by NCLT, Hyderabad Bench, Hyderabad in matter of *Quinn Logistics India Pvt. Ltd. Vs. Mack Soft Tech Pvt. Ltd.*[1]). Paras 9 and 10 of the aforesaid judgment reads as under:

> *"9. From the decisions aforesaid, it is clear that if an application is filed by the 'Resolution Professional' or the 'Committee of Creditors' or 'any aggrieved person' for justified reasons, it is always open to the Adjudicating Authority/Appellate Tribunal to 'exclude certain period' for the purpose of counting the total period of 270 days, if the facts and circumstances justify exclusion, in unforeseen circumstances.*
>
> *10. For example, for following good grounds and unforeseen circumstances, the intervening period can be excluded for counting of the total period of 270 days of resolution process:-*
>
> *(i) If the corporate insolvency resolution process is stayed by 'a court of law or the Adjudicating Authority or the Appellate Tribunal or the Hon'ble Supreme Court.*
>
> *(ii) If no 'Resolution Professional' is functioning for one or other reason during the corporate insolvency resolution process, such as removal.*
>
> *(iii) The period between the date of order of admission/moratorium is passed and the actual date on which the 'Resolution Professional' takes charge for completing the corporate insolvency resolution process.*
>
> *(iv) On hearing a case, if order is reserved by the Adjudicating Authority or the Appellate Tribunal or the Hon'ble Supreme Court and finally pass order enabling the 'Resolution Professional' to complete the corporate insolvency resolution process.*

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[1] C.A.No. 93 of 2018 in CP(IB)No.97/7/HDB/2017)

(v) If the corporate insolvency resolution process is set aside by the Appellate Tribunal or order of the Appellate Tribunal is reversed by the Hon'ble Supreme Court and corporate insolvency resolution process is restored.

(vi) Any other circumstances which justifies exclusion of certain period."

6. The instant Application is filed in accordance with extant provisions of the Code. We find from the Application that the RP has diligently carried out his duties in calling for Expressions of Interest ('EOIs') from Prospective Resolution Applicants ('PRAs') and has thus far received EOIs from three such applicants. Others have also shown interest. However, his work was stalled for legitimate reasons namely that wef 25.03.2020 the Central Government declared a nationwide lockdown and prohibited all non-essential activities in response to the onset of the COVID-19 pandemic. We are convinced that these circumstances justify the exclusion of time as prayed for and are in accordance with the decision of the Hon'ble NCLAT referred to above. We are also of the view that by allowing the time as prayed for, the RP would get the requisite time to complete the CIRP as per the Rules laid down in this regard, and be able to maximize the value of assets and serve the interest of the creditors better, and no prejudice would be caused to anyone by allowing the same.

7. Hence, by exercising the powers conferred on this Adjudicating Authority, we hereby allow I.A. No.244 of 2020 in C.P. (IB) No.216/BB/2018 with the following directions:

(1) A period of 60 (sixty) days shall stand excluded from the computation of the CIRP period, as prayed for.

(2) The Resolution Professional shall take expeditious steps to finalize the CIRP, without any further delay and to submit a report to the Adjudicating Authority well before completion of the permissible period. No order as to costs.

ASHUTOSH CHANDRA
MEMBER, TECHNICAL

RAJESWARA RAO VITTANALA
MEMBER, JUDICIAL

Krishna