

# SKNL

S. Kumars Nationwide Limited

CIN : L17120MH1990PLC058361

17<sup>th</sup> October, 2018

The Secretary  
M/s. BSE Limited  
25<sup>th</sup> Floor, P. J. Towers  
Dalal Street, Fort  
Mumbai - 400 001.

Dear Sirs,

**Sub:-** Intimation of initiation of Corporate Insolvency Resolution Process (CIRP) in respect of S. Kumars Nationwide Ltd., Corporate Debtor, and appointment of Resolution Professional (RP)

We have to inform you that Hon'ble National Company Law Tribunal (NCLT), Mumbai bench vide CP(IB) No.294 of 2018 bearing S. Kumars Nationwide Ltd., for initiation of Corporate Insolvency Resolution Process in respect of the captioned company. Hon'ble NCLT further appointed Mr. Abhay N. Manudhane as Resolution Professional (RP) for the captioned Company. Requisite notice in the local newspapers namely Business Standard and Business Journal on 07.05.2018 and its copy of the NCLT order is enclosed for your ready reference.

Subsequent to the above, Hon'ble NCLT, Mumbai Bench passed an order on 11<sup>th</sup> September, 2018 appointing Mr. Devendra Prasad, the undersigned as the Resolution Professional for the Company. I have taken charge w.e.f. 21<sup>st</sup> September, 2018.

As per section 17 of the Insolvency and Bankruptcy Code, 2016 (Code), the powers of the Board of Directors of S. Kumars Nationwide Ltd. stands suspended and all the powers of the Board are now vested with the Resolution Professional (RP).

Please note that in consonance with the stipulations contained in Section 14 of the Code, a moratorium has been declared vide the aforesaid order and following actions are prohibited.

- (a) continuation of pending suits or proceedings or including execution of any judgement, decree or tribunal, arbitration panel or other authority;
- (b) transferring, encumbering, alienating or disposing of by the corporate debtor any of its assets or any legal right or beneficial interest therein;

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(c) any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under

[REDACTED]

[REDACTED]

Deendra Prasad  
Resolution Professional

**DEVENDRA PRASAD**

[REDACTED]

In the National Company Law Tribunal  
Mumbai Bench.

CP (IB) 294/NCLT/MB/2018

Under Section 7 of Insolvency & Bankruptcy Code, 2016

In the matter of

IDBI Bank Limited

: Petitioner / Financial Creditor

V/s

S. Kumars Nationwide Limited

: Respondent / Corporate Debtor.

Hon'ble Shri M.K. Shrawat, Member (Judicial)

For the Petitioner(s):

1. Mr. Prakash Shinde,  
2. Mr. Rohan Agarwal, Advocates, i/b MDP  
& Partners,

For the Respondent(s):

1. Mr. Chirag Modi,  
2. Mrs. Raveena Yadav, Advocates.

Per M.K. Shrawat, Member (Judicial).

ORDER

1. In the capacity of "Financial Creditor" the applicant IDBI Bank has submitted a Petition under Section 7 of the insolvency Code on 21<sup>st</sup> February 2018 against the Financial Corporate Debtor M/s. S. Kumar Nationwide Limited, Worli, Lower Parel (W), Mumbai-400013 pertaining to a Financial Debt of ₹834,22,96,587/-, (Principal amount) stated to be disbursed. Along with Interest total default in payment claimed at ₹1680,69,35,210/-.

2. The statement as on 1<sup>st</sup> February 2018 in respect of loan granted to M/s. S. Kumar Nationwide and also the total outstanding financial debt is also calculated amounting to ₹1680,69,35,210/- as under :-

\* IDBI Bank Ltd. (Financial Creditor)



The Company has privately placed 10.00 Lacs Non-Convertible Debentures of Rs. 100/- each aggregating to Rs. 10.00 Crores, with the Industrial Development Bank of India (IDBI) and the Unit Trust of India (UTI) to complete the \_\_\_\_\_ of the \_\_\_\_\_ project.

- cum- weaving  
564 spindles and

The Company is setting up a state-of-the-art Worsted mill near Mysore in Karnataka.

collaboration with Reid & Taylor  
worsted suiting

The Company has signed  
for joining the Depository

United (NSDL)

The Company has introduced a novel concept in distribution called Direct to Retail (DRT).

S. Kumars Synfabs, the Rs. 600 crore synthetic-textiles company has decided to extend its Reid & Taylor brand to ready-to-wear segment.

Synfab has signed Bollywood sensation Hrithik Roshan  
for an undisclosed sum to mark their entry into the

Chennai High Court has, through an interim injunction, prevented S Kumars from using the brand name 'Cinnamon'.

Consulting to review its product portfolio  
company's strengths in marketing brand

S. Kumar's Synfabs, has been forced to launch a new ready-to-wear brand."

The Bank has also recorded an overview of textile industry as under :

4.1 Background:

The textiles industry has made a major contribution to the national economy in terms of direct and indirect employment generation.

...ing to the improvement of India's economy.

to emerge as the world's second largest textile  
by 17.5% in 2013 compared to 2012. Textiles  
... year 2024-25.

In 2012, apparel had a share of 69 per cent of the overall market; textiles contributed the remaining 31 per cent."

6. According to the Petitioner after satisfying itself with the business model of the company loan facilities were granted and in short the date wise details of the loan are as under :

5.		<i>Details of securities availing various facilities</i>
6.		<i>Copy of Valuation Reports issued in respect of mortgaged properties by the valuers (2015)</i>
7.	10 <sup>th</sup> Jan 2008	<b>Deed of Hypothecation executed by and between Company and Financial Creditor with respect to increase Rupee Term Loan Facility of Rs 75 Crore by way of hypothecation of movables and immovable assets.</b>
8.	8 <sup>th</sup> July 2009	<b>Deed of Hypothecation by and between the Company and Financial Creditor with respect to Rupee Term Loan Facility of Rs 120 Crore by way of Hypothecation of movables more particularly described therein</b>
9.	8 <sup>th</sup> July 2009	<b>Corporate Guarantee Agreement executed by Anjani Finvest Private Limited in favour of Financial Creditor with respect to Rupee Term Loan Agreement.</b>
10.	17 <sup>th</sup> July 2009	<b>Agreement of Pledge of Shares executed by and between Financial Creditor &amp; Anjani Finvest Pvt. Ltd and others in favour of Financial Creditor with respect to Rupee Term Loan</b>
11.	29 <sup>th</sup> Mar 2009	<b>Supplemental Joint Deed of Hypothecation by way of Second Pari Passu charge on current assets.</b>
12.	22 <sup>nd</sup> April 2010	<i>Copies of Memorandum of Entres dated</i> <ul style="list-style-type: none"> <li>• 22<sup>nd</sup> April 2010,</li> <li>• 6<sup>th</sup> Sept 2010,</li> <li>• 8<sup>th</sup> April 2011,</li> <li>• 5<sup>th</sup> July 2011,</li> <li>• 11<sup>th</sup> July 2011,</li> <li>• 21<sup>st</sup> Sept 2011,</li> <li>• 13<sup>th</sup> Oct 2011, and</li> <li>• 16<sup>th</sup> June 2012</li> </ul>
13.	22 <sup>nd</sup> Oct 2010	<b>Deed of Hypothecation executed by and between the Company and Financial Creditor with respect to increase in financial assistance to the extent of additional Rupee Term Loan Facility of Rs. 18 Crores by way of a first charge by way of hypothecation of brand "Belmont" by the hypothecator</b>
14.	11 <sup>th</sup> Oct 2011	<b>Copy of Declaration and Undertaking with respect to Mortgage by deposit of title deeds by the Company with IDBI Trusteeship Services Ltd acting as Security Agent for the Financial Creditor.</b>
15.	29 <sup>th</sup> Dec 2012	<b>Working Capital Facility Agreement dated 29<sup>th</sup> Dec 2012 executed by and between Financial Creditor and the Company with respect to working capital facilities.</b>
16.	29 <sup>th</sup> Dec 2012	<b>Personal Guarantee Agreement executed by Nitin S. Kashmal in favor of IDBI Bank Ltd with respect to Working Capital Facilities</b>
17.	29 <sup>th</sup> Dec 2012	<b>Deed of Hypothecation</b>



7. On 8<sup>th</sup> May 2013 the Debtor Company had issued a "revival letter" to Bank of India Nariman Point Mumbai being a leader of Consortium

[REDACTED]

liability was very much

tender.

[REDACTED]

into and various facilities granted along with

facility granted as per working capital Consortium agreement dated 16<sup>th</sup> October 1998

and finally communicated that since the default of non-payment committed by the corporate debtor, the Bank has become entitled to "Recall" its entire Principal amount and Interest amount outstanding against the Debtor.

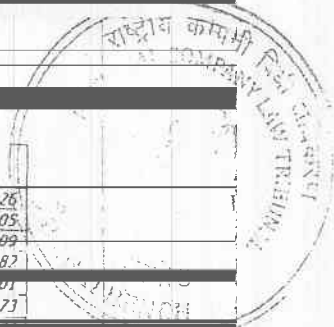
9. The Bank has also decided to issue a notice under Section 13 (2) of the SARFAESI Act. It is worth to mention at this stage itself that the said statutory notice was issued without prejudice to other legal rights and remedies available.

10. On 30 January 2017, the Respected DRT Karnataka at Bangalore Bench had passed an order (OA No. 711/2015) by acknowledging the classification as "Non-

[REDACTED]

Tax Liabilities, as follows:-

Name of the Statute	Nature of the Dues	Amount (in lacs)
Income Tax Act, 1961	Tax Deducted at Source	157.26
Provident Fund Act, 1947	Provident Fund	95.05
Employees' State Insurance Act, 1948	ESIC	17.99
Madhya Pradesh Land Revenue Act, 1959	Property Tax	71.82
Service Tax	Service Tax	33.01
		1.73



together with interest and in case of default to grant liberty to sale the property 2016, reproduced below:-  
 hypothecated/mortgaged. A recovery certificate was issued:

(vii)(a) Undisputed statutory dues including provident fund, investor education and protection  
 11. All these facts have duly established the Debt due against the Financial Debtor as well as the fact that the debt is undisputed and has been duly established. On this background, the Financial Creditor filed Petition under section 7 of the

Insolvency & Bankruptcy Code, 2016 read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 to initiate the Corporate Insolvency Resolution Process against the Corporate Debtor giving details as per Section 7 of the

(b) According to the information and explanations given to us, undisputed dues in respect of Provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other statutory dues which were outstanding, at the period end for a period of more than six months from the date they became payable are as follows:

Name of the Statute	Nature of the Dues	Amount (In lacs)
Income Tax Act, 1961	Tax Deducted at Source	152.26
Provident Fund Act, 1952	Provident Fund	95.05
Employees' State Insurance Act, 1948	ESIC	77.09
Madhya Pradesh Land Revenue Act, 1959	Property Tax	71.82
Value Added Tax Act, 2005	Value Added Tax	33.01
Service Tax	Service Tax	1.73
Central Excise Act	Excise Duty	1.24

(ix) In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to banks financial institution and debenture holder. The total amount of the default in respect of principal is Rs.14958.62 Lacs and interest is Rs. 37084.56Lacs and recalled loan is Rs.119498.06 Lacs. Further as mentioned in basis of qualified opinion paragraph point number 4 the company has not provided for interest after 1<sup>st</sup> January 2014 till the date of the balance sheet. "

15. The Financial Creditor has proposed the name of the Insolvency Resolution Professional (IRP) Mr. Abhay Narayan Manudhane, Address: 201, Subhash Ashish Plot No.129, Near RTO Junction, Model Town, 4 Bungalows, Andheri (West), Mumbai – 400 053, Registration No. IBBI/IPA-001/IP-P00054/2016-17/10128. The IRP has given his consent in Form No.2 for the above assignment.

16. Since the 'default' in repayments is established as mentioned *supra*, the Petition deserves to be "Admitted". The IRP is hereby appointed who shall act upon as prescribed under the provisions of section 13 of the Code by making a public announcement immediately hereafter within a period prescribed therein. The IRP so appointed shall also comply with the provisions of section 15 onwards of The Code and collate all the claims submitted by other Creditors by constituting a "Committee of Creditors". We hereby direct the IRP to inform the progress of the Resolution Plan along with a compliance report within 30 days on receipt of this Order. However, a liberty is hereby granted to intimate the progress even at an early date, if need be.

17. Once the Petition is held as fit for "admission", hence as a consequence the "Moratorium" as prescribed under section 14 shall commence henceforth. On enforcement of Moratorium certain prohibitions are applicable, such as institution of any Suit before a Court of Law, transferring of any Asset of the Debtor, encumbering any rights over the assets of the Debtor. However, it is also clarified that the supply of

M/14/2



essential goods or services to the Corporate Debtor shall not be terminated during Moratorium period. It shall be effective till completion of the Insolvency Resolution Process or until the approval of the Resolution Plan as prescribed under section 31 of The Code.

18. Accordingly, **this CP(IB)294/NCLT/MB/2018 stood admitted.**

19. The Corporate Insolvency Resolution Process is commenced from the date of this order.

Date : 24.04.2018  
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Sd/-  
**M.K. SHRAWAT**  
Member(Judicial)



04/05/2018

*[Handwritten signature]*

National Company Law Tribunal, Mumbai Bench

NATIONAL COMPANY LAW TRIBUNAL  
MUMBAI BENCH, MUMBAI

(13) C.P.(I.B)-294/7/(MB)/2018  
MA 905/2018

CORAM:

Present : SHRI M.K. SHRAWAT  
MEMBER (J)

ORDER SHEET OF THE HEARING OF MUMBAI BENCH OF THE NATIONAL  
COMPANY LAW TRIBUNAL ON 11.09.2018

NAME OF THE PARTIES: IDBI Bank Ltd.  
V/s  
S Kumar Nationwide Ltd.

SECTION OF THE COMPANIES ACT: 7 OF INSOLVENCY AND BANKRUPTCY  
CODE, 2016.

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**ORDER**

1. The Learned Representative from the side of IDBI Bank is present.
2. Placed on record Resolution dated 27.07.2018 read Resolution No. 3 passed with 93.90% voting for the change/ Replacement of the IRP. Resolved to appoint Shri. Devendra Prasad as RP in place of Shri. Abhay Manudhane. Also place on record the Consent of incoming RP.
3. The outgoing IRP is directed to hand over the information and other document in his possession to the RP now appointed. The COC shall reimburse the Professional charges and expenses to the outgoing IRP. MA 905 with this direction allowed. Incoming RP shall proceed as per the Code by preparing Information Memorandum, inviting EOI and publication in the newspaper. Progress Report be submitted by on or before the next date of hearing. Listed for **22.10.2018**. Since the Order is pronounced in the Court henceforth directed to proceed.

SD/-

**M.K. SHRAWAT**  
**Member (Judicial)**

**11.09.2018.**

HHS



Certified True Copy  
Copy Issued "Free of cost"  
on 27/9/2018



Assistant Registrar

National Company Law Tribunal Mumbai Bench