

S. KUMARS NATIONWIDE LIMITED – IN LIQUIDATION (CORPORATE DEBTOR)

ASSET MEMORANDUM

ASSIGNMENT/ TRANSFER OF NOT READILY REALISABLE ASSETS (“NRRA”)

Summary of NRRA

Sr. No.	Name/ description of the NRRA
1	Claims lodged with Liquidator of Leggiuno SPA Italy in respect of following: a. Dues of Euro 9,93,532.48 against supply of Fabrics during 2013-15 duly considered in the Procedure plan made under local insolvency law of Italy b. Dues of Euro 20,590 against supply of Fabrics during 2018 duly considered by the Liquidator c. Dues of Euro 32,47,172.55 against Equity Investment made by the Corporate Debtor. The Liquidator of the Leggiuno SPA is not considering this claim
2	Refund of TDS of INR 32,57,250/- deducted by UPL Ltd (out of Sale consideration of Land sold to them) and deposited with the Income Tax Department. The Liquidator had claimed that TDS was not applicable. Hon’ble NCLAT has supported this stand of the Liquidator. However, the Income Tax Department has filed an Appeal before Hon’ble Supreme Court, challenging decision of Hon’ble NCLAT. The decision of Hon’ble Supreme Court is yet awaited.
3	Claim of INR 2,84,63,181/- lodged with Resolution Professional of M/S BSFC Distributors Pvt. Ltd. (hereinafter referred as “BSFC”) as Unsecured Operational Creditor against dues of supply of Fabrics to BSFC. The said BSFC is currently under ‘Corporate Insolvency Resolution Process’ as per order of Hon’ble NCLT. The Claim includes interest amounting to INR1,51,29,241/-
4	Refund of INR 5,00,000/- paid to Interim Resolution Professional of M/S BSFC Distributors Pvt. Ltd., (who has been ordered to undergo CIRP upon Application under section 9 filed by the Liquidator) as Interim Finance as per directions of Hon’ble NCLT vide order dated August 30, 2023.
5	Refund of Margin money deposit of INR 89,52,101/- with Bank of India paid against Guarantees issued by a Bank in favour of Custom Authorities. IA filed by the Liquidator in this regard is yet to be adjudicated.
6	Benefits arising out of outcome of Application under section 43 and 66 of the Code, filed by the Resolution Professional under adjudication. The amount of recovery claimed in the aforesaid Application is INR 3809,86,00,000/-
7	The Liquidator has lodged claim with United India Insurance Company Limited of INR 1,71,16,916/- for reimbursement of loss of property caused due to massive blast

Sr. No.	Name/ description of the NRRA
	<p>occurred in the premises of UPL LTD which is adjacent to the HVFC Unit of S Kumars Nationwide Ltd., at Jhagadhia, GIDC, Bharuch.</p> <p>The Liquidator has already received a claim money of INR 68,78,593/- from the Third-Party insurer.</p>
8	<p>Outstanding Rent of INR 18,87,900/- to be recovered from tenant of the Residential flat owned by the Corporate Debtor located at Flat no. 1401, A – wing, 14th floor, CAMELLIA Building, Nahar Amrit Shakti, Chandivali, Andheri (E), Mumbai – 400072</p>

Details of Assets:

1. Claims lodged with Liquidator of Leggiuno SPA Italy

SKNL (India) set up a 100% owned subsidiary company in Italy with name and style of SKNL Italy S.P.A. in the year 2008 to acquire 100% stake in Leggiuno, Italy. The Leggiuno SPA has also run into financial stress and have undergone restructuring as per local laws of Italy wherein, another Investor was roped in, in the year 2013 whereby the Equity of the SKNL Italy was reduced to 49% and voting rights to 20%.

The security interest in the said asset is exclusively held by Edelweiss Asset Reconstruction Company Limited (“Edelweiss”). The Liquidator proposed to assign the said investment as per Regulation 37A of the IBBI Liquidation Regulations, 2016 to Edelweiss. However, Edelweiss have refused to take the assignment of the said investment.

In the meantime, it was learnt that the Justice Court of Varese has declared Leggiuno SPA, Italy under Judicial Liquidation. The Liquidator had made efforts to contact the Liquidator of Leggiuno SPA and has succeeded in filing the Claim despite issues of communication gap due to language issues. The Liquidator had filed a Claim with Justice Court of Varese on July 19, 2023 and the following claims were admitted by the Liquidator:

- a. Dues of Euro 9,93,532.48 against supply of Fabrics during 2013-15 duly considered in the Procedure plan made under local insolvency law of Italy
- b. Dues of Euro 20,590 against supply of Fabrics during 2018 duly considered by the Liquidator

The Liquidator also claimed dues of Euro 32,47,172.55 against Equity Investment made by the Corporate Debtor. However, the Liquidator of the Leggiuno SPA is not considering this claim being the claim of promoters, having lowest priority after settlement of claim of all the creditors.

The copy of the claim filed with the Liquidator and other documents shall be provided to the Interested Applicant(s), upon specific request.

2. Refund of TDS deducted by Buyer of plot of land auctioned by the Liquidator

Breakup of amount of TDS:

Sr. No.	Name of the Asset	Amount of TDS
1	Plot No. 825/3 (Open Land)	19,12,297
2	Survey No. - 67 + 73 + 74	12,66,795
3	Survey No. - 4A + 4B	78,158
	Total	32,57,250

The Auction Purchaser of the aforesaid parcels of land, M/S UPL Ltd have deducted INR 32,57,250/- (@0.75% of sale consideration) while making payment of Sale consideration and has also deposited the said amount of TDS with the Income Tax Government despite request of the Liquidator in advance for not deducting the TDS on sale consideration of the Land, as the Corporate Debtor is in Liquidation Process.

The Liquidator had filed an IA before Hon'ble NCLT seeking directions to the Auction Purchaser and the Income Tax Department to refund the amount of TDS based on provisions of Section 53 of the Code. The Hon'ble NCLT vide Order dated 11th June 2020 did not accept the stand taken by the Liquidator and hence dismissed the IA.

Then the Liquidator had filed an appeal before Hon'ble NCLAT (being Appeal No.624 of 2020) against the order dated 11th June 2020 issued by Hon'ble NCLT. After hearing the Appeal at length, the Hon'ble NCLAT, vide Order dated 8th February 2021, was pleased to set-aside the Order dated 11th June 2020 passed by the Hon'ble NCLT. The Hon'ble NCLT also directed the Income Tax Department to refund the amount of TDS to the Corporate Debtor.

However, the Income Tax Department did not comply with the order of Hon'ble NCLAT and didn't refund the amount of TDS. Aggrieved of this, the Liquidator had filed a Contempt Application (No. 8 of 2022 in Company Appeal (AT)(Ins) 624 of 2020 before the Hon'ble NCLAT for directions to Income Tax Department for refund of the amount of TDS of INR 32,57,250/-. The said Appeal is yet under adjudication by Hon'ble NCLAT.

On the other hand, the Income Tax Department had, belatedly, filed a Civil Appeal bearing number 4568 of 2022 before Hon'ble Supreme Court challenging the order dated 8th February 2021 passed by the Hon'ble NCLAT. The Liquidator has filed a Reply Affidavit to that effect. The Appeal is yet under adjudication by the Hon'ble Supreme Court of India.

The copy of all the applications filed and orders passed shall be provided to the Interested Applicant(s), upon specific request.

3. Trade receivables of INR 2,84,63,181/- from a Debtor under CIRP

The Liquidator filed an IA before the Hon'ble NCLT for commencement of the CIRP of the BSFC Distributors Pvt. Ltd ('BSFC') under section 9 of the Code, as the said Debtor failed to pay dues of the Corporate Debtor for supply of fabrics for INR 2,84,63,181/- including interest worked out @ 24% per annum.

The Adjudicating Authority, vide order dated 30th August, 2023 admitted the aforesaid Application and ordered for commencement of the CIRP against BSFC. Hon'ble NCLT also appointed Mr Lalit Kumar Dangi as an Interim Resolution Professional (IRP) and directed S. Kumars Nationwide Limited to pay a sum of INR 5,00,000/- to the IRP towards expenses for publication and verification of claims. Accordingly, the Liquidator had paid a sum of INR 5,00,000/- as Interim Finance.

In the meantime, the BSFC vide mail dated September 15, 2023 has disputed the Dues claimed by the Liquidator and had proposed to pay a lump sum amount of 20 Lakhs to settle the related dispute. Upon receipt of this offer, on October 23, 2023, the Liquidator forwarded the same to the members of Stakeholders Consultation Committee for further discussions and guidance thereon. The Liquidator didn't accept the offer of the BSFC, being much less the amount of Claim.

On September 27, 2023, the Liquidator has filed a claim with the RP of the BSFC. The claim of INR 2,84,63,181/- is fully admitted and reflected in the List of Creditors uploaded on the website of IBBI.

The Liquidator is pursuing to get back the refund of INR 5,00,000/- initially paid by the Liquidator to the IRP of BSFC. On June 27, 2024, the RP has assured that INR 5,00,000 shall be remitted to the Liquidator once the contribution from CoC members of BSFC is received.

The copy of the claim filed with the Resolution Professional and copy of the application along with the order shall be provided to the Interested Applicant(s), upon specific request.

4. Refund of Interim Finance of INR 5,00,000/- paid to IRP as per directions of Hon'ble NCLT

The Liquidator filed an IA before the Hon'ble NCLT for commencement of the CIRP of the BSFC Distributors Pvt. Ltd ('BSFC') under section 9 of the Code, as the said Debtor failed to pay dues of the Corporate Debtor for supply of fabrics for INR 2,84,63,181/- including interest worked out @ 24% per annum. The Adjudicating Authority, vide order dated 30th August, 2023 admitted the aforesaid Application and ordered for commencement of the CIRP against BSFC. Hon'ble NCLT also appointed Mr Lalit Kumar Dangi as an Interim Resolution Professional (IRP) and directed S. Kumars Nationwide Limited to pay a sum of INR 5,00,000/- to the IRP towards expenses for publication and verification of claims. Accordingly, the Liquidator had paid a sum of INR 5,00,000/- as Interim Finance.

The Liquidator is pursuing to get back the refund of INR 5,00,000/- initially paid by the Liquidator to the IRP of BSFC. On June 27, 2024, the RP has assured that INR 5,00,000 shall be remitted to the Liquidator once the contribution from CoC members of BSFC is received.

The copy of the relevant mail communications and documents shall be provided to the Interested Applicant(s), upon specific request.

5. Refund of Margin money paid against Guarantees issued by a Bank

Despite persuasion the Bank of India, Bullion Exchange Branch Mumbai, is not refunding amount of Margin Money Deposit (amounting to INR 89.52 lakhs including interest) deposited by the Corporate Debtor against issuance of Guarantees by the Bank. The details of Margin money Deposit receipts are as follows:

Sr. No.	FD No.	Amount of FD	Status of BG
1	000845100003343	24,745	Effective
2	000845110001244	3,33,634	Effective
3	000845100003352	1,15,624	Effective
4	000845110000035	2,85,455	Effective
5	000845100006200	9,74,849	Effective
6	000845110007962	72,17,794	Effective
	Total	89,52,101	

The Liquidator had been pursuing the matter with Bank of India. The Liquidator had also taken up the matter with the Custom Department (beneficiary of the respective Bank Guarantees) to cancel the Bank Guarantees as those Guarantees.

However, the Customs Department as well as the Bank of India are yet to take constructive action in the matter.

Considering the non-cooperation by the Customs Department as well as by the Bank of India, the Liquidator has filed an IA before Hon'ble NCLT, seeking directions to Bank of India to refund the amount of Margin Deposit Amount to Liquidation Estate of the Corporate Debtor. The said IA is yet to be heard and adjudicated.

The copy of the said application shall be provided to the Interested Applicant(s), upon specific request.

6. Benefits out of Application under section 43 and 66 of the Code, filed by the Resolution Professional under adjudication

The erstwhile Resolution Professional (Mr. Devendra Prasad) has filed an Application bearing Application No. MA 1515 of 2019, with the Hon'ble NCLT for avoidance transactions in accordance with Chapter III of Part II of the Code.

The said IA has been partly heard and yet to be adjudicated. Benefits arising out of order of Hon'ble NCLT are proposed to be assigned for a consideration.

The copy of the said application shall be provided to the Interested Applicant(s), upon specific request.

7. Insurance Claim lodged with United India Insurance Company Limited

On February 23, 2021, a massive blast occurred in the premises of UPL LTD which is adjacent to the HVFC Unit of S Kumars Nationwide Ltd., at Jhagadhia, GIDC, Bharuch and caused damage to properties of the said Unit of the Corporate Debtor. Major damage was to the roof, to the false ceiling in the Administrative Block, the light fixtures in various places and to the glass windows in the factory buildings.

The HVFC Unit had also been pursuing claim of INR 1,71,16,916/- from United India Insurance Company Limited (against insurance cover taken by it in Policy no 1113001120P107840395). The reference claim number is LISLA/MUM/UIIC/FIRE/346.

The HVFC Unit of the Corporate Debtor had pursued claim from ICICI Lombard Insurance Company as part of Third-Party Insurance taken by the UPL Ltd. after long persuasion and delays the Corporate Debtor had received Claim settlement amount of INR 68,78,593/- on December 6, 2022.

The United India Insurance Company is still in process of settling the Claim and therefore the Liquidator propose to assign this Claim as Not readily realisable Asset as per Regulation 37A of the IBBI (Liquidation Process) Regulations, 2016.

Claim papers/ documents have been filed in consultation with M/S Prisha Insurance Brokers Pvt Ltd., 307, 3rd Floor, Spaze Platinum Tower, Sector 47, Sohna Road, Gurugram 122018; Contact person details: Mr. Pawan Babu; Mobile no: 9654223494; email: pawan@prishapolicy.com

M/S Prisha Insurance Brokers Pvt Ltd has been engaged to follow-up for settlement of the claim with the United India Insurance Company Limited.

A chronological list of events and set of relevant documents relating to Insurance claim shall be provided to the Interested Applicant(s), upon specific request.

8. Outstanding Rent of INR 30,49,320 (including interest)

A residential flat was owned by the Corporate Debtor located at Flat no. 1401, A – wing, 14th floor, CAMELLIA Building, Nahar Amrit Shakti, Chandivali, Andheri (E), Mumbai – 400072 and same was given on rent to Mr. Praveen Thapar (tenant) and the leave and license was valid till February 28, 2021, however, the tenant continued illegal possession even after expiry of leave and license agreement. The Liquidator filed an application with the Hon'ble NCLT seeking peaceful vacation of the illegally occupied Residential Flat and payment of outstanding rental dues. The Hon'ble NCLT vide order dated August 5, 2021, directed the tenant to hand over the quiet, vacant and peaceful possession of the flat and to pay the outstanding rental dues.

Thereafter, the Liquidator obtained possession of the aforesaid flat and successfully sold the said flat at INR 2.22 crore in November 2021.

The Liquidator took steps to recover outstanding rent of INR 19,17,250/- along with the interest of INR 11,32,070/-. The details of the outstanding rent along with Interest are given hereinbelow:

Sr. No.	Particulars	INR
A.	Arrears of License Fees for the period April 2018 – March 2019	33,690
B.	Arrears of INR 65,100/- per month towards License Fees (from July 2019 to September 2019 i.e. 3 months)	1,95,300
C.	(A + B)	2,28,990
D.	Arrears of INR 65100/- per month towards License Fees (from October 2019 to November 2021 i.e. 26 months)	16,88,260
E.	Outstanding Principal Rent Amount (C+D)	19,17,250
F.	Outstanding Interest at the rate of 12% Per annum on a sum of Rs.19,17,250/- (From March 1, 2019 to January 31, 2024)	11,32,070
	Total Outstanding Rent along with Interest (E+F)	30,49,320

Despite best efforts, the Liquidator could not recover the aforesaid rental dues from the tenant. Legal Notice for recovering rental dues of INR 30,49,320 (including interest) was issued to the tenant latest on February 02, 2024 by email and RPAD which were bounced and returned. Thereafter, the Liquidator has made lot of efforts to trace the current address of the tenant, however, the tenant is not traceable till date.

The copy of the letter issued to the tenants and other relevant documents shall be provided to the Interested Applicant(s), upon specific request.

Note:

The copies of relevant documents, applications filed and orders passed in the proceedings before NCLT/ NCLAT/ Supreme Court, available on record, shall be provided upon request to the interested applicants.