



Karuturi Global Limited

Office: # 204, Embassy Center, 11, Crescent Road, Bangalore – 560 001, INDIA

Tel: 0091 80 23085300 • E-mail: info@karuturi.com

url: karuturi.com • CIN : L01122KA1994PLC016834

Date: 07-02-2020

To,

National Stock Exchange of India Limited,
Exchange Plaza C-1, Block -G,
Bandra Kurla Complex,
Bandra (E), Mumbai- 400 051
NSE script code: KGL ISIN: INE299C01024

BSE Limited,
25th Floor, P J Towers,
Dalal Street,
Mumbai 400 001.
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 of M/s Karuturi Global Limited (“**KGL**”) as a matter of mandatory compliance. The summary of the court order received in I.A. no. 541 of 2019 (Section 19 Application filed by the Resolution Professional) 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. 541 of 2019 (Section 19 Application filed by the Resolution Professional) (Order date 16/01/2020 received on 05/02/2020):** IA Nos. 541 of 2019 is hereby disposed of by directing the Respondents to extend full cooperation as sought for, in the Application, to the Resolution professional, without fail. The order copy has been annexed as Annexure A for your 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,

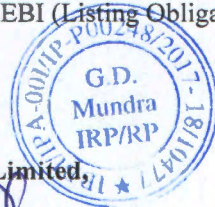
For Karuturi Global Limited,

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



SL No. 32

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

I.A. Nos.541 of 19 & 16 of 2020 in
C.P. (IB)No.216/BB/2018
U/s. 19(2) & (3)
R/w Section 60 (5) (c) of Code
R/w 11 of NCLT Rules, 2016

In the matter of:

Shri Ghanshyam Das Mundra,
Resolution Professional
Karuturi Global Pvt. Ltd.

Office at E-204, Ashok Gardens,
TJ Road, Sewri,
Mumbai - 400 015

- Applicant

VERSUS

1. Sai Ramakrishna Karuturi
Director of Karuturi Global Ltd.
9/56, 8th Main, 1st Cross
Upper Palace Orchards,
Sadashivanagar
Bengaluru-560080

2. Yeshoda Karuturi
Director of Karuturi Global Ltd
9/56, 8th Main, 1st Cross,
Upper Palace Orchards,
Sadashivanagar,
Bengaluru-560080



3. AnithaKaruturi
Director of Karuturi Global Ltd.
9/56,8thMain,1stCross,
Upper Palace Orchards,
Sadashivanagar,
Bengaluru -560080
4. CA Krishnaraj K
Partner, KG Rao and Company
Statutory Auditor of Karuturi Global Limited
15, 3rd Cross Rd, Malleshwaram,
Bengaluru - 560003 - Respondents

Date of Order: 16th January, 2020

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

Parties/Counsels Present:

For the Applicants : Shri S. S. Naganand, Senior Counsel
With Shri ShreyasJayasimha,
Shri AakashSherwal,
Shri Ghanshyam Das Mundra, RP.

For the Respondents : Shri Soumabho Ghosh

ORDER

Per: Rajeswara Rao Vittanala, Member (J)

1. The instant Applicant bearing I.A.No.541/2019 in C.P.(IB)No.216/BB/2018 is filed by Shri Ghanshyam Das Mundra, Resolution Professional of Karuturi Global Pvt. Ltd. ('Applicant'), U/s. 19(2)& (3) R/w Section 60 (5) (c) of the IBC, 2016, by inter-alia seeking to direct the Respondents to extend their



complete cooperation and assistance to the Applicant in handling over the management and assets of the Corporate Debtor; to direct the Respondent Nos.1 and 2 to handover/make available to the Applicant all the records/details/statements/documentations more fully described in paragraph 7(to be substituted as para 6, as per prayer in IA No. 16 of 20) above of the Corporate Debtor; to Direct the Respondent Nos.1 and 2 to disclose and make available, all the records/files/vouchers/accounts etc., of the Corporate Debtor to facilitate supplement the Applicant's appointment as the Resolution Professional etc.

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

- (1) Initially, the C.P.(IB)No.216/BB/2018 was filed by Axis Bank Limited (Petitioner/Financial Creditor) to initiate CIRP in respect of M/s. Karuturi Global Limited (Respondent/Corporate Debtor), and it was admitted by the Adjudicating Authority, vide order dated 02.08.2019, by appointing

Shri Ghanshyam Das Mundra as IRP, imposing moratorium etc. On receipt of the said Order, IRP had accordingly made Public Announcement (Public Announcement in Form A) to give intimation to the creditors of Corporate Debtor regarding initiation of Corporate Insolvency Resolution Process (CIRP), and to receive the claims from them within the prescribed time limits as prescribed under the provisions of the Code.

- (2) It is submitted that the suspended Directors and Executives of the Corporate Debtor, being the Respondents No. 1 to 3 and statutory auditor of the Corporate Debtor being Respondent No. 4 are not extending their cooperation and



assistance to the Applicant in keeping the Corporate Debtor as a going concern, which directly impedes the Resolution Professional's ability to discharge his duties contemplated under the Code within the timelines stipulated therein.

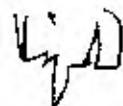
- (3) It is stated that in pursuant to the 1st Committee of Creditors Meeting held on September 4, 2019, further to Corporate Insolvency Resolution Process (CIRP) initiated in respect of the Corporate Debtor, whereby a resolution came to be adopted by the Committee of Creditors on September 8, 2019. The Applicant promptly made efforts to take charge of the affairs of the Corporate Debtor in line with the provisions of the Code, and to perform his duties of ensuring the continuation of the business of the Corporate Debtor. In fact, the Applicant has sought to undertake and perform his responsibilities under the Code, as on 7 August 2019, by writing an email to the Directors of the Corporate Debtor intimating them of his appointment.

- (4) As per order of the Adjudicating Authority specifically directed the Corporate Debtor, and its agents to extend complete cooperation to the Applicant to his functioning and operation under the Code. For the sake of completeness, the portion of this Tribunal order to the above effect is quoted below:

"16) ...

4. *The Board of Directors and all the staff of Corporate Debtor are hereby directed to extend full co-operation to the IRP, in carrying out his functions as such, under the Code and Rules made by IBBI.*

5. ..."



- (5) It is submitted that several discrepancies in the Corporate Debtor's day to day affairs and management, including misrepresented use of certain portions of its property, which the Applicant chanced upon during his visit to the Corporate Debtor's office on 8th August, 2019 along with his team members to take control of the management. The Applicant was assured that the Respondent No. 1 would be present to meet and explain the goings-on of the Corporate Debtor however in spite of his express assurances Respondent No. 1 was not present on 8th August, 2019 in the Corporate Debtor's office. Further, the Applicant was also assured that he would have to access to key personnel such as the compliance officer, Company Secretary and the finance persons however no such individual was present on 08th August, 2019. The Applicant observed that a lot of activity relating to sorting, packing and dispatching of the flowers was being carried out at the premises, which was being supervised by Ms. Yeshoda Karuturi. Not only was the Applicant not given access to the key personnel of the Corporate Debtor, he was also not given access to tally data and other crucial literature. Therefore, the Applicant was constrained to record all the happenings of 8th August 2019 vide his email of 9th August 2019 to Respondent Nos.1 and 2.
- (6) It is stated that despite continued requests by the Applicant till date for the aforesaid details, the Respondent Nos. 1 and 2 continue to ignore, delay or mislead the Applicant by not disclosing most crucial details. The Applicant has been unable to determine the precise status of the current affairs of the Corporate Debtor and effectively takeover the



management of the Corporate Debtor solely due to the non-cooperation by the suspended board of directors of the Corporate Debtor. In this regard, the Resolution Professional has not been provided the necessary details in terms of his appointment under the Code.

- (7) It is stated that the Applicant has made several written and oral requests for the details/documents, particularly, vide his emails dated 9th August 2019, 15th August 2019 etc. These requests have either gone unanswered or the contents of the emails have been denied by evasive responses. The Applicant has still not received the aforementioned details from the Respondents till date. Further, in this regard, it is pertinent to note that upon perusal of the documents available on the MCA Website, it is noticed that the balance sheets uploaded by the Respondents do not contain the entire information and details required for formulating and preparing the Information Memorandum and it is precisely for this reason that the Applicant is unable to rely on the documents available on the public domain.
- (8) It is further stated that the Respondent No. 4, being the Statutory Auditor of the Corporate Debtor has not responded to at least eight (8) reminder emails sent by the Applicant, whereby the Applicant has requested the Respondent No. 4 to provide the necessary information and all documents related to the Corporate Debtor in his possession including complete set of audited financial statements as on 31.03.2019 along with all the schedules, clubbings and groupings. The Respondent has filed an Appeal before the National Company Law Appellate Tribunal ("NCLAT")

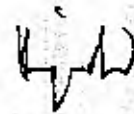


[Signature]
Page 6 of 11

challenging the order of admission dated 2nd August 2019. The NCLAT was pleased to clarify during the hearing scheduled on 18th September 2019 that there shall not be any impact of the ongoing appeal in the matter pending before this Hon'ble Tribunal. The relevant portion of the order dated 18 September 2019 capturing the above observation is extracted below.

"Pendency of the Appeal will not come in the way of the Adjudicating Authority to proceed with the matter and pass any order in accordance with law after hearing the parties."

- (9) It is stated that during the pendency of the NCLAT Appeal, one Mr. Anil Tumu, an Ex-Director of the Corporate Debtor, filed a police complaint bearing number I.P.S.G No.29/2019 with the Doddabelavangala Police Station, Kannamangala, Bengaluru against the Applicant on 26th August, 2019. Mr. Tumu alleged that the Applicant, while discharging his duties as a Resolution Professional was taking possession and control of the schedule property admeasuring 16 Acres 22 Guntas, as reflected in the books of accounts of the Corporate Debtor, which allegedly belonged to Mr. Tumu.
- (10) It is further submitted that the Applicant, in such circumstances is unable to discharge his responsibilities under the Code and the corresponding Regulations, despite diligence and prompt action on his part, however, the Applicant is being delayed due to the non-cooperative attitude of the Respondents.



3. The Application is opposed by the Respondent Nos.1 to 3, by way of filing the statement of objections dated 09.12.2019, by inter-alia contending as follows:

- (1) It is alleged that the Applicant has preferred the instant Application with a mala fide intention and as a defence mechanism to cover up his short comings as a Resolution Professional. It is to be noted that a Complaint was also filed against the Applicant with IBBI by the Applicant in I.A.No.421 of 2019 in the instant case.
- (2) It is stated that the Financial Creditor has opted to liquidate the assets of the Corporate Debtor on one hand and has chosen to proceed with CIRP on the other hand. The two actions are completely opposite to each other. The same cannot be preceded with parallel and having opted to liquidate the assets the Financial Creditor is restrained from proceeding with the instant proceedings. The Respondent reserves their rights accordingly to take necessary steps in accordance with law.
- (3) The allegation that the suspended Board of Directors of the Corporate Debtor/ Respondents have neither provided support nor have lent any cooperation to the Applicant in ascertaining and managing the affairs of the Company is denied. It is asserted that the answering Respondents have provided their complete and absolute cooperation to the Applicant in managing the day to day affairs of the Company, despite the fact that the Applicant has failed to take over the management and control of the Company and has categorically failed to attend to the day to day affairs of the Corporate Debtor.



- (4) It is stated that the Applicant has left the bank account of the Corporate Debtor completely unattended, as a consequences of which the Corporate Debtor has been unable to fulfil its compliances under the control of the Applicant. Moreover, owing to complete lack of bonafide of the Applicant, he has even failed to pay the salaries of the employees of the Corporate Debtor. The Applicant has also failed to take cognisance of the legal proceedings initiated by the Corporate Debtor, which has resulted in the Corporate Debtor defaulting on several legal compliances and directions, as a result of which receivables of the Corporate Debtor have not been credited. Though the Respondents are challenging the appointment of the Applicant as the Resolution Professional, the answering Respondents have been extending their respective co-operation to the maximum extent possible.
- (5) It is submitted that the instant Application is filed by the Applicant, under Section 19(2) & (3) of the Code and claims that he was duly appointed as such by the CoC in the present Application. And if the Applicant is taking shelter under Section 19, it is to be read that the Applicant is accepting that his appointment as a Resolution Professional is not confirmed whereby the I.A.NO.471 of 2019 deserves to be allowed and all acts done by the Applicant subsequent to the 1st meeting of the CoC dated 04.09.2019 are null and devoid.
- (6) It is stated under Section 25 of the Code, it is the duty of the Applicant to preserve and protect the assets of the Corporate Debtor, including the continued business operations of the



Corporate Debtor. Whereas, the Applicant has not taken any steps to preserve and protect the assets of the Corporate Debtor which is evidenced in I.A.No.540 of 2019 wherein it is clear that the Financial Creditor is trying to liquidate the assets of the Corporate Debtor by way of public auction. The Applicant is supposed to take immediate custody and control of all the assets, but the Applicant has for the reasons best known to him has given leeway to Axis Bank in keeping custody of the assets of the Corporate Debtor.

(7) Subsequently, the Applicant has filed IA No. 16 of 20120 in IA No. 451 of 2019 by inter alia seeking to permit the Applicant to amend prayer under 'b' in IA No. 451 of 2019 by reading para 6, instead of para 7 as mentioned in prayer of that IA.

4. Heard Shri S. S. Naganand, learned Senior Counsel for the Resolution Professional/Applicant. and Shri Soumabho Ghosh, learned Counsel for the Respondents. We have carefully perused the pleadings of both the parties and also extant provisions of the Code and Rule made thereunder.
5. As stated supra, it is settled position of law that all the Authorities and persons connected with the affairs of Corporate Debtor, are under statutory obligation to extend full co-operation to the IRP/RP in carrying out his/her functions, as such, under the extant provisions of Code and the Rules made thereunder. The Adjudicating Authority, while admitting C.P.(IB)No.216/BB/2018, by an order dated 02nd August, 2019, has inter alia observed under para 16(4), as follows:

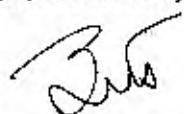
"16) ...

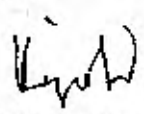


4. The Board of Directors and all the staff of Corporate Debtor are hereby directed to extend full co-operation to the IRP, in carrying out his functions as such, under the Code and Rules made by IBBI.
5. ..."

Therefore, it is fundamental duty of the Respondents to extend full co-operation, within their power and control, to the Resolution Professional so as to carry out his statutory functions as such, in prosecuting CIRP in question, irrespective of any Complaints pending against him.

6. In the result, both IA Nos. 541 of 2019 and 16 of 2020 are hereby disposed of by directing the Respondents to extend full co-operation as sought for, in the these Application, to the Resolution professional, without fail. No order as to costs.


(ASHUTOSH CHANDRA)
MEMBER, TECHNICAL


(RAJESWARA RAO VITTANALA)
MEMBER, JUDICIAL

Shruti



CERTIFIED TO BE TRUE COPY
OF THE ORIGINAL


Deputy Registrar
National Company Law Tribunal
Bengaluru Bench