



**INSOLVENCY PROFESSIONAL AGENCY  
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA**

## **Casebook Issue**

**Corporate  
Insolvency  
Resolution Process  
journey of**

**Margra Industries  
Limited.**

**INSOLVENCY  
UNCOVERED**



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## **About Margra Industries Limited<sup>1</sup>**

Margra Industries Limited is a Public company incorporated on 15 March 1979. It is classified as Non-govt. Company and is registered at Registrar of Companies, Delhi. Main Activity of the said Company is manufacturing of roundabouts, swings, shooting galleries and other fairground amusements, dummies, banners, signboards and other articles.

Its authorized share capital is Rs. 30000000 and its paid up capital is Rs. 19400000.

Margra Industries Limited's Corporate Identification Number is (CIN) U36999DL1979PLC009497 and its registration number is 009497. Its registered address is Near Primary School village Gharoli Delhi India.

Margra Industries Limited's last Annual General Meeting (AGM) was last held on 20 September 2010 and as per records from Ministry of Corporate Affairs (MCA), its balance sheet was last filed on 31 March 2010.

Directors of Margra Industries Limited's are Mr. Rama Khosla, Mr. Vineet Khosla, Mr. Deepak Khosla & Mr. Rajinder Pal Khosla.

## **Major Creditor**

- Exim bank was the only and major claimant in this case.
- In the meantime, vide a Deed of Assignment dated 02.01.2014 executed between the Exim Bank and the Edelweiss Asset Reconstruction Company, the Exim Bank assigned all its right, title, interest and benefit in respect of the debts against the Corporate Debtor Company together with security interest therein to the Edelweiss Asset Reconstruction Company Limited.

## **CIRP of Margra Industries Limited<sup>2</sup>**

### **CIRP initiation under Section 7 of I&B Code, 2016**

Section 7 of I&B Code, 2016 allows a financial creditor of a defaulting corporate debtor to file and initiate CIRP before the Adjudicating Authority. Financial creditor, Edelweiss Asset Reconstruction Co. Limited initiated the CIRP of Margra Industries Limited under section 7 of IBC, 2016.

### **Admission and Initiation of CIRP of Margra Industries Limited**

The Corporate Insolvency Resolution Process (CIRP) was initiated and was presented for hearing before the Adjudicating Authority, NCLT Principal Bench of New Delhi. The matter was presented by Adv. Mr. Sanjay Bhatt on behalf of the Financial Creditor Edelweiss Asset Reconstruction Co. Ltd.

It is the case of the applicant that the Respondent Corporate Debtor had availed various loan facilities from Exim bank since the year 1998. It is alleged that the corporate debtor defaulted in repayment of dues of the Exim bank in terms of the RBI guidelines declared the accounts of the corporate debtor as a Non-Performing Asset.

It is further stated that due to failure on part of the Corporate Debtor to discharge its liabilities, the Exim Bank had filed recovery petition before DRT Delhi & Mumbai against the respondent. It is also asserted that a consent decree was passed in the said recovery proceedings by DRT in terms of One Time Settlement made between the parties for Rs. 6,58,06,800/- and Rs.65 88.680 was paid by corporate debtor and Rs. 5,92 26.120/- was to be paid on or before 12.09.2012.

Thereafter the applicant extended the term for repayment of loan amount on request of the corporate debtor; the last extension was given on 17.12.2015 till 31.03.2016. Total amount of default is Rs. 44,20,38,989.20/-



## **Order of moratorium and appointment of IRP**

The order of moratorium under section 14 of the “Insolvency & Bankruptcy Code 21016” against corporate debtor shall have effect from 15, October 2021 till the completion of CIRP.

Mr. Rajender Kumar Gridhar was appointed as IRP to carry forward the process of CIRP.

## **Public Announcement and Constitution of CoC**

The IRP issued a Public Announcement dated 29.03.2019 under Section 13 and 15 of the Insolvency and Bankruptcy Code, 2016, in daily newspaper 'Financial Express' in English and 'Jansatta' in Hindi in Prescribed Form A, and invited claims from the creditors of the Corporate Debtor to submit their proofs on or before 09.04.2019. On receipt claim and their verification the COC was constituted by applicant on 24.04.2019.

## **1st CoC meeting and Appointment of RP**

On first meeting of CoC held on 30.04.2019, the IRP was appointed as the Resolution Professional.

As the CIRP period was ending on 22.09.2019 and neither any resolution plan had been received nor was approval for liquidation of company passed by the COC.

## **6<sup>th</sup> CoC meeting & extension of CIRP period**

The 6<sup>th</sup> COC meeting was held on 21.09.19, in said meeting extension of CIRP period by 90 days beyond 180 days was approved and invited fresh EOI by publication of Form G. In pursuance of same one resolution application namely, M/s. Sarvesh Exports Private Limited submitted a resolution plan on 21.11.2019, However the same was found non-compliant to the requirements of the RFRP and provisions of the code by the RP.

## **9<sup>th</sup> COC meeting & Appointment of Registered Valuers**

The COC in its ninth COC meeting, held on 21.12.2019, after all the discussions and deliberations on the entire aspect, concluded that there are no other avenues left but to explore the liquidation process for CD and accordingly resolutions were passed by the COC with 92.29% vote share.

The erstwhile IRP had appointed two registered valuers, i.e., Mr. Lakhan Lal Gupta and Mr. Vijay Vinod Bhatia, to determine the liquidation value of the Corporate Debtor in accordance with Regulation 35 of CIRP Regulations.

Further in the meeting RP had submitted the estimated liquidation value of the assets of CD based on the valuation reports obtained from valuers is approx. Rs. 18,40,85,597/-.

### **Liquidation of corporate debtor<sup>3</sup>**

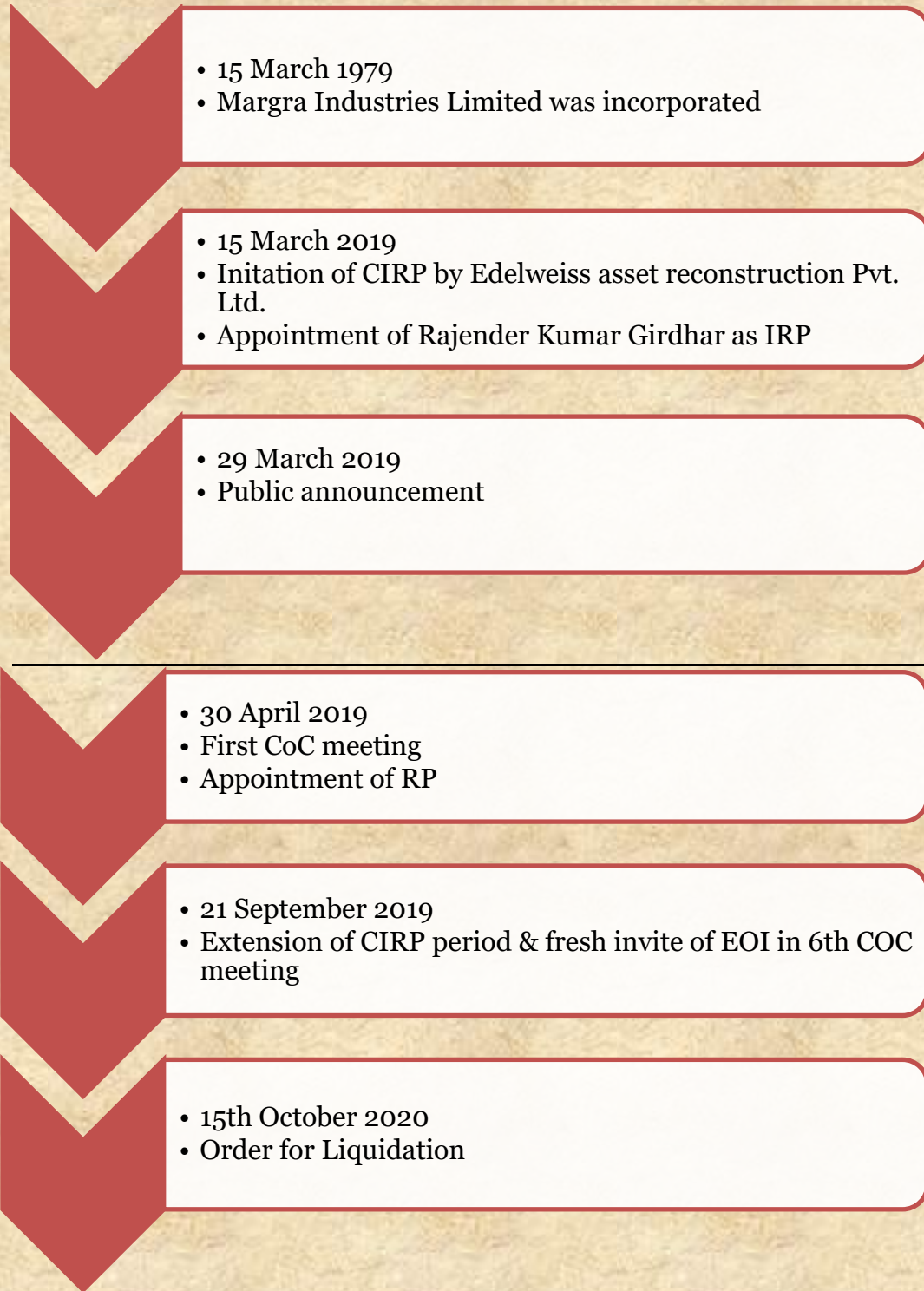
Application for liquidation has been filed as per the provisions of section 33 of IBC, 2016.

Tribunal after taking into consideration the present facts, circumstances and the provisions of law, hereby order for liquidation of the corporate debtor and in the circumstances the corporate debtor stands Liquidated, and the incidence of liquidation is to follow, on and from the date 15<sup>th</sup>, October 2020 in terms of the provisions of IBC, 2016 and also in terms of Insolvency and Bankruptcy (Liquidation Process) Regulations, 2017.

The Mr. Paramjit Singh Bhatia, is appointed as the Liquidator in terms of Section 32(1) of the Code.

The liquidator shall follow up and continue to investigate the financial affairs of the corporate debtor in accordance with provision of section 35 (1) of the code. The liquidator shall also follow up the pending applications for their disposal during the process of liquidation including initiation of steps for recovery of dues of the CD as per law.

## Timelines





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