

**SHIVA SHAKTI GRAINS (INDIA) PRIVATE LIMITED**

**(A Company undergoing Corporate Insolvency Resolution Process under the provisions of Insolvency & Bankruptcy Code, 2016.)**

**Date of Commencement of CIRP- 08.06.2023**



Presented By:

Mr. Dewan Asparan Nabi,  
Resolution Professional,

In the matter of M/s Shiva Shakti Grains (India) Private Limited,  
(Regn No IBBI/IPA-002/IP-N00962/2020-2021/13135)

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## **COMPANY'S BRIEF PROFILE**

<b>Company Master Data</b>	
CIN	U15490PB2010PTC033617
Company / LLP Name	Shiva Shakti Grains (India) Private Limited
ROC Code	RoC-Chandigarh
Registration Number	033617
Company Category	Company limited by Shares
Company SubCategory	Non-Govt Company
Class of Company	Private
Authorised Capital(Rs)	55,000,000.00
Paid up Capital(Rs)	49,995,000.00
Date of Incorporation	17/02/2010
Registered Address	Village SidhwanKalanaur Road, Gurdaspur PB 143521 IN
Email Id	harsh_1st@yahoo.co.in
Whether Listed or not	Unlisted
Date of last AGM	29/09/2018
Date of Balance Sheet	31/03/2018
Company Status (for e filing)	Active

Shiva Shakti Grains (India) Private Limited was engaged in processing and milling as well as trading of rice and offers brown rice, steamed, parboiled, long, medium and short rice.

## **CURRENT WORKING STATUS OF THE CORPORATE DEBTOR**

The company is not in operations since July 2022.

It has been continuously in losses from year 2016-17 on account of following major reasons-

**1. Loss of valuation in inventory** - Rice shelling units have to store paddy which they purchase during Kharif season spread from August- Nov every year to cater to their requirement for the whole year. Prices of paddy declined drastically in 2012-13 and value of paddy stored earlier reduced by more than 35% during this period.

**2. Ban on imports by Iran-** In November 2014 there had been temporary ban by Iranian Govt. on imports of rice. Iran being an important destination for rice export by Indian exporters, company's exports was badly hit in 2014-15 and 2015-16.

**3. Devaluation of contract values** - With ban on imports in Iran, prices in domestic markets were adversely effected which led to devaluation of inventory of raw material as well as finished goods.

**4. Stretched working capital cycle-** Factors cited above at 1 To 3 impacted working capital cycle of the company.

Owing to the above exceptional factors & circumstances, the company incurred losses from 2015-16 onwards and consequently defaulted in payments of its due liabilities to its lenders and to its operational creditors.

#### **FINANCIAL DEBT OF CORPORATE DEBTOR**

Corporate debtor has settled the secured financial debt with the lenders by selling its movable/immovable assets. Presently, there are no outstanding secured financial debt in the corporate debtor.

#### **EVENTS LEADING TO INITIATION OF CORPORATE INSOLVENCY RESOLUTION PROCESS**

The company though had been a loss-making entity ever since FY 2016-17, it remained engaged in Custom milling work of Punjab Government till June 2022, It had sold the Factory located at Kalanaur Road, Gurdaspur - 143521 (Villager Sidhwan) in January 2022 which they operated on lease till June 2022. Due to business requirement, they took a financial loan from a private party for Trading work ; however the money got stuck in the market, invoking the private lender to initiate the Corporate Insolvency Resolution Process.

## **PAST PERFORMANCE OF CORPORATE DEBTOR**

**RS. CRORE**

<b>Description</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Revenue	143	50.87	28.23	0.39	0.65	3.14	3.61
Other income	0	0	0.18	0.13	0.34	0.61	1.22
Total Income	144	51	28.41	0.53	0.99	3.75	4.83
EBITA	6.96	(4.55)	(22.05)	(0.28)	(0.37)	(4.27)	(1.60)
PAT	0.47	(10.57)	(22.07)	(0.28)	(0.37)	(4.27)	(1.60)

## **BROUGHT FORWARD LOSSES OF CORPORATE DEBTOR**

**Rs crore**

<b>AY</b>	<b>Current Year Loss</b>	<b>Loss carry forward future years</b>	<b>Unabsorbed Depreciation</b>	<b>Total Amt</b>
2017-18	8.88	8.88	0.72	9.60
2018-19	21.84	21.84	0.63	22.47
2019-20	0.38	0.38	0.55	0.93
2020-21	0.47	0.47	0.49	0.96
2021-22	-	-	-	-
2022-23	0.85	0.85	0.00	(0.85)
<b>Total</b>	<b>32.41</b>	<b>32.41</b>	<b>2.39</b>	<b>34.80</b>

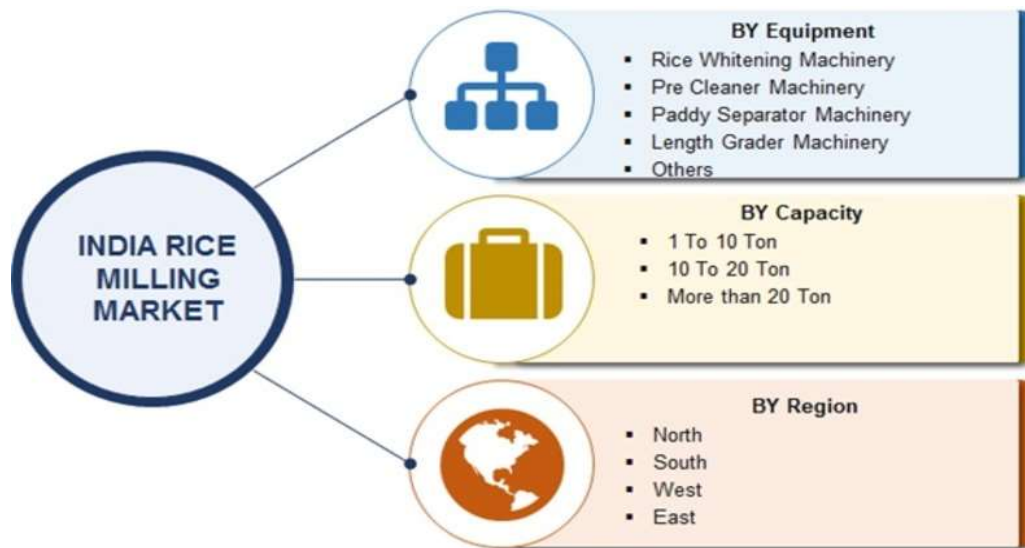
## **ADVANTAGES FOR ACQUISITION OF COMPANY UNDERGOING CIRP**

<b>1.</b>	Transaction is time- bound under IBC process
<b>2.</b>	IBC aims at giving the Company a fresh start under the new management.
<b>3.</b>	Creditors of the Company keen to achieve an early resolution given the asset history and nature of transaction.
<b>4.</b>	Investor to offer resolution amount based on his/her assessment of the assets/ business.
<b>5.</b>	Investor's rights protected to the extent provided in the IBC law ensuring a smooth resolution.
<b>6.</b>	Opportunity for the investor to seek reliefs against legacy claims and litigations. (depending on approvals from the adjudicating authority)

## **INDUSTRIAL SCENARIO- RICE INDUSTRY**

### **INDIA RICE MARKET - GROWTH, TRENDS, COVID-19 IMPACT, AND FORECASTS (2021 - 2026)**

India rice market includes Production Analysis (Volume), Consumption Analysis (Value and Volume), and trade in terms of Import Analysis (Value and Volume), Export Analysis (Value and Volume), and Price Trend analysis of rice.



### **MARKET OVERVIEW**

India rice market is projected to register at a CAGR of 2.7% during the forecast period (2021-2026).

The COVID-19 has resulted in increasing consumption of rice due to changes in health habits in the country. However, travel restrictions have shown a slight impact on the market.

According to the FAO, the rice production in India was 177.6 million metric tons in 2019. India is the second-largest rice producer in the world after China, with more than 11.0% of the global production share. The cultivation of high-yielding rice varieties such as IR 64, CR 2301, Kudrat 5 and others, leads India as the second-largest rice producer in the world after China, with more than 11.0% of the global production share.

Rice production in the country has increased by 3.5 times in the last 60 years. Higher demand for Indian rice from North America and European regions coupled with good climatic conditions are supporting the growth of the market. This also results in higher productivity than other Asian countries such as Thailand and Pakistan. Major rice-producing states in India are West Bengal, Uttar Pradesh, Andhra Pradesh, Punjab, Tamil Nadu, Odisha, and Bihar.

## **KEY MARKET TRENDS**

### **HIGH DEMAND FOR THE INDIAN RICE ACROSS THE GLOBE**

#### **Increasing Exports is Driving the Market in India**

India has been the top exporter in global rice trade, accounting for more than 20% of the export in the last four years. Indian rice caters to the Middle East and Africa for non-Basmati, and the EU and the US for Basmati variety. With the increasing demand for rice globally, the exports are increasing from India. This factor is helping to enhance the production capacities of rice in India which in turn increasing the rice market in India.



#### **Enhancing Production Capacities**

India is one of the top ten rice producing countries in the Asia-Pacific, which is endowed with the wet environment suitable for rice cultivation. Rice-based farming is the main economic activity for hundreds of millions of poor rural farmers in the region. The major rice varieties grown in India includes parboiled rice, broken rice, sella rice, swarna rice, sonamasoori rice with a share value of 12.9%, 5.3%, 2.2%, 1.5% and 1% respectively. It is famous for both basmati and non-basmati rice production. The area under rice cultivation is being enhanced in order to increase the overall production.

According to ITC trade Map, In 2019 India has been the top exporter in the global rice trade, accounting for 29.3% of the global rice exports. According to the ITC

Trade Map, Iran, Saudi Arabia, Iraq, United Arab Emirates, and other middle east countries are the major importers of rice from India. There is a high demand for the Indian basmati rice variety in the European Union and the United States which is further boosting the rice export from India. With the increasing demand for rice globally, exports are increasing from India. There is a growth of 6.0% per annum in the exports values between 2016-2019. The country exported 9,819.0 thousand metric ton of rice in 2019. Furthermore, the growing consumption of rice in emerging and developing nations across the world may drive the growth of rice exports during the forecast period.

### **RICE - STATISTICS & FACTS**

Rice is the world's second most important cereal crop following only corn. Nearly 496 million metric tons of milled rice were produced in the last harvesting year worldwide. Traditionally, countries in Asia have the largest share in world rice production. According to the most recent official data, with a production volume of over 209 million metric tons in 2019, China was the world's leading paddy rice producer, followed by India and Indonesia.

### **U.S. MARKET**

The United States was also ranked among the leading global rice producers in that year. The nation's rice production value amounted to over three billion U.S. dollars in 2020. Leading U.S. states in rice production were Arkansas, California, and Louisiana. The United States was also ranked among the leading five rice exporters worldwide, primarily shipping this commodity to Mexico, Japan and Haiti.

### **GLOBAL TRADE**

The major rice exporting nations include India, Thailand, and Vietnam. India had the highest export volume of rice worldwide, at 15.5 million metric tons as of 2020/2021. Vietnam was the second largest rice exporter, with about 6.4 million metric tons of rice worldwide in that year. The largest rice importers were the Philippines and China. According to the United Nation's Food and Agriculture Organization, in 2019, one metric ton of U.S. California Medium Grain rice had an average export price of 850 U.S. dollars.

### **RICE CONSUMPTION**

Total global consumption of milled rice amounted to approximately 496 million metric tons in 2019/2020. China consumed around 149 million metric tons of

milled rice per year, and was by far the world's leading rice consumer in that year. Following China, India is ranked second with 106.5 million metric tons of rice consumption in the same period.

#### **INITIATIVES TAKEN BY GOVERNMENT OF INDIA ARE:**

Sustainability has been a keyword for a while in most industries – so much so that it has become part of the vision statement in many organizations. A wonderful change, indeed. This, coupled with more security for the Indian farmer, can do wonders for the rice industry in India. The state and central Governments, with a little modification to their policies, hold the key.

Like many states in India, especially in the south, Telangana is a top rice producer. Nizamabad, with its primary sector as agriculture, is home to several rice mills. The city, along with its secondary sector of agricultural produce sectoring, has been the frontrunner in providing employment opportunities for the youth of the state.

#### **INDIA'S RICE POLICIES**

Rice has been a controlled crop since 1949 and it was traded only through the Government. Through a levy system, rice mills were required to give 75% of their produce to the Government and they were free to sell the rest in the open market. This levy system was abolished in 2015 by the central Government, which was duly followed by the state Governments as well.

This being the case, the Telangana state Government traded the levy system for custom milling in order to provide more support to the farmers. The FCI was replaced by the Telangana State Civil Supplies Corporation. Even after this new set up was established, farmers continued to get the MSP for the paddy they cultivated.

#### **INVESTMENT RATIONALE**

The company's entire infrastructure has since been sold off to the third party. However the company had a brand value in Rice Sheller Industry. The company has accumulated losses to the extent of Rs.35cr. The prospective acquirer therefore can have the privilege of carrying on the past losses of the company under prevailing IT laws. The prospective acquirer even has the opportunity to

restart the rice shelling venture at new premises as the company has a brand value in the past as also there is a good future potential in rice shelling industry.

Potential buyers may get in touch with the under mentioned persons for any kind of information or clarification they may seek.

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