

IN THE NATIONAL COMPANY LAW TRIBUNAL  
CUTTACK BENCH  
CUTTACK

CP (IB) No.111/CTB/2020

*In the matter of:*

An application under section 7 of the Insolvency & Bankruptcy Code, 2016 read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016;

**And**

*In the matter of:*

**Indian Bank (erstwhile Allahabad Bank)**, a body corporate constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 having its Head Office at Netaji Subash Road, Kolkata-1 West Bengal, and a duly constituted Banking Company having one of its Branch Offices at SAM-LB Branch, 1<sup>st</sup> Floor, Allahabad Branch Building, Sansad Marg, New Delhi-110 001;

**...Financial Creditor**

**Versus**

**OCL Iron and Steel Limited** [CIN: L27102OR2006PLC008594], a company incorporated under the provisions of Companies Act, 1956, having its Registered Office at Lamloi, Rajgangpur, Sundergarh, Odisha-770 017.

**...Corporate Debtor**

***Coram:***

Shri Rajasekhar V.K. : Member (Judicial)

Shri Satya Ranjan Prasad : Member (Technical)

***Appearances (through video conferencing)***

**Order reserved on: 23.08.2021**

**Order pronounced on: 20.09.2021**

**ORDER**

***Per: Satya Ranjan Prasad, Member (Technical)***

1. The Court convened via video conference on 23.08.2021.

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2. This application under section 7 of Insolvency and Bankruptcy Code, 2016 read with rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, has been filed by **Indian Bank** (erstwhile Allahabad Bank) [*Financial Creditor*], through its Authorised Officer and Constituted Attorney vide Power of Attorney dated 14/03/2015, thereby seeking initiation of Corporate Insolvency Resolution Process (*CIRP*) in respect of **OCL Iron and Steel Limited** [CIN: L27102OR2006PLC008594], a listed public company having its Registered Office at Lamloi, Rajgangpur, Sundergarh, Odisha-770017 (*hereinafter referred as the Corporate Debtor*).
3. It is submitted in the Petition that the Corporate Debtor approached the Financial Creditor for availing loan of ₹200 Crore for business of manufacturing of Steel items and generation of power for expanding by installing the facilities such as Coal Washery, Sponge Iron, SMS Division, Rolling Mill, Captive Power Plant which was sanctioned *vide* sanction letter dated 20.08.2010 issued by Financial Creditor.
4. It is stated in the petition that as per sanction letter dated 20.08.2010, the Corporate Debtor agreed for creation of securities of equitable mortgage of immovable properties on the factory land and proposed construction thereon, hypothecation of movable assets and other securities as mentioned therein. Corporate Debtor also executed a Promissory Note dated 20.09.2010 of ₹200 crore as security for term loan of ₹200 Crores and the Term Loan Agreement dated 20.09.2010 was also executed by the Corporate Debtor (Copy of the Sanction letter dated 20.08.2010; Promissory Note of ₹200 Crore dated 20.09.2010 and Term Loan Agreement dated 20.09.2010 are annexed as **Annexure-2**, **Annexure-3** and **Annexure-4** respectively to the petition).

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5. It is stated in the petition that the Corporate Debtor *vide* letter dated 21.06.2011 with Memorandum of Entry dated 20.06.2011 provided extension of Mortgage in favour of Financial Creditor with the consent of Axis Bank Limited which has been holding the title deeds in respect of Sponge Iron Unit of land admeasuring 83.40 acres at village Lamloi, Tehsil-Rajgangpur, Sundergarh, Odisha (Letter dated 21.06.2011 annexed as **Annexure-5** to the petition).
6. It is stated in the petition that the Financial Creditor reviewed the term loan of ₹200 Crore *vide* sanction letter dated 12.03.2012 and further reviewed the same *vide* sanction letter dated 22.06.2013 and sanctioned the same in favour of the Corporate Debtor. The Corporate Debtor agreed for creation of the securities as per the said sanction letters as mentioned therein. Copies of the sanction letter dated 12.03.2012 and 22.06.2013 annexed as **Annexure-6** and **Annexure-7** respectively to the petition.
7. It is stated in the petition that the Financial Creditor including other lenders agreed to consortium of lenders for financing the term loan of ₹800 Crore wherein share of the Financial Creditor was ₹200 Crore. The Corporate Debtor in order to secure the Consortium advances wherein the Financial Creditor had a share of ₹200 Crore through its authorised signatory had executed demand promissory note dated 23.09.2014 for ₹800 Crore and executed common loan agreement dated 23.09.2014 and various other documents annexed as **Annexure-8** to the petition.
8. It is stated in the petition that the account of the Corporate Debtor was renewed at the outstanding level of ₹157.47 Crore *vide* sanction letter dated 17.12.2015 annexed as **Annexure-9** to the petition.
9. It is further stated in the petition that in line with JLF decision dated 29.09.2016 of the account of the Corporate Debtor for continuation of

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the Term Loan at the outstanding of ₹ 139.74 Crores sanctioned vide sanction letter dated 23.03.2017, the Financial Creditor approved for invocation of the SDR. Sanction letter dated 23.03.2017 annexed as **Annexure-10** to the petition.

10. It is stated in the petition that the Corporate Debtor defaulted in repayment of the Term Loan, due to which the account of the Corporate Debtor was classified as NPA on 18.08.2017. It is further stated that Financial Creditor also issued a notice dated 21.08.2019 under section 13(2) of the SARFAESI Act, 2002. The Corporate Debtor is in default with regards to financial debt owed by it to the Financial Creditor amounting to ₹190,05,58,508/- including principal and interest amount as on 06.03.2020. The statement of accounts along with certificate under the Banker's Book Evidence Act relating the debt amount defaulted has been placed on record *vide* **Annexure-15** along with various relevant documents starting from **Annexure-11** up to **Annexure-14**. The Corporate Debtor is unable to pay its debt and thereby forced the Financial Creditor to file this Application.
11. The Corporate Debtor was duly served with notice and was afforded opportunity to file reply.
12. The Corporate Debtor has filed its reply affidavit in the matter.
13. In its reply affidavit, the Corporate Debtor has objected and submitted that the Application filed by Financial Creditor is premature and has been filed with the sole intention for recovery of the alleged amount which is clearly not the purpose for which the proceedings under the IBC can be initiated. It has been further submitted that the application of the financial creditor is liable to be dismissed on this ground alone.
14. However, in paragraph 7 of the reply affidavit, the Corporate Debtor has stated that *"The Corporate Debtor is facing financial distress and is making*

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*genuine efforts to meet its liabilities, it is most likely that shortly the Corporate Debtor shall be in a position to pay off the Financial Creditor..."*

15. We have carefully gone through the pleadings filed by the parties. The reply submitted by the Corporate Debtor does not give any valid or plausible ground or reason for not making the payment. On the other hand, in paragraph 7 of the reply affidavit, the Corporate Debtor has admitted default in payment of the dues of the petitioner (Financial Creditor).
16. We have also gone through the contents of the Petition the pleadings filed by the Financial Creditor along with Annexures, and the reply of the Corporate Debtor. We are convinced that the loan amount was duly disbursed to the Corporate Debtor. The requisites of an application under section 7 of IBC are available on record and duly proved.
17. The Financial Creditor has taken consent from **Mr. Shiva Nandan Sharma** an Insolvency Professional to become Interim Resolution Professional (IRP) of the Corporate Debtor in Form-2 and that no disciplinary proceedings are pending against him with the Board or IIPICAI (**Annexure-A/7**).
18. We, therefore, consider it a fit case for admitting the petition, and for initiation of Corporate Insolvency Resolution Process in respect of the Corporate Debtor.
19. In view of the aforesaid observations, we hereby admit the petition and pass the following Orders: -

### ORDERS

- a. The Petition bearing CP (IB) No.111/CTB/2020 filed by Indian Bank (*the erstwhile Allahabad Bank*), the Financial Creditor, under section 7 of the Code read with rule 4(1) of the Insolvency & Bankruptcy (Petition

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to Adjudicating Authority) Rules, 2016 for initiating CIRP against OCL Iron and Steel Limited [CIN: L27102OR2006PLC008594], the Corporate Debtor, is **admitted**.

- b. There shall be a moratorium under section 14 of the Code.
- c. The moratorium shall have effect from the date of this order till the completion of the CIRP or until this Adjudicating Authority approves the resolution plan under sub-section (1) of section 31 of the IBC or passes an order for liquidation of Corporate Debtor under section 33 of the Code, as the case may be.
- d. Public announcement of the CIRP shall be made immediately as specified under section 13 of the Code read with regulation 6 of the Insolvency & Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.
- e. **Mr. Shiv Nandan Sharma (Reg. No. IBBI/IPA001/IP-P00384/2017-18/10641)** having address at 129 Navjeevan Vihar, Ground Floor, New Delhi, National Capital Territory of Delhi 110017 [email id: [sharmasn@gmail.com](mailto:sharmasn@gmail.com)] is hereby appointed as Interim Resolution Professional (IRP) of the Corporate Debtor to carry out the functions as per the Code, subject to his possessing a valid Authorisation for Assignment (AFA) in terms of 7A of the Insolvency and Bankruptcy Board of India (Insolvency Professional) Regulations, 2016. The fee payable to IRP or, as the case may be, the RP shall be compliant with such Regulations, Circulars and Directions as may be issued by the Insolvency & Bankruptcy Board of India (IBBI). The IRP shall carry out his functions as contemplated by sections 15, 17, 18, 19, 20 and 21 of the Code.
- f. During the CIRP period, the management of the Corporate Debtor shall vest in the IRP or, as the case may be, the RP in terms of section 17 of the IBC. The officers and managers of the Corporate Debtor shall provide all documents in their possession and furnish every information in their knowledge to the IRP within one week from the date of receipt of this Order, in default of which coercive steps will follow.

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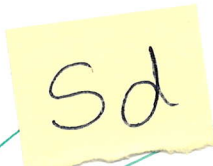


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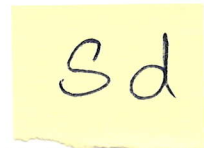
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- g. The IRP/RP shall submit to this Adjudicating Authority periodical reports concerning the progress of the CIRP in respect of the Corporate Debtor.
- h. The Financial Creditor shall deposit a sum of ₹3,00,000 (Rupees three lakh only) with the IRP to meet the expenses arising out of issuing public notice and inviting claims. These expenses are subject to approval by the Committee of Creditors (CoC).
- i. In terms of section 7(5)(a) of the Code, the Registry is hereby directed to communicate a copy of this Order to the Financial Creditor, the Corporate Debtor and the IRP by Speed Post, e-mail or WhatsApp immediately, and in any case, not later than two days from the date of this Order.
- j. Additionally, the Financial Creditor shall serve a copy of this Order on the IRP and on the Registrar of Companies, Odisha, Cuttack by all available means for updating the Master Data of the Corporate Debtor. The said Registrar of Companies shall send a compliance report in this regard to the Registry of this Court within seven days from the date of receipt of a copy of this order.
20. **CP (IB) No.111/CB/2020** to come up on 26.10.2021 for progress report.
21. Certified copy of the order may be issued to all the concerned parties, if applied for, upon compliance with all requisite formalities.



**Satya Kanjan Prasad**  
Member (Technical)



**Rajasekhar V.K.**  
Member (Judicial)

Signed this 20<sup>th</sup> day of September, 2021.

Ravijeet \_P.S.