

NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD

SPECIAL BENCH - COURT 1 (URGENT HEARINGS THROUGH VIDEO CONFERENCE)

PRESENT: HON'BLE SHRI K ANANTHA PADMANABHA SWAMY – MEMBER JUDICIAL

HON'BLE SHRI VEERA BRAHMA RAO AREKAPUDI - MEMBER TECHNICAL

ATTENDANCE-CUM-ORDER SHEET OF THE HEARING HELD ON 06.01.2021 AT 10:30 AM

TRANSFER PETITION NO.	
COMPANY PETITION/APPLICATION NO.	CP (IB) No. 339/7/HDB/2020
NAME OF THE COMPANY	S S P Sponge Iron Pvt Ltd
NAME OF THE PETITIONER(S)	Rajoli Venkata Ramana Reddy
NAME OF THE RESPONDENT(S)	S S P Sponge Iron Pvt Ltd
UNDER SECTION	7 of IBC

Counsel for Petitioner(s):

Name of the Counsel(s)	Designation	E-mail & Telephone No.	S

Counsel for Respondent(s):

Name of the Counsel(s)	Designation	E-mail & Telephone No.	Signature

ORDER

The matter is listed today for pronouncement of orders. The petition is admitted vide separate order.


MEMBER (TECHNICAL)


MEMBER (JUDICIAL)

Karim

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH, HYDERABAD**

CP (IB) No.339/7/HDB/2020

U/s 7 of IBC, 2016
R/w Rule 4 of I & B (AAA) Rules, 2016

In the matter of:

Mr.Rajoli Venkata Ramanareddy
R/o. 43/157-4 00,
Prakash Nagar, Cuddapah,
Andhra Pradesh-516 001.

.. Petitioner/
Financial Creditor

VERSUS

M/s. S S P Sponge Iron Private Limited
Reg Off at 3-4-811,
D Block, Road No.1, Barkatpura,
Hyderabad, Telangana-500 027,
India.

.. Respondent/
Corporate Debtor

Date of order: 06.01.2021

Coram:

Shri. K. Anantha Padmanabha Swamy, Member Judicial.

Shri Veera Brahma Rao Arekapudi, Member Technical.

Parties / counsels present:

For the Petitioner : Shri Naresh Kumar Sangam, Advocate.

For the Respondent: Shri G. Bhupesh, Advocate.

Per: Shri Veera Brahma Rao Arekapudi, Member Technical.

Heard on: 23.12.2020.





ORDER

The Present Petition is filed by Mr.Rajoli Venkata Ramana Reddy, the financial creditor herein to initiate Corporate Insolvency Resolution Process in the matter of M/s. S S P Sponge Iron Private Limited. The petitioner stated that the respondent/corporate debtor is due and liable to pay an amount of Rs.5,27,46,370.04 as on 28.02.2019. Hence this petition is filed under Section 7 of Insolvency and Bankruptcy Code, 2016, read with Rule 4 of Insolvency & Bankruptcy (Application to the Adjudicating Authority) Rules, 2016, seeking commencement of Corporate Insolvency Resolution Proceedings (CIRP) against the Corporate Debtor.

2. The averments in the petition filed by the Petitioner/Financial Creditor in brief are:

- (i) It is averred that SSP Sponge Iron Private Limited (Corporate Debtor) approached Mr.Rajoli Venkata Ramanareddy (Financial Creditor) for providing financial assistance for its business purposes. Financial creditor provided loans by entering into agreements between the parties and promissory notes were given by the corporate debtor to the financial creditor which were being renewed from time to time. As per the agreement between the parties corporate debtor has to repay the loan amount along with interest @12 per anum. The details of the debt availed by corporate debtor is annexed at page 6&7 to the petition.
- (ii) It is averred that financial creditor had addressed letters after disbursing the loan amounts to the account of corporate debtor which was acknowledged by the corporate debtor by issuing promissory notes to the financial creditor which were being renewed from time to time.
- (iii) It is averred that corporate debtor has made part payments totaling to an amount of Rs.85,96,217. The details of the





part payment details is annexed at page no.8 & 9 to the petition. Upon the part payments, principal amount of Rs.4,67,45,557/- along with interest an amount of Rs.1,90,97,030.04 totaling to an amount of Rs.5,27,46,370.04 is due from the corporate debtor.

Particulars	Amount due(Rs.)
Principal	4,67,45,557
Part payment made	1,30,96,217
Interest as on 18th march,2020	1,90,97,030.04
Total outstanding	5,27,46,370.04

- (iv) It is averred that financial creditor issued notices for payment of loan amount due by the corporate debtor for which corporate debtor sought additional time for payment of loan amounts by informing that due to bad market he is unable to make payments.
- (v) It is averred that after several requests by the financial creditor, corporate debtor has not cleared the loan thus filed the petition for an amount of Rs.5,27,46,370.04 as on 28.02.2019.
3. The respondent/corporate debtor filed reply. The objections raised in the counter, in brief, are as under:-
- The respondent/corporate debtor has denied the averments made by the financial creditor in the Company Petition. Further stated that petition filed is devoid of merits, and not maintainable and liable to be dismissed.
 - It is averred that financial creditor offered financial assistance to the corporate debtor. Subsequent to availing the loan from the financial creditor, corporate debtor had made huge part payments of Rs.1,30,96,217/- by 28.02.2019. Thus the question of

termining the corporate debtor as a defaulter does not arise.

- c. Further stated that when the business of the corporate debtor deteriorated and facing financial difficulties, corporate debtor could not make the balance payments to the financial creditor and the debt owed has remained outstanding.
 - d. It is averred that several discussions have been called for between the parties and corporate debtor made repeated requests to consider waiver of the interest portion. Further financial creditor without considering the pleas of the corporate debtor approached the Tribunal under Section 7 of I&B Code, 2016.
 - e. It is further stated that corporate debtor has been doing its business and made part payments, however due to downfall in the market corporate debtor is facing financial difficulties. Since the corporate debtor is into the business of sponge iron any order on admission of the Company for initiation of CIRP will affect the business and thus prayed the Tribunal to reject the petition with costs.
5. We have heard the Counsel for financial creditor and the counsel for the corporate debtor. The case of the financial creditor is that corporate debtor is due an amount of Rs.5,27,46,370.04 along with interest. In pursuance of the loan amount notices for payment of loan amount is served on the corporate debtor but corporate debtor sought time for repayment of the loan due to bad market conditions. Counsel for financial creditor had filed copy of loan agreement, and copy of letters addressed to corporate debtor informing receipt of loan amounts which is annexed to the petition at page no.30-100. Counsel for financial creditor also filed the copy of notices sent to the corporate debtor demanding for payment along with copy of reply by corporate debtor which is annexed

to the petition at page no. 106-112. Further he filed copy of workings for computation of amount and default in date wise which is annexed to the petition at page no.113. Thus, the learned counsel for the financial creditor filed the petition is therefore, liable to be admitted as the corporate debtor committed default of debt.

6. On the other hand it is the case of the corporate debtor that corporate debtor has paid part payments for an amount of Rs.1,30,96,217/- till 28.02.2019. Counsel for corporate debtor contended that corporate debtor is doing its business and due to downfall of market corporate debtor is facing numerous financial difficulties and was unable to pay the debt owned from the financial creditor. Further contended that on multiple occasion corporate debtor pleaded for time and also prayed to consider waiver of the interest portion. The counsel contended that there is no bona fide on the part of the financial creditor in initiating action against the corporate debtor and the application is liable to be dismissed.
7. This is a petition under section 7 of the IB Code, the financial creditor is able to establish the debt and default. The financial creditor has also suggested the name of the proposed IRP, who has given consent in Form-2 and details of the proposed IRP are as follow:

Shri Chandra Sekhar Arasada, Address: Flat No.304 ,
Siri Nivas Apartments, Balaji Park Town, Nizampet,
Hyderabad, Telangana-500 090.

E-mail: chandra61ca@gmail.com

Registration No.IBBI/ IPA-001/ IP-P00670/ 2017-
18/11138.

8. Thus, the petition is in order and is liable to be admitted.

9. Hence, the Adjudicating Authority admits this Petition under Section 7 of IBC, 2016, declaring moratorium for the purposes




referred to in Section 14 of the Code, with following directions:-

- (a) The Bench hereby prohibits the institution of suits or continuation of pending suits or proceedings against the Corporate Debtor including execution of any judgment, decree or order in any court of law, Tribunal, arbitration panel or other authority; Transferring , encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein; any action to foreclose, recover or enforce any security interest created by the Corporate Debtor in respect of its property including any action under Securitization and Reconstruction of Financial Assets and Enforcement of Security interest Act, 2002 (54 of 2002); the recovery of any property by an owner or lessor where such property is occupied by or in possession of the corporate Debtor;
- (b) That the supply of essential goods or services to the Corporate Debtor, if continuing, shall not be terminated or suspended or interrupted during moratorium period.
- (c) That the provisions of sub-section (1) of Section 14 shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.
- (d) That the order of moratorium shall have effect from 06.01.2021 till the completion of the Corporate Insolvency Resolution Process or until this Bench approves the Resolution Plan under Sub-Section (1) of Section 31 or passes an order for liquidation of Corporate Debtor under Section 33, whichever is earlier.
- (e) That the public announcement of the initiation of Corporate Insolvency Resolution Process shall be made immediately as prescribed under section 13 of Insolvency and Bankruptcy Code, 2016.



- (f) That this Bench hereby appoints Shri Chandra Sekhar Arasada, Address: Flat No.304 , Siri Nivas Apartments, Balaji Park Town, Nizampet, Hyderabad, Telangana-500 090, Registration No.IBBI/ IPA-001/ IP-P00670/ 2017-18/11138 as Interim Resolution Professional to carry the functions as mentioned under the Insolvency & Bankruptcy Code.
- (g) Accordingly, this Petition is admitted.


Veera Brahma Rao Arekapudi
Member Technical


K. Anantha Padmanabha Swamy
Member Judicial

Pavani