

S.No.116

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – 1**

ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
04-04-2022 AT 10:30 A.M. THROUGH VIDEO CONFERENCE.

Company Petition IB/255/2021
U/s 7 of IBC, 2016

IN THE MATTER OF:

India Resurgence ARC Pvt Ltd

...Financial Creditor

Vs

Master Weaver Ethnics India Pvt Ltd

...Corporate Debtor

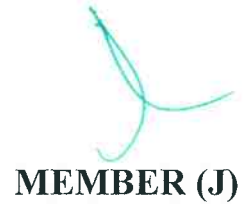
CORAM:-

DR. VENKATA RAMAKRISHNA BADARINATH NANDULA, HON'BLE MEMBER (JUDICIAL)
SH. VEERA BRAHMA RAO AREKAPUDI, HON'BLE MEMBER (TECHNICAL)

ORDER

Order pronounced vide separate sheets. In the result the CP is admitted as per the terms and conditions mentioned therein.


MEMBER (T)


MEMBER (J)

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**NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – 1**

Company Petition IB/255/2021

*Under Section 7 of the Insolvency & Bankruptcy Code, 2016 read with Rule 4 of the
Insolvency & Bankruptcy (Application to Adjudicating Authority), Rules, 2016.*

IN THE MATTER OF:

India Resurgence ARC Private Limited
(CIN No. U67190MH2016PTC272471)
R/o. 3rd Floor, Unit 304 Piramal Tower,
Peninsula Corporate Park,
Lower Parel Mumbai – 400013.

... Financial Creditor

VERSUS

Master Weaver Ethnics India Private Limited
(CIN No: U17100TG2008PTC058552)
R/o. Shop No. 337, 338, Pvt.
Market Kothapet Crossroads, Dilsukhnagar,
Hyderabad, Telangana – 500035.

... Corporate Debtor

Date of Order: 04.04.2022

CORAM:

Dr. Venkata Ramakrishna Badarinath Nandula, Hon'ble Member Judicial
Shri. Veera Brahma Rao Arekapudi, Hon'ble Member Technical

Parties/Counsels:

For the Financial Creditor: Shri. Sanjeev Singh, Advocate assisted by Shri. M
Maharshi Viswaraj, Advocate

For the Corporate Debtor: Ex-parte





PER: BENCH

1. This Petition is filed by the Financial Creditor under Section 7 of the Insolvency & Bankruptcy Code, 2016 (hereinafter referred to as “Code”) read with Rule 4 of Insolvency & Bankruptcy (Application to Adjudicating Authority), Rules, 2016 for seeking initiation of Corporate Insolvency Resolution Process (CIRP), granting moratorium and appointment of Interim Resolution Professional (IRP) as prescribed under the Code and Rules thereon, against the Corporate Debtor i.e., Master Weaver Ethnic India Private Limited, contending that the Corporate Debtor defaulted in the payment of alleged debt of Rs. 5, 29, 18, 671/- (Rupees Five Crores Twenty-Nine Lakhs Eighteen Thousand Six Hundred Seventy-One only).

2. The averments in brief are:

- i. It is averred that the Religare Finvest Limited (hereinafter referred to as “Original Lender”) granted financial facilities to the Corporate Debtor under Facility Agreement dated 15.09.2015 and Supplementary Agreement dated 07.09.2017.
- ii. It is averred that the sanction letter dated 14.09.2015, an amount of Rs. 3,03,00,000/- was sanctioned in Loan Account No. XMORPAN00063675 / Application ID 632399 (hereinafter referred to as “First Loan Account”), vide sanction letter dated 05.09.2017, an amount of Rs. 54,38,905/- was sanctioned in Loan Account No. XMORPAN00120410 / Application ID 701979 (hereinafter referred to as “Second Loan Account”) and vide sanction letters dated 07.09.2017, an amount of Rs. 22,95,500/- was sanctioned in Loan Account No. XSMEPAN00120334 / Application ID 703922 (hereinafter referred to as “Third Loan Account”) thus totalling to



Rs. 3,80,33,905/- (Rupees Three Crores Eighty Lakhs Thirty-Three Thousand Nine Hundred and Five only).

- iii. The First and Second Loan Account was sanctioned in the form of Loan Against Property (LAP), for the purpose of Business Expansion and Security interest in the form of equitable mortgage which was created in terms of the properties in the name of Udata Venkateswara Rao, who is the Director of Corporate Debtor. The creation of the security interest on the aforementioned property of the Director was duly registered with CERSAI. While the Third Loan Account was an unsecured SME (Small and Medium Enterprise Loan).
- iv. It is averred that after availing the financial assistance, the Corporate Debtor defaulted in making payment and the account of the Corporate Debtor was classified as NPA on 28.02.2019.
- v. It is further averred that the Original Lender, being a Secured Creditor, issued a demand notice dated 20.03.2019 under Section 13(2) of SARFAESI Act, 2002 in respect of First and Second Loan Account calling upon to pay an amount of Rs. 3,49,93,675.43/-. Since, Corporate Debtor failed to discharge the liabilities, the Original Lender initiated measures under Section 13(4) of SARFAESI Act, 2002 and took symbolic possession of the Secured Asset on 10.06.2019 and three Arbitration Awards in respect of three Loan Accounts were passed in favour of the Original Lender dated 31.05.2019, 22.08.2019 and 10.01.2020.
- vi. It is further averred that vide Deed of Assignment dated 05.11.2019, the Original Lender assigned/ transferred all its rights, title and interest in



respect of the debt of Corporate Debtor with the underlying security interest, pledges and guarantees in respect of such loans and secured receivables in favour of the Financial Creditor, herein.

- vii.** It is further averred that the Financial Creditor served a pre-intimation notice upon the Corporate Debtor for initiation of legal proceedings and the Corporate Debtor vide email dated 23.03.2021 proposed for One Time Settlement (OTS).
- viii.** It is further averred that the Financial Creditor sent a Demand Notice dated 26.07.2021 to the Corporate Debtor under Section 7 (1) read with Section 60 (1) and 60 (2) of the Code, in respect of the financial debt of Rs. 5,29,18,671/- (Rupees Five Crores Twenty-Nine Lakhs Eighteen Thousand Six Hundred Seventy-One only). To the said Demand Notice the Corporate Debtor has replied dated 12.08.2021 and 14.08.2021 and the Financial Creditor replied to their response on 03.09.2021.
- ix.** Despite efforts the corporate Debtor failed to repay the financial debt, hence, this petition.

3. We heard the Learned Counsel for the Financial Creditor and perused the averments and the documents endorsed with the Petition. Learned Counsel for the Financial Creditor submitted that although the notice was delivered upon the Corporate Debtor but none appeared on behalf of the Corporate Debtor and therefore, vide order dated 06.01.2022, the Corporate Debtor was set ex-parte and fixed for ex-parte hearing against the Corporate Debtor.



4. We perused the record and noted that the default is within the threshold limit and the Corporate Debtor had proposed for One Time Settlement and the same would amount to an acknowledgement under section 18 of the Limitation Act, 1963.

5. Hence, the Adjudicating Authority admits the 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 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 the date of this order till the completion of 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. The Financial Creditor proposed the name of Shri Malireddy Ramana Reddy as Interim Resolution Professional and he has given his consent in Form-2 dated 08.09.2021 and Authorization for Assignment is valid upto 24.03.2023. Accordingly, this Adjudicating Authority hereby appoints Shri Malireddy Ramana Reddy having Reg. No. IBBI/IPA-003/ICAI-N-00308/2020-2021/13452, whose contact details are:

e-mail ID: ramanareddyserp@gmail.com

Address: Flat No.202, H.No.8-3-191/155 (16/A)

Sai Saurabh Residency, Vengal Rao Nagar

Hyderabad-500038, Telangana.



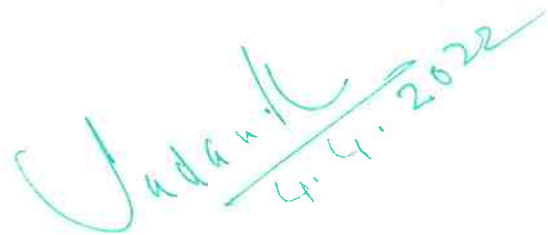
as Interim Resolution Professional to carry the functions as mentioned under the Insolvency & Bankruptcy Code.

6. The Registry of this Adjudicating Authority and the Financial Creditor is directed to send a Copy of this Order to the appointed Interim Resolution Professional and Registrar of Companies, Hyderabad for making appropriate remarks against Corporate Debtor on website of Ministry of Corporate Affairs as being under CIRP.

7. Accordingly, this Petition is admitted.



VEERA BRAHMA RAO AREKAPUDI
MEMBER (TECHNICAL)



DR. N VENKATA RAMAKRISHNA BADARINATH
MEMBER (JUDICIAL)