

Sl No. 483

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IN THE NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCH
(Exercising powers of Adjudicating Authority under
the Insolvency and Bankruptcy Code, 2016)
(Through web-based video conferencing platform)

CP (IB) No.50/BB/2021
U/s. 7 of the IBC, 2016
r/w Rule 4 of the IBC (AAA) Rules, 2016

IN THE MATTER OF:

M/s. Urban Reserves (India) Pvt.Ltd

R/O: No.60, Adarsh Regent
4th Floor, 100 ft. Koramangala Ring Road,
Domlur Extn.
Bengaluru – 560 071

... Petitioner/Financial Creditor

VERSUS

M/s. Vijayaa Steels Private Limited

R/O: Chinnatimmana Palya
(Subbayana Palya)
A Hosahalli Dakale
Kunigal Taluk
Tumkur District- 572 130

... Respondent/Corporate Debtor

Order delivered on 09.12.2021

Coram: Hon'ble Mr. Ajay Kumar Vatsavayi, Member (Judicial)
Hon'ble Mr. Manoj Kumar Dubey, Member (Technical)

PRESENT:

For the Petitioner : Shri S.Vivekananda
For the Respondent : K Mohan Kumar

ORDER

Per: Ajay Kumar Vatsavayi, Member (Judicial)

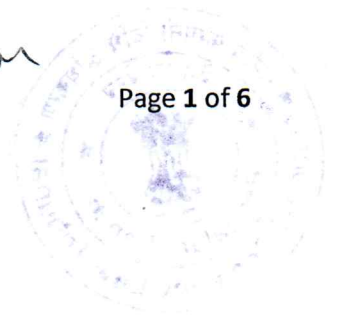
1. The present Petition is filed, under Section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as 'IBC/Code') by M/s. Urban Reserves (India) Pvt.Ltd (hereinafter referred to as 'Petitioner/Financial Creditor') to initiate the



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Corporate Insolvency Resolution Process ('CIRP') against M/s. Vijayaa Steels Private Limited (hereinafter referred to as 'Respondent/Corporate Debtor').

2. The Corporate Debtor namely M/s. Vijayaa Steels Private Limited is a Company incorporated on 31.07.1972 under the provisions of the Companies Act, 1956 with CIN:U85110KA1972PLC002224 having its registered office at Chinnatimmana Palya (Subbayana Palya), A Hosahalli Dakale, Kunigal Taluk, Tumkur District- 572 130, which falls within the territorial jurisdiction of this Adjudicating Authority. The Nominal Capital of the Respondent/Corporate Debtor is Rs.10,00,00,000/- and the Paid-Up Share Capital is Rs.7,82,19,500/- as per the Company Master Data attached at Annexure-B of this application.
3. It is submitted in the year 2019 the corporate debtor requested the financial creditor for working capital loan of Rs.4,25,00,000 for an interest at the rate of 12% per annum. The understanding was that the loan would be repaid in monthly instalment along with interest within 5 years. Hence, the petitioner and the corporate debtor entered into an loan agreement dated on 10.12.2019 and the disbursement of amount by financial creditor on 22.04.2020 through RTGS the sum of Rs.10,00,000 was transferred, on 23.04.2020 through RTGS the sum of Rs.15,00,000 was transferred, on 02.05.2020 through RTGS the sum of Rs.50,00,000 was transferred, on 14.05.2020 through RTGS the sum of Rs.50,00,000 was transferred, on 21.05.2020 through RTGS the sum of Rs.50,00,000 and Rs.1,00,00,000 was transferred, on 29.05.2020 through RTGS the sum of Rs.30,00,000 was transferred, on 01.06.2020 through RTGS the sum of Rs.18,00,000 was transferred and on 03.06.2020 through RTGS the sum of Rs. 1,02,00,000 was transferred. The corporate debtor acknowledged the receipt of said amount vide supplementary loan agreement dated 03.08.2020. It is further stated the charge was also created over the inventories as a security against the said loan. In accordance with agreement, the corporate debtor had to pay the instalment of Rs.9,45,389/- per month from July, 2020. The corporate debtor defaulted in the payment of 1st instalment itself so, the financial creditor gave some time to make payment before writing the letter vide dated 06.10.2020 calling upon the corporate debtor to make payment.
4. It is further submitted that the Corporate Debtor vide its letter dated 14.10.2020 requested for the revised repayment schedule and assured to make payment of



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Rs.1.2 crores on 01.04.2021 and pay the rest of the money by way of equated monthly instalment in accordance with the agreement dated 10.12.2019. The petitioner considering the pandemic situation and a payment assurance of Rs.1.2 crores at once, agreed the revised the proposal vide its letter dated 26.11.2020. However, the corporate debtor failed to make payment on 01.04.2021, the Financial Creditor again issued a letter dated 09.04.2021 considering the request of corporate debtor gave time till 20.04.2021 as a last and final chance to make the payment and further stated that in case of default the entire loan amount along with the interest shall become due and payable in accordance with clause 5.1 (a) of the loan agreement dated 10.12.2019 but no amount was paid and the directors are deliberately avoiding the phone calls. Therefore, Corporate Debtor has defaulted in payment and not in a position to run the business and service the debt. Further the corporate debtor has admitted the default and showcased its inability for repayment.

5. The Financial Creditor calculated the amount of interest till 20.04.2021, and the amount of default with interest comes out to Rs.5,67,23,342/-. Hence this Petition.
6. It is stated in Part-IV of Form No.1 that the total amount of debt in default amounting to Rs.4,25,00,000/- and Rs.1,42,23,342/- is the outstanding amount of interest which has been calculated 12% PA. The date on which first default occurred on 20.04.2021. A copy of calculation of amount claimed to be in default, interest and tenure is enclosed as annexure-M.
7. Notice was issued to the Corporate Debtor to appear in person or through an authorised representative on 28.07.2021. In response thereto, a statement of objections has been filed by the Corporate Debtor, wherein it has been stated that the corporate debtor is trying to find the investor to fund the operations by admitting the debt owed and expressed its inability to repay the debt, in view of its financial difficulties. The financial creditor filed rejoinder in response to objections raised by the corporate debtor wherein stated that the corporate debtor has admitted the debt.
8. We have heard the learned Counsel for the Petitioner and have also perused the records carefully.



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9. Section 7(5)(a) of the Code is as follows:-

“5) Where the Adjudicating Authority is satisfied that-

(a) a default has occurred and the application under sub-section (2) is complete, and there is no disciplinary proceedings pending against the proposed resolution professional, it may, by order, admit such application.”

10. In the present case, the occurrence of default is evidenced by the details furnished by the Petitioner including the record of financial information (Form - C) issued by NESL in respect of the debt of the Corporate Debtor is enclosed as annexure-L of this petition.

11. The other issue for consideration is whether present application is filed within limitation. The transaction involving the defaulted amount dates back to 14.01.2020 (as shown as annexure D and E) and the application was filed on 21.06.2021. Therefore, the Petition has been filed within the period of limitation.

12. The respondent corporate debtor in his reply filed in the C.P, admitted the debt and its inability to pay the same to the petitioner.

13. The application filed in the prescribed Form No.1 is found to be complete.

14. In the given facts and circumstances, the present petition being complete and having established that the default in payment of the Financial Debt for the default amount is above Rs.1,00,00,000/-, the petition is admitted in terms of Section 7(5) of the IBC and accordingly, moratorium is declared in terms of Section 14 of the Code. As a necessary consequences of the moratorium in terms of Section 14, the following prohibitions are imposed, which must be followed by all and sundry:

- (a) 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;
- (b) Transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein;
- (c) Any action to foreclose, recover or enforce any security interest created by the Corporate Debtor in respect of its property including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;



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- (d) The recovery of any property by an owner or lessor, where such property is occupied by or in the possession of the Corporate Debtor;
- (e) It is further directed that the supply of essential goods or services to the Corporate Debtor as may be specified, shall not be terminated or suspended or interrupted during the moratorium period;
- (f) The provisions of Section 14(3) shall however, not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator and to a surety in a contract of guarantee to a Corporate Debtor;
- (g) The order of moratorium shall have effect from the date of this order till completion of the Corporate Insolvency Resolution Process or until this Bench approves the Resolution Plan under sub-section (1) of Section 31 or passed an order for liquidation of Corporate Debtor under Section 33 as the case may be;

15. In Part-III of Form No.1, Mr. CS Hari Babu Thota, Registration No. IBBI/IPA-002/IP-N00084/2017-18/10225 has been proposed as Interim Resolution Professional (IRP). Form No.2 dated 28.05.2021 has been filed along with the C.P are found at Page Nos.92-96 of the Petition. However, since certificate of registration is not filed, the IRP shall file the same within one week from the receipt of this order. The Law Research Associate of this Tribunal has checked the credentials of Mr. CS Hari Babu Thota and there is nothing adverse against him. In view of the above, we appoint Mr. CS Hari Babu Thota, bearing Registration No. IBBI/IPA-002/IP-N00084/2017-18/10225, registered address at No.41/1, 2nd Floor, 11th Cross, 8th Main, 2nd Block, Jayanagar, Bengaluru – 560 011, e-mail: csharibabuthota@gmail.com, as the Interim Resolution Professional. The IRP is directed to take the steps as mandated under the IBC, specially under Sections 15, 17, 18, 20 and 21 of IBC, 2016.

16. The Interim Resolution Professional shall after collation of all the claims received against Corporate Debtor and the determination of the financial position of the Corporate Debtor constitute a Committee of Creditors and shall file a report, certifying constitution of the Committee to this Tribunal on or before the expiry of thirty days from the date of his appointment, and shall convene first meeting of the Committee within seven days for filing the report of Constitution of the



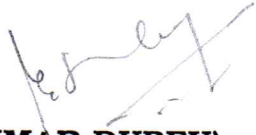
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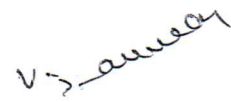
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Committee. The Interim Resolution Professional is further directed to send regular progress reports to this Tribunal every fortnight.

17. A copy of the order shall be communicated to both the parties. The learned Counsel for the Petitioner shall deliver copy of this order to the Interim Resolution Professional forthwith. The Registry is also directed to send the copy of this order to the Interim Resolution Professional at his e-mail address forthwith.




(MANOJ KUMAR DUBEY)
MEMBER (TECHNICAL)



(AJAY KUMAR VATSAVAYI)
MEMBER (JUDICIAL)



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OF THE ORIGINAL

for Deputy Registrar
National Company Law Tribunal
Bengaluru Bench

