

**BEFORE THE ADJUDICATING AUTHORITY
NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD BENCH
AHMEDABAD**

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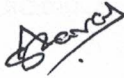
C.P. (I.B) No.350/NCLT/AHM/2019

**Coram: HON'BLE Ms. MANORAMA KUMARI, MEMBER JUDICIAL
HON'BLE Mr. CHOCKALINGAM THIRUNAVUKKARASU, MEMBER TECHNICAL**

**ATTENDANCE-CUM-ORDER SHEET OF THE HEARING OF AHMEDABAD BENCH
OF THE NATIONAL COMPANY LAW TRIBUNAL ON 23.01.2020**

Name of the Company: State Bank of India
V/s
Raj Rayon Industries Ltd

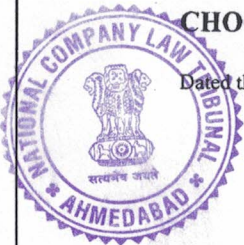
Section of the Companies Act : Section 7 of the Insolvency and Bankruptcy Code

<u>S.NO.</u>	<u>NAME (CAPITAL LETTERS)</u>	<u>DESIGNATION</u>	<u>REPRESENTATION</u>	<u>SIGNATURE</u>
1.	Aditya S. Rana	Advocate	Applicant	
2.				

ORDER

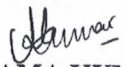
The Petitioner is represented through learned counsel.

The Order is pronounced in the open court vide separate sheet.




**CHOCKALINGAM THIRUNAVUKKARASU
MEMBER TECHNICAL**

Dated this the 23rd day of January, 2020


**MANORAMA KUMARI
MEMBER JUDICIAL**

**BEFORE ADJUDICATING AUTHORITY
NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD BENCH
AHMEDABAD**

C.P.(IB) No. 350/7/NCLT/AHM/2019

In the matter of:

State Bank of India,
State Bank Bhavan,
Madame Cama Road,
Nariman Point,
Mumbai,
Maharashtra-400005

Also at:

Stressed Assets Management Branch,
"The Arcade", 2nd Floor,
World Trade Centre, Cuffe Parade,
Colaba, Mumbai-400005

: Petitioner
(Financial Creditor)

Versus

Raj Rayons Industries Limited,
Survey No.177/1/3,
Village: Surangi,
Silvassa
Dadra and Nagar Haveli (U.T.)-396230

: Respondent
Corporate Debtor

Order delivered on 23rd January, 2020

**Coram: Hon'ble Ms. Manorama Kumari, Member (J)
Hon'ble Mr. Chockalingam Thirunavukkarasu, Member (T)**

Appearance:

Advocate Ms. Nitu Chaturvedi for the Petitioner.
Advocate Mr. Aditya Yagnik for the Respondents.

ORDER

[Per se: Mr. Chockalingam Thirunavukkarasu, Member(Technical)]



Mr. Akhilesh Kumar Singh, Assistant General Manager, being authorized signatory of State Bank of India, filed this petition under Section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as "the Code") read with Rule 4 of the

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Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 (hereinafter referred to as "the Rules") on behalf of State Bank of India.

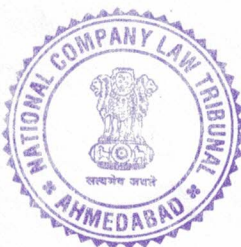
2. That the Petitioner / Financial Creditor i.e. State Bank of India is a body corporate and the Identification Number of Financial Creditor is (TAN: MUMB14834B & PAN: AACCS8577K), having its registered office at Central Office at Madame Cama Road, Nariman Point, Mumbai-400021.
3. The Respondent / Corporate Debtor M/s. Raj Rayons Industries Ltd. is a company incorporated under the Companies Act, 1956 on 17.08.1993 having Identification No. L17120DN1993PLC000368 and having registered office at Survey No.177/1/3, Village: Surangi, Silvassa-396230. That the Authorized Share Capital of the Corporate Debtor Company is Rs.86,00,00,000/- and paid up Share Capital is Rs.48,64,54,000/-.
4. It is submitted that the Petitioner Bank had sanctioned Term Loan and Working Capital Loan from 07.04.1999 and the outstanding amount including interest as on 31.03.2019 is Rs.13320164736 (Principal outstanding amount Rs.6391606199 + interest of Rs.6928558537). These loans are being renewed and restructured from time to time. The Corporate Debtor has been classified as NPA on 30.11.2013.
5. The Petitioner has annexed following documents regarding sanction, renewal and restructuring of loan which are as under:
 - Master Restructuring Agreement dated 23.04.2014 (Exhibit-G of the application)
 - Loan Agreement dated 07.05.2013 (Exhibit-H)
 - Sanction Letter dated 07.04.1999 (Exhibit-I)
 - Sanction Letter dated 19.10.2000 (Exhibit-J)
 - Supplemental Agreement of Loan dated 25.10.2000 for increase in the overall limit (Exhibit-K)
 - Sanction Letter dated 08.01.2002 (Exhibit-L)



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- Supplemental Agreement of Loan dated 08.01.2002 for increase in the overall limit (Exhibit-M)
- Sanction Letter dated 26.03.2003 (Exhibit-N)
- Supplemental Agreement of Loan dated 28.03.2003 for increase in the overall limit (Exhibit-O)
- Sanction Letter dated 15.09.2003 (Exhibit-P)
- Supplemental Agreement of Loan dated 07.10.2003 for increase in the overall limit (Exhibit-Q).
- Sanction Letter dated 27.04.2004 (Exhibit-R)
- Supplemental Agreement of Loan dated 06.05.2004 for increase in the overall limit (Exhibit-S).
- Sanction Letter dated 27.09.2005 for Renewal of Credit Facilities with enhancement (Exhibit-T)
- Working Capital facility and Term Loan Facility Consortium Agreement dated 06.12.2005 (Exhibit-U)
- Sanction Letter dated 13.11.2006 (Exhibit-V)
- First Supplemental Working Capital and Term Loan Consortium Agreement dated 26.02.2007 (Exhibit-W)
- Sanction Renewal Letter dated 07.06.2007 (Exhibit-X)
- Second Supplemental Working Capital and Term Loan Consortium Agreement dated 28.12.2007 (Exhibit-Y)
- Renewal Sanction Letter dated 23.12.2008 (Exhibit-Z)
- Sanction Renewal Letter dated 09.04.2009 (Exhibit-AA)
- Sanction Renewal Letter dated 07.07.2009 (Exhibit-BB)
- Supplemental Agreement of Loan for increase in the Overall Limit dated 08.07.2009 (Exhibit-CC).
- Sanction Renewal Letter dated 11.12.2009 (Exhibit-DD)
- Sanction Renewal Letter dated 26.02.2010 (Exhibit-EE)
- Agreement of Loan for Overall Limit dated 26.10.2010 (Exhibit-FF)
- Sanction Renewal Letter dated 29.10.2010 (Exhibit-GG)
- Term Loan Consortium Agreement dated 25.11.2010 (Exhibit-HH)
- Third Supplemental Working Capital Consortium Agreement dated 25.11.2010 (Exhibit-II)
- Sanction Renewal Letter dated 14.03.2011 (Exhibit-JJ)
- Sanction Renewal Letter dated 22.06.2011 (Exhibit-KK)
- Fourth Supplemental Working Capital Consortium Agreement dated 05.07.2011 (Exhibit-LL)
- Term Loan Consortium Agreement dated 12.10.2011 (Exhibit-MM)
- Sanction Renewal Letter dated 09.04.2012 (Exhibit-NN)
- Agreement of Overall limit dated 13.04.2012 executed by Corporate Debtor (Exhibit-OO)
- Sanction Renewal Letter dated 21.09.2012 (Exhibit-PP)
- Sanction Renewal Letter dated 15.11.2012 (Exhibit-QQ)
- Agreement of Loan for Overall Limit dated 22.01.2009 (Exhibit-RR)
- Sanction Renewal Letter dated 28.12.2012 (Exhibit-SS)



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- Fifth Supplemental Working Capital Consortium Agreement dated 11.02.2013 executed by Corporate Debtor (Exhibit-TT)
- Sanction Renewal Letter dated 16.03.2013 (Exhibit-UU)
- Sanction Renewal Letter dated 18.04.2013 (Exhibit-VV)
- Sixth Supplemental Working Capital Consortium Agreement dated 10.07.2013 (Exhibit-WW)
- Sanction Renewal Letter dated 29.03.2014 (Exhibit-XX)
- Sanction Renewal Letter dated 19.01.2015 (Exhibit-YY)
- Seventh Supplemental Working Capital Consortium Agreement dated 25.07.2014 (Exhibit-ZZ)

6. The Petitioner has also annexed the copies of the various securities held and confirmation of balance received from Corporate Debtor which are as under:

- Copy of Agreement of Hypothecation of Goods and Assets dated 17.05.1999 (Exhibit-BBB of the application)
- Deed of Guarantee dated 28.03.2003 executed by Raj Money Market Ltd (Exhibit-CCC)
- Deed of Guarantee dated 28.03.2003 executed by M/s. Sangam Spintab Limited (Exhibit-DDD)
- Joint Deed of Hypothecation dated 06.12.2005 (Exhibit-EEE)
- Second Supplemental Joint Deed of Hypothecation dated 28.12.2007 (Exhibit-FFF)
- Supplemental Agreement of Hypothecation of Goods and Assets for increase in the overall limit dated 08.07.2009 (Exhibit-GGG)
- Agreement of Hypothecation of Goods and Assets dated 26.10.2010 (Exhibit-HHH)
- Joint Deed of Hypothecation for Term Loan dated 25.11.2010 (Exhibit-III)
- Third Supplemental Joint Deeds of Hypothecation dated 25.11.2010 (Exhibit-JJJ)
- First Supplemental Joint Deed of Hypothecation dated 02.07.2011 (Exhibit-KKK)
- Fourth Supplemental Joint Deed of Hypothecation dated 05.07.2017 (Exhibit-LLL)
- Deed of Guarantee dated 05.07.2011 executed by Gourishankar Poddar, Rajkumari Kanodia (Exhibit-MMM)
- Deed of Guarantee dated 05.07.2011 executed by Raj Money Market Ltd (Exhibit-NNN)
- Memorandum of Entry for Extension of Mortgage Charge dated 02.07.2011 (Exhibit-OOO)
- Memorandum of Entry for Extension of Mortgage charge by way of Mortgage of Deposit of Title Deeds dated 05.07.2011 (Exhibit-PPP)



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- Deed of Guarantee dated 12.10.2011 executed by Gourishankar Poddar, Rajkumari Kanodia, Raj Money Market Ltd (Exhibit-QQQ)
- Joint Deed of Hypothecation for Term Loan dated 12.10.2011 (Exhibit-RRR)
- Fifth Supplemental Joint Deed of Hypothecation dated 11.02.2013 executed by Corporate Debtor (Exhibit-SSS)
- Sixth Supplemental Joint Deed of Hypothecation dated 10.07.2013 executed by Corporate Debtor (Exhibit-TTT)
- Deed of Guarantee dated 10.07.2013 executed by Gourishankar Poddar, Rajkumari Kanodia, Raj Money Market Ltd (Exhibit-UUU)
- Trust and Retention Agreement dated 25.07.2014 (Exhibit-VVV)
- Sanction Revival Letter dated 06.02.2016 (Exhibit-WWW)
- Balance Confirmation Letter dated 26.10.2015 and 08.08.2016 (Exhibit-XXX)
- Copy of an Original Application No.185/2018 filed at DRT-II, Ahmedabad dated 15.02.2018 (Exhibit-YYY)

7. The Petitioner has attached copy of the statement of accounts maintained by the Respondent with the bank. The Petitioner has also attached copy of balance confirmation Letter dated 26.10.2015 and 08.08.2016 (Page 2131 & 2132).

8. On 30.08.2019, the Learned Lawyer for the Respondent requesting time to file reply and two weeks' time was granted. Again on 03.10.2019, Learned Lawyer for the Respondent requesting further time to file reply and three weeks' time was granted. On 03.12.2019, the Respondent did not appear, so right to file reply was closed. On 15.01.2020, when the matter was posted for final hearing, heard the Learned Lawyer for the Petitioner. However, Learned Lawyer for the Respondent was reluctant to argue and he has given liberty to file written submission, if any, and filed his written submissions on 21.01.2020.

9. In respect of petition filed under Section 7 of IB Code for initiation of CIRP by Financial Creditor, the Adjudicating Authority has to see the existence of financial debt, whether the default has occurred and whether the petition is complete.



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10. From the records submitted alongwith the petition;
- (a) Petition in Form-1 filed by Shri Akhileshkumar Nagori, AGM of the bank and in support of the same, the Petitioner has filed authorization papers. The petition is complete.
 - (b) There is financial debt owed by the Respondent to the Petitioner.
 - (c) Date of default is 30.11.2013.
 - (d) Balance Confirmation letter was issued by the Respondent to the Petitioner on 08.08.2016. The Last transaction is on 03.02.2017. The petition is filed on 20.05.2019 and is well within time.
11. The Petitioner has proposed the name of Mr. Abhishek Nagori, 511, Atlanta Estate, Near Virvavni Estate, Goregaon €, Mumbai-400063 having Registration No. IBBI/IPA-001/IP-P00020/2016-17/10044 to act as IRP under Section 13(1)(b) of the IB Code and written communication in Form-2 of IBIBI has been filed by the proposed IRP.
12. From the material placed on records, this Adjudicating Authority is satisfied that default has been committed by the Corporate Debtor in repayment of loan amount to the Bank. The petition is complete. As a consequence, the instant petition is admitted in terms of Section 7 of the IB Code and the moratorium as envisaged under the provisions of Section 14(1) of IB code and extracted hereunder shall follow in relation to the Respondent Corporate Debtor.
- (1) Subject to provisions of sub-Section (2) and (3), on the Insolvency Commencement date, the Adjudicating Authority declared moratorium for prohibiting all of the following, viz:-



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- (i) 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.
 - (ii) Transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein;
 - (iii) 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(54 of 2002);
 - (iv) the recovery of any property by an owner as lessor where such property is occupied by or in the possession of the Corporate Debtor.
- (2) The supply of goods and essential services to the Corporate Debtor as may be specified shall not be, terminated or suspended or interrupted during moratorium period.
 - (3) The provisions of sub-section (1) shall, however, not apply to such transaction as may be notified by the Central Government in consultation with any financial sector regulator.
 - (4) The order of moratorium shall have effect from the date of receipt of authenticated copy of this order till the completion of the Corporate Insolvency Resolution Process or until this Bench approves the resolution plan under sub-



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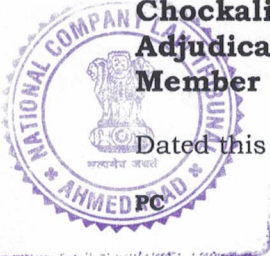
section (1) of Section 31 or passes an order for liquidation of Corporate Debtor under Section 33, as the case may be.

13. This Adjudicating Authority hereby appoint Mr. Abhishek Nagori, 511, Atlanta Estate, Near Virvavni Estate, Goregaon €, Mumbai-400063 having Registration No. IBBI/IPA-001/IP-P00020/2016-17/10044 to act as "Interim Insolvency Resolution Professional" under Section 13(1)(b) of the IB Code.
14. The petition stands disposed-off accordingly with no order as to costs.
15. Communicate a copy of this order to the Petitioner, Financial Creditor, Corporate Debtor and to the Interim Insolvency Resolution Professional.

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Chockalingam Thirunavukkarasu
Adjudicating Authority
Member (Technical)

Dated this the 23rd day of January, 2020



Ms. Manorama Kumari
Adjudicating Authority
Member (Judicial)

Certified to be True Copy of the Original

[Signature]
Deputy Registrar
NCLT, Ahmedabad Bench
Ahmedabad