

In the National Company Law Tribunal
Mumbai Bench.

No. C.P.(IB)-82/(MB)/2019

Under Section 7 of Insolvency & Bankruptcy Code 2016

In the matter of

Punjab National Bank : Petitioner/ Financial Creditor
V/s
Trident Tool Ltd. : Respondent/ Corporate Debtor

Order delivered on : 18.09.2019

Coram:

Hon'ble Shri M.K. Shrawat, Member (Judicial)

For the Petitioner(s): : 1. Ms. Bhagyashri Ranade, Advocate, i/b.
Intralegal.

For the Respondent(s): : 1. Ms. Sarita Yadav, i/b. Udaya Samudrala.

Per M.K. Shrawat, Member (Judicial).

ORDER

1. A Petition in Form No.1 was filed on 30.11.2018 by the Financial Creditor (Punjab National Bank, hereinafter "**PNB**") u/s.7 of the Insolvency & Bankruptcy Code, 2016 read with Rule 4 of the Insolvency and Bankruptcy Application to Adjudicating Authority Rules, 2016 for initiating Corporate Insolvency Resolution Process against the Corporate Debtor M/s. Trident Tool Ltd. (hereinafter "**TTL**"), Mumbai 400 101, for an outstanding Financial Debt amount of ₹97,49,15,115/- (Rupees Ninety Seven Crores, Forty Nine Lakhs, Fifteen Thousand, One Hundred and Fifteen only). As per Letter No. SM/C/94/2005 dated 04.07.2005, the erstwhile name of the Trident Tools Ltd. was M/s. Singarg Manufacturers up to 30.06.2005.

Brief background of the case:-

2. It is informed by the Financial Creditor (PNB) that vide Sanction Letter dated 10.02.2000, the Corporate Debtor (TTL) was originally granted limits amounting to ₹58 Lakhs. The said limits were allegedly enhanced from time to time. Vide Sanction Letter dated 21.01.2013, it was stated to be enhanced to ₹19 Crores; thereafter, it was further enhanced to ₹26.60 Crores vide Sanction Letter dated 06.05.2013. The limits were last enhanced on 06.07.2015 to ₹67.10 Crores vide Sanction Letter dated 06.07.2015. Copy of sanction letters are annexed with the Petition and are at Annexure-B to Annexure M of the Petition.

2.1. Statement of Accounts of the Corporate Debtor for the period from 28.08.2010 to 31.03.2016 is on record.

2.2. The limits were allegedly secured by registered mortgage by the Corporate Debtor and Vimal Textiles.

3. The account was stated to be defaulted and **became NPA on 31.03.2016** as per the Reserve Bank of India's guidelines. The Financial Creditor initiated action under SARFAESI Act and issued Sec.13(2) Notice on 02.04.2016. The Financial Creditor also filed an OA before DRT-1, Mumbai which is still pending before it.

4. The total amount of default is allegedly to be Rs.97,49,15,115/- as on 31.10.2018.

5. The Financial Creditor has annexed the List of Dates and Events giving details of various facilities sanctioned/ enhanced, reproduced below:-

LIST OF DATES AND EVENTS

Sr No.	Date	Particulars
1.	In the year 2000	Corporate Debtor approached the Financial Creditor for Cash Credit, Term Loan, Packing Credit, Foreign Credit, Foreign Letter of Credit amounting to Rs. 58,00,000/-
2.	10.02.2000	Vide Sanction Letter dated 10.02.2000 the Financial Creditor sanctioned the facilities for a limit amounting to Rs. 58,00,000/- to the Corporate Debtor.
3.		Corporate Debtor executed various documents in favour of Applicant for the facilities
4.	14.03.2002	Vide Sanction Letter dated 14.03.2002 the Financial Creditor enhanced the facilities from Rs.28,00,000/- to Rs.33,00,000/- (Fund Based) and FLC enhanced from Rs.20,00,000/- to Rs. 30,00,000/-(Non Fund Based)
5.		Corporate Debtor executed various documents in favour of Applicant for the facilities
6.	20.05.2004	Vide Sanction Letter dated 20.05.2004 the Corporate Debtors enhanced the limits and The Financial Creditors granted Cash Credit enhanced from Rs. 33, 00, 000/- (Thirty Three Lakh Rupees Only) to Rs.95,00,000/- (Ninty Five Lakh Rupees Only) and Foreign Letter enhanced from Rs. 30,00,000/- (Thirty Lakh Rupees) to Rs. 50,00,000/- (Rupees Fifty Lakh Only)
7.	25.04.2005	Vide Sanction Letter dated 25.04.2005 the limit was enhanced again, a Cash Credit Hypothecation enhanced from Rs.95,00,000/- to Rs. 1,00,00,000 A Term Loan (Fresh) of Rs. 20,00,000 was granted and Cash Credit Book Debts was enhanced from Rs.20,00,000/- to Rs. 25,00,000/- Also a Foreign Outward Bills Purchased of Rs. 20,00,000/- Foreign Letter of Credit was enhanced from Rs. 50,00,000/- to Rs. 1,00,00,000/-
8.	21.01.2013	Vide Sanction Letter dated 21.01.2013 limits were enhanced to Rs.1900 Lacs
9.	06.05.2013	Subsequently in the same year vide Sanction Letter

		dated 06.05.2013 limits were enhanced to 26,60,00,000/-
10.	06.07.2015	Vide Sanction Letter dated 06.07.2015 the facilities were again enhanced to a limit of Rs.67,10,00,000/-.
11.	01.03.2016	Balance Confirmation Letters were executed by the Corporate Debtors on 01.03.2016
12.	31.03.2016	The Account was classified NPA on 31.03.2016
13.	02.04.2016	13(2) SARFAESI Notice dt. 02.04.2016
14.	08.02.2017	Financial creditor filed an OA before DRT-1, Mumbai which is pending adjudication.

6. The Petitioner/ Financial Creditor has furnished the following Particulars of Claim as on 31.10.2018 amounting to Rs.97,49,15,115.57, reproduced below:-

Exhibit - AA''

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M/s. Trident Tools LimitedPARTICULARS OF CLAIM AS ON 31.10.2018

Particulars	(Rupees)
A/c No. 125300IC00008496 Balance as on 31/03/2016 Plus: Compound interest @11.50% from 31-03-2016 to 31.08.2016 and @13.25% % from 01.09.2016 to 31.03.2018 Plus : Penal interest @2% (simple) Plus : Other debits Less: Less Recovery/Other Credit	5,96,69,667.00 2,42,00,700.20 36,33,173.02 - 5,77,164.00 8,69,26,376.23
TOTAL DUES	
A/c No. 125300IC00008557 Balance as on 31/03/2016 Plus: Compound interest @ 11.5% from 31-03-2016 to 30.06.2016 and 13.25% from 01-07-2016 to 30-09-2016 and 13.00% from 01-10-2016 to 31-10-2018 Plus : Penal interest @2% (simple) Plus : Other debits Less: Less Recovery/Other Credit	21,03,404.00 3,16,00,661.93 48,51,388.30 8,80,93,854.00 22,867.00
TOTAL DUES	12,66,26,441.23
A/c No. 175600NG00003126 Balance as on 31/03/2016 Plus: Compound interest @ 11.5% from 31-03-2016 to 31.08.2016 and 13.25% from 01-09-2016 to 31-10-2018 Plus : Penal interest @2% (simple) Plus : Other debits Less: Less Recovery/Other Credit	4,45,332.89 1,87,980.65 27,113.08 18,567.00
TOTAL DUES	6,41,859.62
A/c No. 175600IC00000182 Balance as on 31/03/2016 Plus: Compound interest @ 10.65% from 31-03-2016 to 31.08.2016 and 12.40% from 01-09-2016 to 31-10-2018	8,07,23,616.00 3,02,58,837.84






Asset Recovery Management Branch
1st Floor, C-9, G Block, BKC Complex
Bandra (E), Mumbai 400 051.
Tel: 26532704, 26532784, Fax:26532658

Plus : Penal interest @2% (simple) Plus : Other debits Less: Less Recovery/Other Credit	48,61,002.60 7,23,616.00
TOTAL DUES	11,51,19,840.45
A/c No. 175600IB00032834 Balance as on 31/03/2016 Plus: Compound interest @ 11.5% from 31-03-2016 to 31.08.2016 and 13.25% from 01-09-2016 to 31-10-2018	1,57,07,251.85 63,77,021.95
Plus : Penal interest @2% (simple) Plus : Other debits Less: Less Recovery/Other Credit TOTAL DUES	9,57,387.93 16,021.00 1,51,931.00 2,29,05,751.73
175600IC00000191 Balance as on 31/03/2016 Plus: Compound interest @ 10.25% from 31-03-2016 to 31.07.2016 and @10.65% from 01-08-2016 to 31-08-2016 &12.00% from 01.09.2016 to 31.10.2018	6,14,30,196.00 2,37,84,678.88
Plus : Penal interest @2% (simple) Plus : Other debits Less: Less Recovery/Other Credit TOTAL DUES	39,67,545.82 48,51,297.00 4,47,998.00 9,35,85,719.70
A/c No. 175600IB00032904 Balance as on 31/03/2016 Plus: Compound interest @ 11.5% from 31-03-2016 to 31.08.2016 and 13.25% from 01-09-2016 to 31-10-2018	8,06,42,632.00 3,19,28,437.85
Plus : Penal interest @2% (simple) Plus : Other debits Less: Less Recovery/Other Credit TOTAL DUES	49,10,445.28 7,80,028.00 11,74,81,515.12
A/c No. 175600IB00032995 Balance as on 31/03/2016 Plus: Compound interest @ 11.5% from 31-03-2016 to 31.08.2016 and 13.25% from 01-09-2016 to 31-10-2018	5,45,18,337.00 2,21,14,128.65
Plus : Penal interest @2% (simple) Plus : Other debits	33,19,971.48 0.00

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Asset Recovery Management Branch
 1st Floor, C-9, G Block, BKC Complex
 Bandra (E), Mumbai 400 051.
 Tel: 26532704, 26532784, Fax:26532658

Less: Less Recovery/Other Credit	5,27,337.00
TOTAL DUES	7,94,25,100.13
A/c No. 1756008700000594	
Balance as on 31/03/2016	22,21,29,133.42
Plus: Compound interest @ 11.00% from 31-03-2016 to 31.08.2016 and 11.75% from 01-09-2016 to 31-12-2016 and 11.50% from 01.01.2017 to 31.10.2018	7,55,21,150.97
Plus : Penal interest @2% (simple)	1,31,68,144.99
Plus : Other debits	17,58,79,864.50
Less: Less Recovery/Other Credit	15,48,56,518.50
TOTAL DUES	33,18,41,775.38
TOTAL CLAIM	97,49,15,115.57

7. The Petitioner Creditor has claimed that the Respondent Debtor had accepted the outstanding liability by executing Balance Confirmation Letters, all dated 01.03.2016.

8. The Financial Creditor further stated that the limits were secured by registered mortgage by the Corporate Debtor and Vimal Textiles.

9. The Petitioner Creditor has informed that it had entered into a 'Supplementary Agreement for Restructuring of Limits' on 22.07.2015 with the Corporate Debtor as per Schedule-I & II, reproduced below:-

**SCHEDULE - I
(DETAILS OF THE CREDIT FACILITIES)**

(Rupees in Crores)

SANCTIONED LIMITS					
	Nature of Facilities	Earlier Sanctioned	Fresh/ Enhancement/(Reduced)	Present Limits	Interest/ Commission
1.	Cash Credit Facility	15.00	7.00	22.00	BR + 1.00% Presently 11.00%, p.a. or such rate that the bank may be fixed from time to time with Monthly rests subject to changes from time to time
2.	PC/PS-FOBP/FOUBP/FOBNLC/FOUBNLC	(10.00)	-	(10.00)	As per bank's schedule of charges.

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For TRIDENT TOOLS LTD.

[Signature]

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3.	ODD / Advance against clearing	(1.00)	-	(1.00)	As per bank's schedule of charges.
	FLC/ILC (DA/DP) /Buyer's Credit	15.00	(10.00)	(5.00)	As per schedule
5.	Working Capital Term Loan		8.00	8.00	Base Rate+0.25% i.e. @10.25% subject to changes from time to time
6.	Funded Interest Term Loan (FITL)		6.70	6.70	Base Rate+0.25% i.e. @10.25% subject to changes from time to time
7.	Term Loan Existing - I (IB20032834) -O/s	1.64		1.58	As per bank's schedule of charges.
8.	Term Loan Existing - III (IC146)-O/s	0.06		0.06	
9.	Term Loan Existing - IV (NG3126)- (O/s)	0.06		0.06	
10.	Term Loan Existing - V (IB 32922)- (O/s)	0.04		0.04	
11.	Term Loan Existing - VI (IB20032904) - (O/s)	8.34		8.15	
12.	Term Loan Existing - VII (IB 20032995) - (O/s)	5.41		5.41	
13.	Term Loan Existing- VIII (IC00008496) - (O/s)	6.24		6.00	

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14.	Term Loan Existing - IX (IC00008557) (O/s)	9.10		9.10	
TOTAL CREDIT FACILITIES		60.87	21.70	67.10	

SCHEDULE - II

(REPAYMENT SCHEDULE)

The Borrower agrees to repay all the Term Loans as per the existing Repayment Structures except the following restructured Term Loans of Rs.3.50 Crores, Rs.6.50 Crores, Rs.11.50 Crores, Rs.6.50 Crores and Rs.9.10 Crores, whose repayment structure are as under:

A. TERM LOAN OF Rs.3.50 Crores

(Rupees in Crores)

F.Y.	Number of Installments	Amount	Yearly Installments
2014-15	9	0.04	0.37
2015-16	0	0.00	0.00
2016-17	3	0.04	0.12
2017-18	12	0.04	0.50
2018-19	12	0.04	0.50
2019-20	11	0.04	0.48
TOTAL			

B. TERM LOAN OF Rs.6.50 Crores

(Rupees in Crores)

F.Y.	Number of Installments	Amount	Yearly Installments
2014-15	6	0.067	0.40
	4	0.076	0.30
2015-16	0	0.00	0.00
2016-17	3	0.075	0.23
2017-18	12	0.075	0.90
2018-19	12	0.075	0.90
2019-20	12	0.080	0.96
2020-21	12	0.090	1.08
2021-22	12	0.111	1.34
TOTAL			6.10

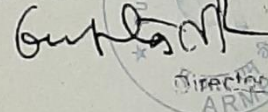
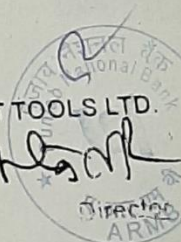
C. TERM LOAN OF Rs.11.50 Crores

(Rupees in Crores)

F.Y.	Number of Installments	Amount	Yearly Installments

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for TRIDENT TOOLS LTD.

10. The Petitioner further submitted that the Accounts of the Corporate Debtor became NPA on 31.03.2016 as per RBI guidelines. As a consequence, Notice under

section 13(2) of the SARFAESI Act 2002 was initiated by the Financial Creditor on 02.04.2016.

Submissions from the side of the Respondent:-

11. The Respondent Debtor in its Affidavit in Reply dated 10.07.2019 has pleaded that the business of the Corporate Debtor was adversely affected after the year 2015 due to rise in input costs, increase in Customs Duty, Grey market/ Smuggling from China, Competition from European Countries, which were allegedly beyond the control of the management of the Corporate Debtor.

12. The Corporate Debtor also submitted that it had substantial assets which were exclusively secured to the Financial Creditor. The Financial Creditor initiated action under SARFAESI Act, 2002 and thereafter took possession of the factory premises which all equipments and machineries along with raw materials and finished products lying therein.

13. The Respondent Debtor further pleaded that the Financial Creditor filed Proceedings before the Debt Recovery Tribunal by way of O.A. No.52 of 2018 which is still pending before the DRT-I, Mumbai.

FINDINGS:-

14. Heard the submissions of both the sides, perused the contents of the Petition as well as the reply of the Respondent in the light of the annexed evidences.

15. It is pleaded by the Petitioner/ Creditor that the Corporate Debtor had defaulted to make repayments of the loan in accordance with the terms of the Loan Agreement.

16. In the light of the above discussion and on due perusal of the documents annexed, the Debt is to be qualified as "Financial Debt" as defined under section 5(8) of Insolvency & Bankruptcy Code, 2016. As a result, the Financial Creditor has filed this Application for initiating Corporate Insolvency Resolution Process (CIRP) against the Corporate Debtor.

17. Since this is a Petition of "Financial Creditor", therefore, the Insolvency Process shall commence as prescribed under Section 7 of I&BC, 2016.

18. The Petitioner / Financial Creditor has proposed the name of the IRP **Mr. Nitin Vishwanath Panchal**, Address: A-203, Suraj Eleganza-1CHS, Pitambar Lane, Near Dena Bank, Mahim West, Mumbai 400016, email id: waterfall0421@gmail.com. The proposed IRP has furnished the requisite Certificate on Form No.2 that no Disciplinary Proceeding is pending. On due consideration, the proposal of appointment of the IRP is hereby confirmed.

19. Upon Admission of the Application and Declaration of "Moratorium" the Insolvency Process such as Public Announcement etc. shall be made immediately as prescribed under section 13 read with section 15 of The Code. The appointed IRP shall perform the duties as an Interim Resolution professional as defined under section 18 of The Code and inform the progress of the Resolution process and the compliance of the directions of this Order within 30 days to this Bench. A liberty is granted to intimate even at an early date, if need be.

20. It is hereby pronounced that the "Moratorium" as prescribed under Section 14 of the Code 2016 shall come into operation. As a result, institution of any suit or parallel Proceedings before any Court of Law are prohibited. The assets of the Debtor must not be liquidated until the Insolvency Process is completed. However, the supply of essential goods or services to the Corporate Debtor shall not be suspended or interrupted during "Moratorium Period". This direction shall have effect from the date of this Order till the completion of Insolvency Resolution process.

21. Accordingly, this **C.P.(IB)-82/(MB)/2019** stood "Admitted".

22. The Corporate Insolvency Resolution Process is commenced from the date of this Order.

Sd/-
M.K. SHRAWAT
Member (Judicial)

Date : 18.09.2019
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