

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



C.P. (I.B) No. 418/NCLT/AHM/2018

**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 15.01.2020**

Name of the Company: IDBI
V/s
Reliance Naval and Engineering 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.	SUNIL BHANSAL	AMONG	APPLICANT (IDBI)	
2.	IPB.A.K. MISHRA MDP & PARTNERS MUMBAI.			
3.	Kamya Shah IB Neemaati Associates	Adv.	Respondent	

ORDER

The parties are represented through learned counsels.

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


CHOCKALINGAM THIRUNAVUKKARASU
MEMBER TECHNICAL

Dated this the 15th day of January, 2020


MANORAMA KUMARI
MEMBER JUDICIAL

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

I.A. No. 421 of 2019
with
C.P.(IB) No. 418/7/NCLT/AHM/2018

In the matter of:

CP(IB) No. 418/7/NCLT/AHM/2018

IDBI Bank Limited,
a Company registered under the
Companies Act, 1956 (1 of 1956) and
a banking company within the
meaning of Section 5(c) of the
Banking Regulation Act, 1949 (10 of 1949),
having its registered Office at
IDBI Tower, WTC Complex,
Cuffe Parade,
MUMBAI-400005

Financial Creditor

Versus

Reliance Naval and Engineering Limited,
Pipavav Shipyard Limited,
Pipavav Port,
Post Ucchaya,
Via Rajula Rajual,
Gujarat - 365 560
India

Respondent
Corporate Debtor

IA No. 421 of 2019

Reliance Naval and Engineering Limited,
Pipavav Shipyard Limited,
Pipavav Port,
Post Ucchaya,
Via Rajula Rajual,
Gujarat - 365 560
India

Applicant

Versus

IDBI Bank Limited,
a Company registered under the
Companies Act, 1956 (1 of 1956) and
a banking company within the
meaning of Section 5(c) of the
Banking Regulation Act, 1949 (10 of 1949),
having its registered Office at
IDBI Tower, WTC Complex,
Cuffe Parade,
MUMBAI-400005

Respondent
Financial Creditor

Order delivered on 15th January, 2020

Shankar Singh

Shankar

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

Appearance: CP(IB) No. 418/7/NCLT/AHM/2018 and IA No. 421 of 2019

Advocate Mr. Rohan Agarwal, Mr. A.K. Mishra, Mr. Sunil Bhavsar i/b MDP Partners for the Petitioner. Advocate Mr. Darshit Dave for the Petitioner. Sr. Advocate Mr. Saurabh Soparkar, Advocate Mr. Keyur Gandhi along with Mr. Raheel Patel and Mr. Anuj Joshi, Kanya Shah i/b Nanavati Associates for the Respondents. Sr.

COMMON ORDER

[Per: Ms. Manorama Kumari, Member (J)]

1. IDBI Bank Limited, the Petitioner/Financial Creditor has filed this Petition under Section 7 of the Insolvency and Bankruptcy Code, 2016 [hereinafter referred to as "the IB Code"] for the purpose of initiating corporate insolvency resolution process [hereinafter referred to as "CIRP"] against Reliance Naval and Engineering Limited, the Respondent company, the Corporate Debtor.
2. Reliance Naval and Engineering Limited, the Corporate Debtor is a company incorporated under the provisions of the Companies Act, 1956 and is, inter alia, engaged in the business of manufacture of vessels and repairing of rigs. The Corporate Debtor, Reliance Naval and Engineering Limited was earlier known as Reliance Defence and Engineering Limited, which name was subsequently changed to Reliance Naval and Engineering Limited having its Registered Office at Port of Pipavav, Post Uchaya, Via Rajula, Dist. Amreli, Gujarat - 365 560. The Respondent company, the Corporate Debtor was originally promoted by SKIL Infrastructure Ltd (SKIL) as Pipavav Defence and Offshore Engineering Ltd.,
3. The Authorised Share Capital of the Respondent company, the Corporate Debtor is Rs. 15000,00,00,000/- (Rupees Fifteen Thousand Crores only). The Paid-Up Share Capital of the Respondent company, the Corporate

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Debtor is Rs. 779,83,70,270/- (Rupees Seven Hundred and Seventy-Nine Crores Eighty-Three Lakhs Seventy Thousand Two Hundred and Seventy only). The Main Object of the Respondent company, the Corporate Debtor as mentioned in the preceding para is manufacturing of vessels and repairing of rigs.

4. As per Part IV of the application, the total amount of debt granted by the IDBI, the Financial Creditor to the Respondent company, the Corporate Debtor amounted to Rs. 1250.40 Crores which included Rs. 27.75 Crores as NCD. It is further stated that aggregate amount of default as on 31st August, 2018 amounted to Rs. 1159.43 crores (Rupees One Thousand one Hundred Fifty Nine Crores and Forty Three Lakhs only) with details given hereunder. The date of NPA is 28th February, 2018 with effect from 1st March, 2015. The date of default is 30th November, 2017.

Facility	Account No	Principal Amount	Uncharged Interest	Penal Interest	Total Claim
FITL for Interim Loan (now under M-DD2)	0004672200004589	10.67	0.96	0.01	11.64
FITL for MTL (now under modified DD2 (M-DD2))	0004672200004596	3.09	0.28	0.00	3.38
FITL for New TL (under M-DD-2) (IDC)	0004672200004602	3.42	0.31	0.01	3.74
MTL (now under modified DD2(M-DD2))	0004673200001359	71.05	8.02	0.11	79.18
Interim Loan (now under M-DD2)	0004673200001366	245.00	27.65	0.39	273.04
New TL (under M-DD-2 (IDC)	0004673200001380	78.67	7.07	0.12	85.86
WCTL-II (NFB development/invocation)	0004672200001397	153.03	17.27	0.24	170.54
FITL for WCTL - II	0004673200001410	40.04	3.59	0.05	43.69
FITL for CC	0004673200001465	6.24	0.56	0.01	6.80
WCTL-I (DP shortfall)	0004673200001403	30.06	3.39	0.05	33.50
FITL DDI	0004673200002301	21.29	1.91	0.03	23.23
RTL-1, DD-I	0004673200002318	56.35	6.36	0.09	62.80
RTL-II, DD- I	0004673200002325	42.45	4.79	0.07	47.31
CC	0126655100001083	235.88	11.55	0.78	248.21
NCD	1001573000000028	27.75	3.53	0.01	31.29
Total		1024.99	97.27	1.97	1124.20
Non-Fund Based Limit					34.59
Overdue LC/BG Commission					0.64
Gross Total Claim					1159.43

5. The Petitioner, the Financial Creditor, has stated details facts, as under:

- 5.1 The Respondent company, the Corporate Debtor has been facing financial stress due to down trend in commercial shipbuilding sector,

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cancellation of contracts & cost overrun of Dry Dock-2 Project. The Dry Dock 2w as being constructed adjacent to the existing Dry Dock 1 facility admeasuring 750 m x 60 m x 19 m for maintenance & repair of ships, boats, and other water craft. Consequent to financial stress, the Respondent company, the Corporate Debtor underwent restructuring of its debt under CDR Scheme. The Restructuring Scheme was approved by CDR EG on march 18, 2015.

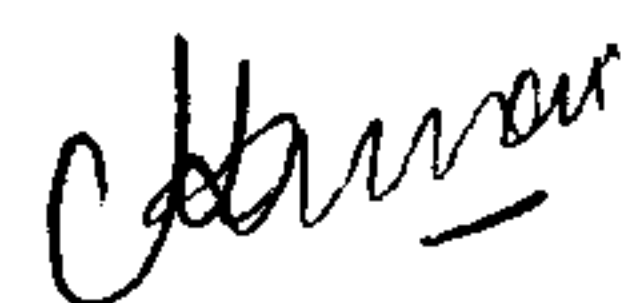
- 5.2 In March 2015, Reliance Defence Systems Pvt. Ltd, part of R-ADA Group and step-down subsidiary of Reliance Infrastructure Ltd, entered into an agreement to take over the management of the Respondent company, the Corporate Debtor from the former promoters. Purchase Agreement to acquire former's promoter stake of about 17.66% in the Respondent company, the Corporate Debtor was also executed. Mandatory Open Offer to acquire 26% shares from public shareholders of the Respondent company, the Corporate Debtor was announced on March 04, 2015.
- 5.3 R-ADA Group acquired management control of the Respondent company, the Corporate Debtor on January 18, 2016 with reconstitution of the Board Defence and Engineering Ltd. (RDEL) on March 03, 2016 and later on renamed as Reliance Naval and Engineering Ltd. with effect from September 06, 2017.
- 5.4 Post takeover, Reliance Naval and Engineering Ltd., the Respondent company, the Corporate Debtor prepared revised business plan, strategic tie ups with global defence and commercial shipbuilding majors and exit from CDR. The Respondent company, the Corporate Debtor also sought refinancing of its facilities under revised business plan.
- 5.5 The Petitioner, the Financial Creditor had approved refinancing package along with CDR exit to Reliance Naval and Engineering Ltd., the Corporate Debtor (subject to recovery of 75% of CDR recompense amount) in October 2016. The refinance package was, however, not documented/implemented, on account of delay in sanction of the package by most of the lenders, resulting in delay in CDR exit.

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- 5.6 The Respondent company, the Corporate Debtor was pursuing with the lenders since October 2017 for sanction of refinancing package. However, due to the presence of large number of lenders in its banking arrangement, the sanction of revised refinancing package by various lenders has been delayed.
- 5.7 The Respondent company, the Corporate Debtor had been servicing lenders' dues on critical dues basis. Based on repeated persuasion by Applicant Bank, the Financial Creditor and other major lenders, **the Respondent company, the Corporate Debtor had serviced critical dues for January 2018.**
- 5.8 Meanwhile, RBI issued guidelines on "Framework for Resolution of Stressed Assets" vide circular dated February 12, 2018, wherein any resolution Plan required 100% approval from all lenders. Therefore, implementation of the refinancing package became more challenging. In view of the above, the Respondent company, the Corporate Debtor indicated that it would no longer be in a position to honour the critical dues for February 2018. Consequently, the account became NPA on February 28, 2018.
- 5.9 Consequent to account becoming NPA, JLM of CDR lenders was convened on March 5, 2018 wherein, it was decided to issue recall notice and pursue recovery action including invocation of pledge, Corporate Guarantee of SKIL Infrastructure Limited (company promoted by founder promoters) and personal guarantees of founder promoters. Accordingly, recall notice was issued by the IDBI Bank on March 12, 2018 and pledge, Corporate Guarantee and personal guarantees were invoked on March 17, 2018.
- 5.10 The Respondent company, the Corporate Debtor had submitted an OTS proposal in end of March 2018, the contours of which witnessed frequent and significant changes based on discussions with lenders. The Respondent company, the Corporate Debtor submitted an OTS proposal on May 7, 2018, which had certain issues with lenders.



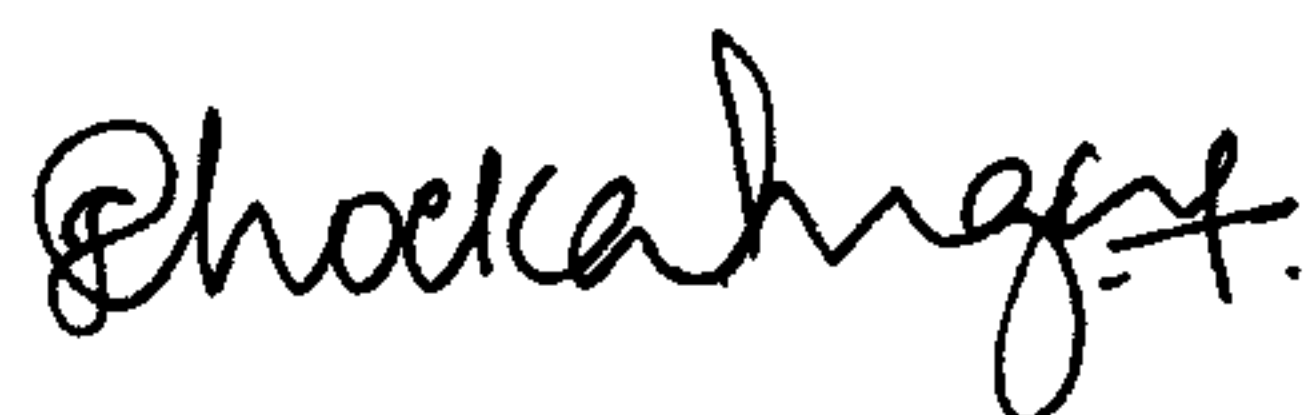


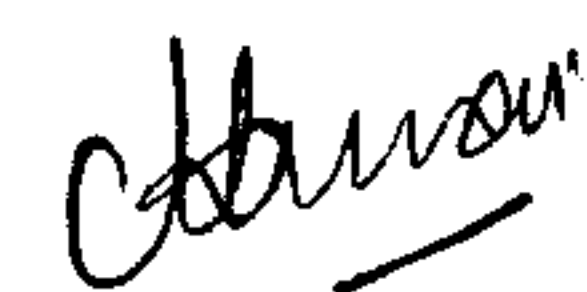
5.11 The issues raised by lenders on the OTS proposal were communicated to the Respondent company, the Corporate Debtor on May 18, 2018. As the Respondent company, the Corporate Debtor could not resolve the issues raised by lenders to their satisfaction, lenders were not able to proceed with the OTS proposal. The Respondent company, the Corporate Debtor was informed of the same by Applicant Bank, the Financial Creditor vide their letters dated June 7, 2018 and June 25, 2018.

5.12 Since, the OTS proposal of the Respondent company, the Corporate Debtor was not acceptable to the lenders, it was decided to initiate Corporate Insolvency Resolution Process against the Respondent company, the Corporate Debtor, as provided under IBC.

6. Petitioner Bank has filed innumerable number of documents including Certificate under Bankers Books Evidence Act, **Annexure "H"**. The above documents clearly establish existence of default to the Financial Creditor. The material on record clearly establishes that a default has occurred. The details of the documents submitted by the Petitioner Bank are given hereunder:

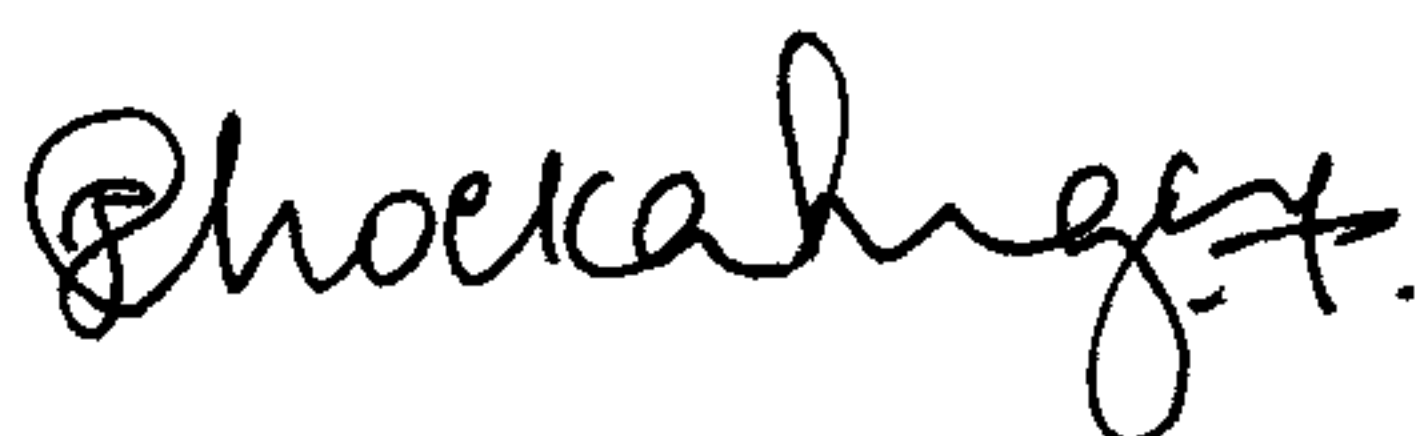
1. The particulars of various securities held by IDBI Bank with respect to facilities provided by it to the Corporate Debtor along with its estimated value as per Schedule – II hereto:
 - a. Net Market value – Rs. 1880 Crores (Rupees One Thousand Eight Hundred and Eighty Crores only) as per valuation report dated 1st March, 2018 by GAA Advisory.
 - b. Fair Market value – Rs. 1535 Crores (Rupees One Thousand Five Hundred and Thirty-Five Crores only) as per Valuation Report dated 21st May, 2018 by Yardi Prabhu Consultants and Valuers. Valuation Reports of GAA Advisory and Yardi Prabhu Consultants and Valuers are annexed with the Petition as **Exhibit "E-1"** and **Exhibit "E-2"** respectively.
 - c. The copy of Certificate of Registration of Charge issued by the Registrar of Companies along with ROC Search Report of Lalwani Thanvi Associates dated 30th May, 2017 with respect to the aforementioned securities, the owners of secured





properties have mortgaged the said properties is annexed with the Petition as **Exhibit "E-3"**.

2. It is stated that following security documents were executed in favour of the Consortium Members in order to secure the credit facilities:
- a. Sanction letter issued by IDBI Bank for Restructuring of Liabilities under Corporate Debt Restructuring dated 27th March, 2015 **Exhibit "F-1"**.
 - b. Security Trustee Agreement dated 30th March, 2015. **Exhibit "F-2"**.
 - c. Inter-Creditor Agreement dated 30th March, 2015. **Exhibit "F-3"**.
 - d. Master Re-Structuring Agreement dated 30th March, 2015 between Pipavav Defense and Offshore Engineering Company Limited and IDBI Bank (being the Lead Bank) **Exhibit "F-4"**.
 - e. Personal Guarantee by founder promoter dated 31st March, 2015. **Exhibit "F-5"**.
 - f. Personal Guarantee by founder promoter dated 31st March, 2015. **Exhibit "F-6"**.
 - g. Corporate Guarantee by SKIL Infrastructure Limited dated 30th March, 2015. **Exhibit "F-7"**.
 - h. Corporate Debtor's Undertaking dated 31st March, 2015. **Exhibit "F-8"**.
 - i. Share Pledge Agreement dated 20th April, 2015 Pledgers: SKIL Infrastructure Limited, Grevek Investment and Finance Private Limited and SKIL Shipyard Holdings Private Limited. **Exhibit "F-9"**.
 - j. Power of Attorney dated 20th April, 2015 in favour of Security Trustee by SKIL Infrastructure Limited, Grevek Investment and Finance Private Limited and SKIL Holdings Private Limited. **Exhibit "F-10"**.
 - k. Share Pledge Agreement dated 20th April, 2015. **Exhibit "F-11"**.
 - l. Power of Attorney dated 20th April, 2015 in favour of Security Trustee. **Exhibit "F-12"**.





- m. Promoters Undertaking dated 30th April, 2015. **Exhibit "F-13"**.
 - n. Deed of Hypothecation dated 23rd May, 2015. **Exhibit "F-14"**.
 - o. Indenture of Mortgage dated 14th July, 2015 relating to land located within sub-district of Rajula. **Exhibit "F-15"**.
 - p. Indenture of Mortgage dated 14th July, 2015 relating to land located with sub-district of Jafrabad. **Exhibit "F-16"**.
 - q. Debenture Trust Deed dated 16th June, 2017. **Exhibit "F-17"**.
 - r. Share Pledge Agreement dated 16th June, 2017. **Exhibit "F-18"**.
 - s. Confirmation Agreement dated 16th June, 2017 **(Exhibit "F-19"**.
3. A copy of the CIBIL report dated 31st August, 2018. **Exhibit "G"**.
4. Copies of entries in the Bankers book in accordance with the Bankers Books Evidence Act, 1891. **Exhibit "H"**.
5. Other documents to prove the existence of financial debt:
- a. Acknowledgement of Debt & Confirmation of Security from Reliance Naval and Engineering Ltd to IDBI Bank dated 21st February, 2018 **Exhibit "I-1"**.
 - b. Recall Notice issued under the Master Restructuring Agreement dated 12th March, 2018. **Exhibit "I-2"**.
 - c. Recall Notice issued for the Debentures dated 18th April, 2018. **Exhibit "I-3"**.
 - d. Audited Annual Report of Reliance Naval and Engineering Ltd. **Exhibit "I-4"**.
 - e. Balance Confirmation dated 31st March, 2016. **Exhibit "I-5"**.
 - f. Balance Confirmation dated 31st March, 2017. **Exhibit "I-6"**.
 - g. Balance Confirmation dated 31st March, 2018. **Exhibit "I-7"**.

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- h. One Time Settlement Proposal by the Corporate Debtor dated 7th May, 2015. **Exhibit "I-8"**.
 - i. Reply to the OTS proposal by IDBI Bank dated 8th June, 2018. **Exhibit "I-9"**.
 - j. Letter addressed by IDBI Bank dated 25th June, 2018 to the Corporate Debtor. **Exhibit "I-10"**.
7. The Applicant Bank, the Financial Creditor has proposed the name of Mr. Rajeev Bal Sawangikar, Registration No. IBBI/IPA-001/IP-P00783/2017-18/11323 for his appointment as the Interim Resolution Professional [hereinafter referred to as "IRP"]. The proposed IRP has submitted his consent to act as IRP in the matter further confirming that no disciplinary proceedings are pending against him with the Board of Indian Institute of Insolvency Professionals of ICAI in Form No. 2.

IA 421 of 2018

8. The instant IA is filed by the original Respondent company, the Corporate Debtor of CP(IB) No. 418 of 2018 against the petition filed by the original Applicant of CP(IB) No. 418 of 2018 viz. IDBI Bank mainly based on the circular dated February 12, 2018 issued by the RBI with prayers to pass appropriate orders/directions to dismiss the petition filed by the Financial Creditor IDBI Bank i.e. Company Petition (I.B.) No. 418 of 2018.
- 8.1 It is stated that Reserve Bank of India issued a circular dated 12.02.2018 bearing No. RBI/2017-18/131. By way of the said circular, the RBI had repealed all its earlier circulars issued for the purpose of restructuring/refinancing of stressed assets. The said circular provides that all lenders must put in place Board approved policies for resolution of stressed assets under the said circular including the timelines for resolution. The said clause further requires that as soon as there is any default in the borrower entity's account with any lender, all lenders, singly or jointly, shall initiate steps to cure the default.
- 8.2 It is stated that Shipyards Association of India, wherein the Applicant of the IA, is a Member had challenged the vires of the certain provisions of

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the Banking Regulation Act, 1949 and the legality and validity of the circular dated 12.02.2018, before the Hon'ble High Court of Gujarat, which was numbered as Special Civil Application No. 12492 of 2018.

- 8.3 It is further stated that pursuant to Transfer Petitions by the RBI before the Hon'ble Supreme Court, the Petition filed by the Association was transferred for adjudication before the Hon'ble Supreme Court.
- 8.4 It is submitted that the Hon'ble Supreme Court after hearing all the stakeholders passed a Judgment dated 02.04.2019, as reported in (23019) 5 SCC 480 [Dharani Sugars and Chemicals Limited versus Union of India and Others], whereby it quashed and set aside the circular dated 12.02.2018. The Hon'ble Supreme Court has further held and declared that all cases to be non-est which were initiated by Financial Creditors on the basis of impugned circular dated 12.02.2018.
- 8.5 Hence the present IA by the Applicant that present proceedings against the applicant which are initiated by the Financial Creditor on 05.09.2018 i.e. pursuant to the circular dated 12.02.2018 are declared as non-est by the Hon'ble Supreme Court and therefore, are liable to be dismissed.
9. The Respondent/the Original Applicant/the Financial Creditor further made submissions, before this Adjudicating Authority and the perusal of the records reveal that:
- A. The Respondent, the Original Applicant, the Financial Creditor has filed the Petition being CP(IB) No. 418 of 2018 under the provisions of Section 7 of the IB Code setting out the details of the Sanction Letter, Facilities granted by the Respondent, the Original Applicant, the Financial Creditor to the Corporate Debtor and the defaults committed by the Corporate Debtor, as a result of which the Corporate Debtor is liable to pay to the Respondent/the Original Applicant/the Financial Creditor, an amount of Rs. 1250.40 crores. The claim of the Financial Creditor is an independent claim in view of the defaults committed by the Corporate Debtor, pursuant to which the account of the Corporate

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Debtor has been classified as a "NON-PERFORMING ASSET (NPA) on 28th February, 2018 with effect from 1st March, 2015.

- B. The debt is an admitted debt due and payable to the Respondent/the Original Applicant/the Financial Creditor. Copies of the Statement of Account which are annexed to the Petition have been certified under the Bankers Book of Evidence Act.
- C. The instant IA is filed by the Applicant/Corporate Debtor in view of the order dated 02.04.2019 passed by the Hon'ble Supreme Court, in the matter of Dharani Sugars and Chemicals Ltd v/s. Union of India and Ors. The Respondent/the Original Applicant/the Financial Creditor has filed the Petition being No. CP(IB) No. 418 of 2018 in its individual capacity as a Financial Creditor to whom "Debt" within the meaning of the IB Code is owed by the Corporate Debtor and not on the basis of the Reserve Bank of India circular dated 12th February, 2018. Further, it is submitted that IA Applicant has not raised any ground on merits to demonstrate and/or establish that the Financial Creditor has sought to initiate CIRP against the Corporate Debtor under the impugned RBI circular.
- D. It is stated by the Respondent/the Original Applicant/the Financial Creditor that the Applicant/Corporate Debtor gave a settlement offer in March, 2018. However, the proposal was not acceptable to the bankers. The subsequent settlement proposal was rejected by the lenders and the Corporate Debtor/Applicant was intimated to improve the offer. The revised restructuring proposal was under consideration when RBI circular came to be in operation. In terms of the circular, "if any restructuring proposal was not formulated within 180 days of the circular being notified, the Financial Creditor needs to file any application under Section 7 of the IB Code". Even otherwise, in the present facts and circumstances, the lenders would have to take the same course of action viz. Initiate CIRP against the Corporate Debtor irrespective of whether the RBI circular was in force or not at that point in time. It is an

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admitted fact there is debt, debt is due and the Corporate Debtor is in default.

- E. It is submitted by the Respondent/the Original Applicant/the Financial Creditor that Corporate Debtor/Applicant has misinterpreted the order passed by the Hon'ble Supreme Court in Dharani Sugars and Chemicals Ltd. v/s. Union of India and Ors. which is reproduced hereunder:

Supreme Court Order dated 2nd April, 2019 in the matter of Dharani Sugars (supra)

The Supreme Court Order, inter alia, directs as under:

"45.

...

Consequently, all actions taken under the circular, including actions by which the Insolvency Code has been triggered must fall along with the said circular. As a result, all cases in which debtors have been proceeded against by financial creditors under Section 7 of the Insolvency Code, only because of the operation of the impugned circular will be proceedings, which being faulted at the very inception, are declared to be non-est." (emphasis supplied).

- F. It is submitted by the Respondent/the Original Applicant/the Financial Creditor that from the above, it is abundantly clear that the aforesaid order of Hon'ble Supreme Court Order was 'generic' in nature and not case specific. It is further submitted by the Respondent/the Original Applicant/the Financial Creditor that facts and circumstances of each case will have to be examined and the original Respondent/Corporate Debtor has failed to establish that the present proceedings were filed only because of the operation of the impugned circular i.e. the RBI circular dated 12.02.2018 in as much as admittedly, the account became NPA on 28th March, 2018 and the Corporate Debtor failing to service critical dues for February, 2018. Hence the present IA being devoid of any merits, deserves to be rejected.

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Observation of the Adjudicating Authority

In the instant IA, the Applicant has not refuted the amount of debt. The Applicant's averments are based on the impugned order dated 12.02.2018 issued by the RBI which are not relevant to the present petition due to aforesaid reasons.


Hence the instant IA 421 of 2019 is not maintainable and stands dismissed.

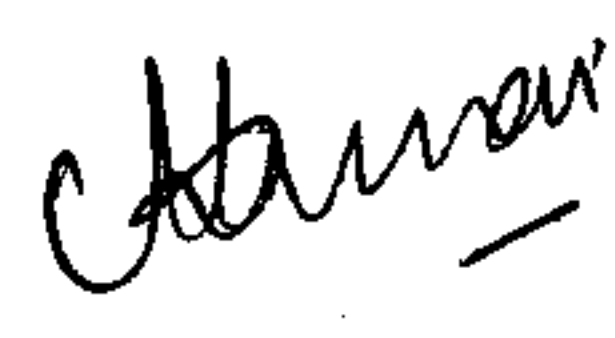
10. On perusal of the Petition and the documents annexed therewith and the arguments put forth by the Ld. counsels of both the parties, this Adjudicating Authority is of the considered view that the debt due to the Financial Creditor is a 'Financial Debt' as defined in sub-section (8) of Section 5 of the IB Code. The Petition is complete in all respects.
- 10.1 In view of the above discussions, this Petition is admitted under Section 7(5) of the Code. This Adjudicating Authority hereby appoints Shri Rajeev Bal Sawangikar, residing at 475, Professor's Colony, Hanuman Nagar, Nagpur, Maharashtra - 440024 (E-mail: Rajeev_sawangikar@yahoo.co.in) as "Interim Resolution Professional" under Section 13(1)(b) of the Code.
- 10.2 Section 13 of the Code says that after admission of the application under Section 7, the Adjudicating Authority shall pass an order declaring a moratorium for the purposes referred to in Section 14. Therefore, in view of the commencement of the Insolvency Resolution Process with the admission of this Petition and appointment of the Interim Resolution Professional, this Adjudicating Authority hereby passes the order declaring moratorium under Section 13(1)(a) prohibiting the following as laid down in Section 14 of the Code;
- (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 Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002);
 - (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.
 - (i) The moratorium order in respect of (a), (b), (c) and (d) above shall not apply to the transactions notified by the Central Government.
 - (ii) However, the order of moratorium shall not apply in respect of supply of essential goods or services to Corporate Debtor.
 - (iii) The Petitioner shall also make public announcement about initiation of 'Corporate Insolvency Resolution Process', as required by Section 13(1)(b) of the Code.
11. This order of moratorium shall be in force from the date of order till the completion of Corporate Insolvency Resolution Process subject to the Proviso under sub-section (4) of Section 14.
12. This Petition is ordered accordingly.
13. Communicate a copy of this order to the Petitioner Financial Creditor, and to the Interim Insolvency Resolution Professional, and to the Respondent Corporate Debtor.


Chockalingam Thirunavukkarasu
Adjudicating Authority
Member (Technical)


Ms. Manorama Kumari
Adjudicating Authority
Member (Judicial)

LCT