

**NATIONAL COMPANY LAW TRIBUNAL
“CHANDIGARH BENCH, CHANDIGARH”
(Exercising powers of Adjudicating Authority under
the Insolvency and Bankruptcy Code, 2016)**

CP (IB) No. 205/Chd/Hry/2019

**Under Section 7 of the Insolvency
and Bankruptcy Code, 2016.**

In the matter of:

Oriental Bank of Commerce

having its Head Office at
Harsha Bhawan, E-Block,
Connaught Place, New Delhi.

Corporate Office at
Plot No. 5, Institutional Area,
Sector 32, Gurugram, Haryana-122 001

Branch Office at
Overseas Branch,
Garha Road, Jalandhar-144 001.

....Applicant/Financial Creditor

Versus

M/s Hike Leather Private Ltd.

having its registered office at
14, Leather Complex, Kapurthala Road,
Jalandhar, District Jalandhar-144 021

...Respondent/Corporate Debtor

Judgement delivered on: 20.02.2020

**Coram: HON'BLE MR. AJAY KUMAR VATSAVAYI, MEMBER (JUDICIAL)
HON'BLE MR. PRADEEP R. SETHI, MEMBER (TECHNICAL)**

For the Financial Creditor: 1). Mr. Harsh Garg, Advocate
2). Mr. Pulkit Goyal, Advocate

For the respondent : None

Per: Ajay Kumar Vatsavayi, Member (Judicial)

JUDGEMENT

The present petition is filed, under the Section 7 of the Insolvency and Bankruptcy Code, 2016 (**for brevity 'IBC, 2016**) read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 (**for brevity 'the Rules'**) by Oriental bank of Commerce (**for brevity 'Financial Creditor/Petitioner'**) through its Authorized Representative Mr. Arunoday Kumar, who is duly authorized vide General Power of Attorney and Letter of Authority dated 13.03.2019, with a prayer to initiate the Corporate Insolvency Process against M/s Hike Leather Private Ltd. (**for brevity 'Corporate Debtor'**).

2. The Corporate Debtor namely, M/s Hike Leather Private Limited is a Company incorporated on 20.08.2007 under the provisions of Companies Act, 1956 with CIN No. U19200PB2007PTC031322 having its registered office at 14, Leather Complex, Kapurthala Road, Jalandhar, Punjab, which falls within the State of Punjab. Hence, the jurisdiction lies with this Adjudicating Authority.

3. The Authorized Share Capital of the Respondent Company is ₹115000000 and Paid-Up Share Capital of the Company is ₹11375000 as per the averments made by the Petitioner.

4. It is submitted by the Financial Creditor that it had provided the following financial assistance to the Corporate Debtor:

Account type	Date of disbursement	Amount
Cash Credit (Hyp.)	20.01.2018 (Last Sanction)	15 crores*
Term Loan	17.05.2014	98.97 lac
Vehicle Loan	07.09.2016	12 lac

*The credit limit was enhanced from time to time after initial sanction.

5. As regards to the amount involved in default and the Date of default, it is mentioned by the Financial Creditor in the Part IV of their application that the total outstanding amount is ₹16,95,79,357.79 as on 28.02.2019. It is added by the Financial Creditor that the account of the Corporate Debtor was classified as NPA on 29.09.2018. The table for working default for all accounts of corporate debtor is as under:-

1.	Account Type	Cash Credit (Hyp.)
2.	Account No.	08864011000099
3.	Amount of disbursement	15 crores
4.	Date of default	Various dates however the account was declared NPA on 29.09.2018
5.	Rate of interest	12.15% p.a.
6.	Total outstanding as on 28.02.2019	₹16,76,94,173.51

1.	Account Type	Term Loan
2.	Account No.	08867025000889
3.	Amount of disbursement	19,20,150/-
4.	Date of default	Various dates however the account was declared NPA on 29.09.2018
5.	Rate of interest	12.15% p.a.
6.	Total outstanding as on 28.02.2019	₹8,61,529.00

1.	Account Type	Vehicle Loan
2.	Account No.	08866515001784
3.	Amount of disbursement	12 lacs
4.	Date of default	Various dates however the account was declared NPA on 29.09.2018
5.	Rate of interest	8.95% p.a.
6.	Total outstanding as on 28.02.2019	₹10,23,655.28

6. The Financial Creditor has also attached bank account statements maintained as per the provisions of Banker's Books evidence Act as Annexure I/3. The Financial Creditor has also annexed documents such as copy of Registered Mortgage Deed (Annexure I/4), Conveyance Deed (Annexure I/6, Sanction Letters of Cash Credit (Annexure I/65 and Annexure I/76) alongwith various Agreement of Guarantees' furnished in the aforesaid credit limit, term loan and vehicle loan.

7. In Part-V, the particulars of Primary Securities held by the Financial Creditor is mentioned as:-

1. Plant and machinery and stock of corporate debtor.
2. Equitable mortgage of industrial property situated at 14, Leather Complex, Jalandhar measuring 500 sq. yards.
3. Registered mortgage of the factor, land and building at Mohal Nangal, Kalan, Tehsil Haroli, District Una, Himachal Pradesh.

8. It is also submitted that Financial Creditor has given a demand notice dated 06.10.2018 under Section 13(2) of SARFAESI Act, 2002 and Notice of Possession under Section 13(4) was given on 14.12.2018 to the corporate debtor which is the part of the record as Annexure I/18 and I/19 respectively.

9. The Financial Creditor has filed affidavit of service vide Diary No. 3729 dated 29.07.2019 wherein it has been stated that notices alongwith complete paper book was sent vide speed post and on registered e-mail address of the corporate debtor which were duly served. The tracking report and postal receipts are found as Annexure A-1 (Colly) of the affidavit. Accordingly, several opportunities were afforded to the corporate debtor to file its reply but there has been no representation from the respondent so far.

10. It can be seen from various documents produced by Financial Creditor such as Copy of CIBIL report (Annexure I/10), Agreement of Hypothecation of assets(Annexure I/13), Registered Mortgage Deed (Annexure I/4), Conveyance Deed (Annexure I/6), and Various Sanction

Letters issued from time to time that the corporate debtor has committed 'default' of the amount above ₹1,00,000/-. Therefore, this Bench is inclined to initiate CIR Process against the Corporate Debtor.

11. In the given facts and circumstances, the present petition being complete and having established the default in payment of the Financial Debt for the default amount being above ₹1,00,000/-, 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 consequence 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;
- (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 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 passes an order for liquidation of corporate debtor under Section 33 as the case may be.”

12. As proposed by the Financial Creditor, this Bench appoints Mr. Rakesh Phull as IRP having Registration No. IBBI/IPA-003/IP-N000122/2017-18/11305, E-mail: rakeshphul@gmail.com, M: 98724-15454 subject to the condition that no disciplinary proceedings are pending against the IRP so named and disclosures as required under IBBI Regulations, 2016 are made by him within a period of one week from this order. The IRP is directed to take the steps as mandated under the IBC specifically under Section 15, 17, 18, 20 and 21 of IBC, 2016.

13. 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 of filling the report of Constitution of the Committee. The Interim Resolution Professional is further directed to send regular progress reports to this Tribunal every fortnight.

A copy of 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 copy of this order to the Interim Resolution Professional at his e-mail address forthwith.

Sd/-

(Pradeep R. Sethi)
Member (Technical)

Sd/-

(Ajay Kumar Vatsavayi)
Member (Judicial)

February 20th, 2020
Yashpal

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