



**IN THE NATIONAL COMPANY LAW TRIBUNAL
KOCHI BENCH**

CP(IBC)/18/KOB/2024

(Under Section 10 of the IBC, 2016)

In the matter of Saptha Zeal Private Limited

MEMO OF PARTIES:

SAPTHA ZEAL PRIVATE LIMITED

Roshni House, Kumarapuram Medical College,
P.O Thiruvananthapuram 695011

... Petitioner/Corporate Applicant

Order delivered on: 30.05.2024

Coram:

Hon'ble Member (Technical)

Shri. Shyam Babu Gautam

Hon'ble Member (Judicial)

TMT. (Retd.) Justice T Krishna Valli

Appearances:

For the Applicant : Mr. Bijoy Pulipra, PCS

ORDER

Per Coram

1. The petition is filed under Section 10 of the Insolvency & Bankruptcy Code, 2016 read with Rule 7 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 for initiation of Corporate Insolvency Process in respect of the Corporate Applicant, **SAPTHA ZEAL PRIVATE LIMITED**. The prayer made is to admit the Application, to initiate the Corporate Insolvency Resolution Process against the Corporate Applicant,



declare moratorium and appoint Interim Resolution Professional (IRP).

2. Part I of the application sets out the details of the Corporate Applicant is a Private Limited Company with Corporate Identification Number: U51909KL2004PTC017551 and having its registered office at Roshni House, Kumarapuram Medical College P.O Thiruvananthapuram 695011. Corporate Applicant has 3 directors and a paid-up capital of 9540 equity shares of Rs.100/- each. As per Part II of the application, the Corporate Applicant has proposed the name of one Mr. Rajmohan R, IBBI Registration Number: IBBI/IPA-001/IP-P-02331/2020-2021/13517 as the Interim Resolution Professional.
3. Part III of the application signifies the amount of debt to the tune of Rs. 18,33,51,343.5/- and a default of Rs. 15,14,63,046/- as on 21.03.2024. The particulars of financial/ operational Debt; documents, records and evidence of default as described below:
 - 1) Resolution authorizing CIRP of the Corporate Applicant (Exhibit A)
 - 2) Reasons and documentation showing that the Corporate Applicant is authorized to initiate the Corporate Insolvency Resolution Process (Exhibit B)
 - 3) Copy of FORM ASMT-13 sent by the SGST Department dated 18th October 2019 for the Financial Year 2019-20 demanding payment of ₹46,11,950/-



- 4) Copy of FORM GST DRC-07 dated 3rd December 2019 demanding a total payment of ₹46,88,154/-
- 5) Copy of FORM ASMT-13 sent by the SGST Department dated 6th November 2019 for the Financial Year 2019-20 demanding payment of ₹44,35,874/-
- 6) Copy of FORM GST DRC-07 dated 20th December 2019 demanding a total payment of ₹44,35,874/-
- 7) Copy of FORM ASMT-13 sent by the SGST Department dated 10th July 2019 for the Financial Year 2018-19 demanding a total payment of ₹23,78,340/-
- 8) Copy of FORM GST DRC-07 dated 3rd December 2019 demanding a payment of ₹24,86,778/-
- 9) Copy of FORM ASMT-13 sent by the SGST Department dated 23rd September 2019 demanding a payment of ₹41,74,534/-
- 10) Copy of FORM GST DRC-07 dated 3rd December 2019 demanding a payment of ₹42,42,542/-
- 11) Copy of FORM ASMT-13 sent by the SGST Department dated 6th November 2019 demanding a payment of ₹40,92,866/-
- 12) Copy of FORM GST DRC-07 dated 20th December 2019 demanding a payment of ₹40,92,866/-
- 13) Copy of FORM ASMT-13 sent by the SGST Department dated 6th November 2019 demanding a payment of ₹39,96,732/-
- 14) Copy of FORM GST DRC-07 dated 20th December 2019 demanding a payment of ₹39,96,732/-
- 15) Copy of FORM ASMT-13 sent by the SGST Department dated 18th October 2019 demanding a payment of ₹47,15,380/-



- 16) Copy of FORM GST DRC-07 dated 3rd December 2019 demanding a payment of ₹47,92,338/-
- 17) Copy of FORM ASMT-13 sent by the SGST Department dated 18th October 2019 demanding a payment of ₹38,11,980/-
- 18) Copy of FORM GST DRC-07 dated 3rd December 2019 demanding a payment of ₹38,75,874/-
- 19) Copy of FORM ASMT-13 sent by the SGST Department dated 18th October 2019 demanding a payment of ₹53,15,668/-
- 20) Copy of FORM GST DRC-07 dated 18th January 2020 demanding a payment of ₹53,15,668/-
- 21) Copy of FORM GST DRC-07 dated 23rd December 2019 demanding a payment of ₹48,41,834/-
- 22) Copy of FORM GST ASMT-10 sent by the SGST Department dated 2nd July 2020 demanding payment of ₹1,06,68,794/- towards the principal amount and ₹55,60,648/- towards interest
- 23) Show cause notice under Section 73(1) of the GST Act dated 5th December 2022 demanding a payment of ₹1,93,84,010/-
- 24) Show cause notice under Section 73 of the Act dated 7th December 2022 demanding payment of ₹1,93,84,010/-
- 25) Copy of FORM GST ASMT-10 dated 26th March 2021
- 26) Copy of FORM GST DRC-01 dated 20th December 2023 demanding payment of ₹4,42,09,584/-
- 27) Show cause notice under Section 73 of the Act demanding payment of ₹4,42,09,584/-
- 28) Copy of FORM GST ASMT-10 dated 5th February 2021



- 29) Show cause notice under Section 73 of the Act dated 17th June 2022 demanding payment of ₹1,39,13,429/-
- 30) Show cause notice under Section 73 of the Act dated 16th June 2022 demanding payment of ₹1,39,13,429/-
- 31) Recovery notice dated 8th August 2022 (Annexure II) - Final reminder sent by the office of the Superintendent of CGST and Central Excise dated 18th June 2019
- 32) Notice for non-payment sent by the office of the Superintendent of CGST and Central Excise dated 19th January 2022
- 33) Revenue recovery notice 04/2022 sent by the office of the Superintendent of CGST and Central Excise dated 26th July 2022 demanding payment of ₹3,38,28,402/-
- 34) Revenue recovery notice 01/2024 sent by the office of the Superintendent of CGST and Central Excise dated 20th February 2024 demanding payment of ₹1,20,48,716/-
- 35) FORM-2 along with the IP Certificate
- 36) Copies of books of accounts showing the default (Ledger accounts of CGST, SGST, and Service Tax from FY 2017-18 to the date of filing this petition)
- 37) Audited Financial Statement 2022-23
- 38) Audited Financial Statement 2021-22
- 39) Provisional financial statements for the current financial year
- 40) Statement of affairs as of 21st March 2024
- 41) MGT-14 filed by the Corporate Debtor dated 21st March 2024 along with its attachments



- 42) Proof that a copy of the application has been served to the Board
- 43) Claim petition filed by the Corporate Debtor before the Arbitration Tribunal
- 44) Letter approving the Corporate Debtor to participate in the Sabka Viswas Scheme
- 45) Letter sent by the Corporate Debtor depicting their financial struggle
- 46) Revenue recovery notice 04/2022 dated 26th July 2022 sent to KIMS Health Care Management Limited
- 47) Order approving the Corporate Debtor to pay the amount in 24 installments
- 48) Table depicting the payment made towards the Service Tax and interest thereon from 30-03-2022 to 23-02-2024
- 49) Table depicting the payment made to the GST Department with interest and late fees penalty
- 50) Revenue recovery notice 01/2024 dated 20th February 2024 sent to KIMS Health Care Management Limited
- 51) Letter sent by the Corporate Debtor dated 23rd February 2024
- 52) Suspended status of the Corporate Debtor as per the website of the GST Department
- 53) Loan Agreement and sanction letter dated 31st December 2021 along with the repayment schedule
- 54) Bank statements of the Corporate Debtor maintained in the Union Bank of India - Anayara Branch



55) Bank statements of the Corporate Debtor maintained in the State Bank of India

56) Bank statements of the Corporate Debtor maintained in IndusInd Bank

57) Bank statements of the Corporate Debtor maintained in HDFC Bank

58) Bank statements of the Corporate Debtor maintained in the Union Bank of India

59) Bank statements of the Corporate Debtor maintained in the Union Bank of India - Pattom Branch

4. Brief fact of the case is:

- i. The application is filed by Saptha Zeal Private Ltd., the corporate applicant (hereinafter 'CD') under Section 10 of the Insolvency and Bankruptcy Code, 2016 to initiate Corporate Insolvency Resolution Process in respect of the Corporate Applicant.
- ii. The CD was incorporated to provide facility management solutions to hospitals, offices, hotels, and other establishments. As of March 21, 2024, the CD has 7 shareholders, 3 directors, and over 1500 employees. Its turnover is ₹23,89,65,082.88/-, but it has a negative net worth of ₹6,84,16,032.37/-. The CD offers services like housekeeping and security under service contracts with clients. Regardless of receiving payments from clients, the CD must pay its employees and meet statutory dues. Some major



clients have delayed their payments, leading to a blockage of working capital. An arbitration claim for ₹7.06 crore is pending due to these delays. Because the CD had to spend its turnover on employee benefits, it defaulted on service tax and GST payments. The CD attempted to settle its outstanding tax dues through the government's Sabka Viswas Scheme, 2019, but still owes ₹1,98,92,507/-. Consequently, the GST authorities have initiated recovery proceedings against the CD, sending garnishee notices to one of its clients, resulting in part of the amount being remitted to the GST authorities. It is stated that despite payments being made, dues amounting to ₹1,07,48,716/- towards service tax and ₹14,07,14,330.14/- towards GST remain unpaid. Consequently, the GST registration of the CD is now suspended. Additionally, the outstanding dues of the CD include, but are not limited to, ₹1,53,99,615.80/- payable to HDB Financial Services, ₹9,74,874/- payable to related parties, and trade payables amounting to ₹3,54,552.91. It is stated that payments to employees were met on time by CD using borrowed funds, and the profit of CD is insufficient to meet the payment of its outstanding debts. As on 21.03.2024, the total default amounts to Rs,15,14,63,046/-. In the situation CD at its EGM held on 14.03.2024 unanimously passed the resolution for initiation of the CIRP. It is stated that the debt is above the threshold limit of 1 crore under IBC and jurisdiction falls within this Tribunal.



- iii. The application was filed by the CD on 01.04.2024 and states that the petition is filed within the period of limitation under the IBC.
5. Heard the submissions, and perused the documents placed on record. The Corporate Applicant admits the default in payment of outstanding statutory dues including penalty and interests to GST and Service Tax authorities totalling to Rs. 15,14,63,046/- as of March 21, 2024. It is noted that on the recommendation made by the Board of Directors, the shareholders of the Corporate Applicant on 14.03.2024 resolved unanimously to initiate the CIRP. The Corporate Application has served a copy of this application to the IBBI in Form 1A on 27.03.2024. The name of the IRP has been proposed as per Section 10(3)(b) of the IBC, 2016. The default amount meets the threshold limit as prescribed under Section 4 of the IBC, 2016. The default claimed in the application is well within the limitation period to initiate the CIRP proceeding. The application is otherwise complete and defect-free.
6. In view of the aforesaid observations, we hereby **admit** the petition and pass the following Orders.
- A. The petition bearing CP (IBC)/18/KOB/2024, by **SAPTHA ZEAL PRIVATE LIMITED**, (CIN: U51909KL2004PTC017551), the corporate applicant under section 10 of Insolvency and Bankruptcy Code 2016 read with rule 7 of Insolvency and Bankruptcy (Petition to Adjudicating Authority) Rules, 2016 for



initiating CIRP in respect of the Corporate Applicant is **ADMITTED.**

- B. There will be a moratorium under section 14 of the Code.
- C. The moratorium shall have effect from the date of this order till the completion of the CIRP or until the Adjudicating Authority approves the resolution plan under sub-section (1) of section 31 of IBC or passes an order for liquidation of Corporate Applicant under section 33 of the Code, as the case may be.
- D. Public announcement of the CIRP shall be made immediately as specified under section 13 of the code read with regulation 6 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Person) Regulations 2016.
- E. The Corporate Applicant has proposed the name of one Mr. Rajmohan R, IBBI Registration Number: IBBI/IPA-001/IP-P-02331/2020-2021/13517, email: **rajmohanip@gmail.com**, as Interim Resolution Professional (IRP) and a written communication in the format prescribed under Form 2 of the Insolvency and Bankruptcy Board of India (Application to Adjudicating Authority) Rules, 2016 has been filed by the proposed IRP who is appointed as the IRP to take forward the process of Corporate Insolvency Resolution of the Corporate Applicant. The designated IRP must take any additional actions in this regard that are mandated by the law, more specifically Sections 15, 17, and 18 of the Code. The powers of the Board of Directors of the Corporate Applicant shall stand superseded as a



consequence of the initiation of the CIRP in relation to the Corporate Applicant in terms of the provisions of IBC, 2016. The fee payable to IRP or as the case may be, the RP shall comply with such Regulation, Circulars and Directions as may be issued by the Insolvency and Bankruptcy Board of India (IBBI). The IRP shall carry out his functions as contemplated by section 15, and to 21 of the Code.

- F. During the CIRP period the management of the Corporate Applicant shall vest with the IRP or, as the case may be, the RP in terms of section 17 of the IBC. The officers and managers of the Corporate Applicant shall provide all documents in their possession and furnish every information in their knowledge to the IRP within one week from the date of receipt of this order, in default of which coercive steps will follow.
- G. The IRP/RP shall submit to this Adjudicating Authority periodical reports concerning the progress of the CIRP in respect of the Corporate Applicant.
- H. The Corporate Applicant shall deposit a sum of Rs.3,00,000/- (Three Lakhs Only) with the IRP to meet the expenses arising out of issuing publication and inviting claims. These expenses are subject to approval by the Committee of Creditor (COC).
- I. In terms of section 7 (5)(a) of the Code, the Registry is hereby directed to communicate a copy of this Order to the Corporate Applicant and IRP by Speed Post & e-mail immediately, and in any case, not later than two days from the date of this order.



- J. Additionally, the Corporate Applicant shall serve a copy of this Order on the IRP and on the Registrar of Companies, Kerala, by all available means for updating the Master Data of the Corporate Applicant. The said Registrar of Companies shall send a compliance report in this regard to the Registry of this Tribunal within seven days from the date of receipt a copy of this order.
7. The Registry is directed to send e-mail copies of the order forthwith to all the parties and their Ld. Counsel for information and for taking necessary steps.
8. Certified Copy of this order may be issued, if applied for, upon compliance of all requisite formalities

SHYAM BABU GAUTAM Digitally signed by SHYAM BABU GAUTAM
Date: 2024.05.30 14:14:09 +05'30'

SHYAM BABU GAUTAM
(MEMBER TECHNICAL)

T.KRISHNAVALLI Digitally signed by T.KRISHNAVALLI
Date: 2024.05.30 14:13:46 +05'30'

T KRISHNA VALLI
(MEMBER JUDICIAL)

Signed on this, the 30th day of May, 2024.

Rohit/LRA