

**IN THE NATIONAL COMPANY LAW TRIBUNAL,
DIVISION BENCH-II, CHENNAI**

IBA/377/2020 filed under Section 7
of the IBC, 2016 read with Rule 4 of
the Insolvency and Bankruptcy
(Application to Adjudicating
Authority) Rules, 2016

In the matter of M/s. Nexus Electro Steel Limited

M/s. State Bank of India

Stressed Assets Management Branch
Red Cross Building, No. 32, Montieth Road
Egmore, Chennai-600008

---Financial Creditor

V/s

M/s. Nexus Electro Steel Limited

(CIN: U29142TN1998PLC040858)
No. 202 "Shivalaya" Block C
No. 16, Ethiraj Salai, Egmore,
Chennai-600008

---Corporate Debtor

CORAM:

R. SUCHARITHA, MEMBER (JUDICIAL)

B. ANIL KUMAR B. MEMBER (TECHNICAL)

For the Financial Creditor : *Shri. M.L. Ganesh, Advocate*

For the Corporate Debtor : *Shri. R. Sivaraman, Advocate*

ORDER

Per: R. SUCHARITHA, MEMBER (JUDICIAL)

Order Pronounced on: 30.03.2021

Under adjudication is an application filed under Section 7 of the Insolvency and Bankruptcy Code read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 by State Bank of India (hereinafter referred as **"Financial Creditor"**) for initiation of Corporate Insolvency Resolution Process (in short **"CIRP"**) against M/s. Nexus Electro Steel Limited (hereinafter referred as **"Corporate Debtor"**) on the ground that it has defaulted in repaying an amount of Rs.81,70,35,659.53 as on 29.01.2020 as per DRT Order dated 29.01.2020.

2. The learned Counsel for the Applicant submitted during the course of argument as well as averments made by the Applicant in the application are as follows:

- i) The Corporate Debtor had submitted loan application on 30.08.2007 for availing credit facilities for the expansion of business operation. The Financial Creditor had sanctioned credit facilities to the tune of Rs.20 Crores (Fund Based

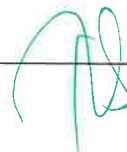
Limit Rs.15 Crores and Non-Fund Based Limit Rs.5.00 Crore) on 21.11.2007 and 05.12.2007. In consideration of the grant of credit facilities by the Financial Creditor, the Corporate Debtor had executed loan security documents viz., Agreement of Loan for over all limit, Agreement of Pledge and Hypothecation of Goods and Assets, Deed of Guarantee, letters regarding the grant of individual limits, agreement of Mortgage and charge registered on 10.01.2008 and 17.01.2008 before RoC, Chennai.

- ii) Based on the requests made by Corporate Debtor, the Financial Creditor had enhanced the credit facilities from time to time till 12.01.2017 to the extent of Rs.64.70 Crore.
- iii) The Corporate Debtor had duly admitted the outstanding loan amount payable to the Financial Creditor as and when enhanced credit facilities were availed and the last admission of liability was made by the Corporate Debtor on 20.04.2016 and 12.04.2017 by executing the balance



confirmation letter. The Corporate Debtor has also executed revival letter dated 14.07.2017.

- iv) Since the Corporate Debtor defaulted repayment in violation of the agreed terms and account was classified as Non-Performing Asset (NPA) and the Financial Creditor had issued a recall notice on 31.08.2017 to the Corporate Debtor but evoked no response. The Financial Creditor had also issued a demand notice on 25.01.2018 under SARFAESI Act for which the Corporate Debtor had given untenable reply on 09.01.2018.
- v) In view of the above, the Financial Creditor had filed OA No.170 of 2018 before Hon'ble DRT-I, Chennai for recovery of the dues from the Corporate Debtor and its Guarantor. The Financial Creditor had also filed an application under Section 7 of IBC before NCLT, Chennai in IBA/796/2019. During the course of proceedings, the Corporate Debtor approached Financial Creditor with a proposal for Compromise Settlement. Consequently, the



Financial Creditor had withdrawn the above IBA/796/2019. This Tribunal has given liberty to the Financial Creditor to file an afresh on the same cause of action, in the event O.T.S proposal failed.

- vi) A one-time compromise settlement of Rs.23.00 crore was sanctioned by Financial Creditor to Corporate Debtor on 19.09.2019 and the same was filed before Hon'ble DRT, Chennai on 02.11.2019. Subsequent to the compromise agreement, the Corporate Debtor had defaulted in complying with the terms and conditions and hence all concessions and waiver of interest lapsed and the Financial Creditor is entitled to claim as per terms and conditions of loan security documents.
- vii) Since the Corporate Debtor Company had flouted the terms and conditions of Joint Compromise Memo filed before DRT-I, Chennai, a final order was passed by the DRT-I, Chennai on 29.01.2020.



viii) The Corporate Debtor is due and liable to pay a sum of Rs.81,70,35.659.53 towards the various credit facilities availed from the Financial Creditor. The statement of accounts and certificate under Banker's Book Evidence Act, 1891 are filed along with this application.

3. On perusal of documents, it appears that the Financial Creditor has proved existence of debt and default and there being no denial from the Corporate Debtor with respect to outstanding due against the Corporate Debtor, this Insolvency and Bankruptcy Application IBA/377/2020 stands **admitted** by appointing Mr. Mathur Sabhapathy Viswanathan having Regn. No.IBBI/IPA-001/IP-P00674/2017-18/11148 as Interim Resolution Professional looking at the consent given by him with directions as follows:

I. That Moratorium is hereby declared prohibiting all of the following actions, namely,

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.*

II. That Supply of essential goods or services to the corporate debtor, if continuing, shall not be terminated or suspended or interrupted during moratorium period.

III. That the provisions of sub-section (1) of Section 14 of IBC shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.



- IV. That the order of moratorium shall have effect from **30.03.2021** till the completion of the corporate insolvency resolution process or until this Bench approves the resolution plan under sub-section (1) of section 31 of IBC or passes an order for liquidation of corporate debtor under section 33 of IBC, as the case may be.
- V. That the public announcement of the corporate insolvency resolution process shall be made immediately as specified under section 13 of IBC.
- VI. That this Bench hereby appoints **Mr. Mathur Sabhapathy Viswanathan** having Regn. No. **IBBI/IPA-001/IP-P00674/2017-18/11148**, No. **15/35**, **Musafer Jung Bahadur Street, Triplicane, Chennai-600005**, Email: **msv8200@gmail.com**, Mobile No: **9884085514** as Interim Resolution Professional to carry out the functions as mentioned under IBC. Fee payable to IRP/RP shall be in



compliance with the IBBI

Regulations/Circulars/Directions issued in this regard.

4. Accordingly, this Application is **admitted**.
5. The Registry is hereby directed to immediately communicate this order to the Financial Creditor, the Corporate Debtor and the Interim Resolution Professional by way of email.

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(ANIL KUMAR B)
MEMBER (TECHNICAL)

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(R. SUCHARITHA)
MEMBER (JUDICIAL)

KNP