

**IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD SPECIAL BENCH
COURT-1**

CP (IB) No. 209/NCLT/AHM/2021

(Under Section 7 of the Insolvency and Bankruptcy Code, 2016 read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016)

In the matter of:

STATE BANK OF INDIA

....Financial Creditor/Applicant

Versus

YASHASVI YARNS LIMITED

.... Corporate Debtor

Order Pronounced on: 26.04.2022

**Coram: DEEPTI MUKESH
HON'BLE MEMBER (JUDICIAL)
AJAI DAS MEHROTRA
HON'BLE MEMBER (TECHNICAL)**



MEMO OF PARTIES

CP (IB) 209/AHM/2021

STATE BANK OF INDIA

Having Registered Office at:

Corporate centre: State Bank Bhawan,
Madame Cama Road, Nariman Point, Mumbai- 400021
Acting through its Branch office at
Stressed Assets Management Branch -I,
The Arcade, 2nd Floor, World Trade Centre,
Cuffe Parade, Colaba, Mumbai - 400005

....Financial Creditor/Applicant

Versus

YASHASVI YARNS LIMITED

Having Registered Office at:

Survey No. 185/1/1, plot No. 18,
Dokmardi, village Amla, Silvassa,
Union Territory of Dadra & Nagar Haveli - 396230

.... Corporate Debtor

Appearance:

Learned Counsel, J Sagar Associates, Advocates appeared for the
Financial Creditor.

Learned Counsel, Mr. Arpit R. Singhvi, appeared for the Corporate
Debtor.



ORDER

1. The instant Application is filed by the Financial Creditor 'STATE BANK OF INDIA' through its Assistant General Manager & Case Lead Officer (Team-I) Mr. Rajendra Dahat (for brevity '**the Applicant**'), under Section 7 of the Insolvency and Bankruptcy Code, 2016 (for brevity '**Code**') read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 as a Financial Creditor for initiation of Corporate Insolvency Resolution Process ('**CIRP**') against the 'YASHASVI YARNS LIMITED' (for brevity '**Corporate Debtor**').
2. The Applicant is a Public Sector Banking and Financial services statutory body constituted under the State Bank of India Act, 1955 on 01.07.1955 having its registered address at Corporate Centre: State Bank Bhawan, Madame Cama Road, Nariman Point, Mumbai -400021, with PAN No. AAACS8577K & TAN No. MUMB14834B acting through its Branch office at Stressed Assets Management Branch -I, The Arcade, 2nd Floor, World Trade Centre, Cuffe Parade, Colaba, Mumbai - 400005.
3. The Corporate Debtor is a Company limited by shares incorporated on 04.11.1993 with CIN no. U17100DN1993PLC000382 having its registered



address at: Survey No. 185/1/1, plot No. 18, Dokmardi, village Amlī, Silvassa, Union Territory of Dadar & Nagar Haveli- 396230.

4. It is the case of the Financial Creditor that at the request of the Corporate Debtor, it had first sanctioned and disbursed credit facilities to the Corporate Debtor, in 2005 by SBI Backbay Reclamation Branch, Raheja Chambers, Free Press Journal Marg, Nariman Point, Mumbai -400021. The said credit facilities were renewed / enhanced from time to time, at the request of the Corporate Debtor, by various banks (State Bank of India, The Shamrao Vithal Co-operative Bank Limited, The South Indian Bank Ltd., Canara Bank) and the renewal of credit facilities was done under Master Restructuring Agreement dated 31.03.2015 and Third Supplemental Working Capital Consortium Agreement dated 01.07.2015.
5. In 2009, the credit facilities were brought under consortium arrangement with SBI as the lead Bank and The Shamrao Vithal Co-operative Bank Limited, joining as member bank (SBI Consortium). In or around May 2013, South Indian Bank (Presently, Phoenix ARC, assignee of South Indian Bank by way of Assignment Agreement dated 17.03.2017) joined the SBI Consortium.
6. In or around December 2013, Canara Bank joined the SBI Consortium. Owing to the financial stress, once again at the request of the Corporate Debtor, the said credit facilities were restructured in 2014/2015 under JLF



mechanism by the SBI Consortium and the Corporate Debtor, and Third Supplemental Working Capital Consortium Agreement dated 01.07.2015 was executed between the Corporate Debtor and SBI consortium (State Bank of India, The Shamrao Vithal Co- operative Bank Limited, The South Indian Bank Ltd., Canara Bank). Total amount of debt granted by the applicant is Rs. 77.10 Crores.

7. The credit facilities granted by the Financial Creditor to the Corporate Debtor were secured inter alia by way of hypothecation/charge over the current assets and movable assets of the Corporate Debtor, by way of equitable mortgage of the immovable assets of the Corporate Debtor, by way of Pledge of Shares of the Corporate Debtor held by the Promoters/Directors, and by way of Personal Guarantees of Promoters/Directors. A joint deed of Hypothecation dated 31.03.2015 was made at Mumbai by Corporate Debtor in favour of State Bank of India. The aforementioned securities were charged to the SBI Consortium in manner and priority as more particularly described in Inter Se Agreement and relevant security documents executed from time to time.
8. The Corporate Debtor has time and again acknowledged the debt owed to the Financial Creditors and have also executed 'Revival letter dated 31.12.2016 to extend the validity period in terms of section 18 of the Limitation Act. The



Financial Creditors time and again sent various letters/ legal/re-call notices to call upon to pay debt, to the Corporate Debtor, but the Corporate Debtor has failed to fulfill its obligation.

9. Thus, the Applicant filed present Application under Section 7 of the Code. As per Form-I of the Application, total amount claimed by the Applicant is Rs. 147,54,94,853.59 /- (Rupees One hundred forty seven crores fifty four lakhs ninety four thousand eight hundred fifty three and paisa fifty nine only) as on 30.09.2021 with further interest and applicable charges w.e.f. 01.10.2021. The date of default before pre restructuring is 19.08.2014 & the date of default post re-structuring is 30.06.2015.

10. The Corporate Debtor filed an affidavit in reply and admitted the debt claimed by the applicant in the manner reproduce below:

"it is stated and submitted that owing to COVID-19 Pandemic, the Respondent is facing genuine financial difficulties and hence the Respondent has no objection if the captioned petition C.P. (I.B.) No. 209 of 2021 is admitted and consequential actions are taken in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016."

11. The Applicant has filed its written submissions and also filed following documents in support of its claim which are:



- i. A Copy of revival letter dated 31.12.2016 giving details of the credit facilities with acknowledgement by the corporate debtor.
- ii. Annual Reports of Corporate Debtor for the Financial Years 2018 -19 and 2019- 20.
- iii. Copy of the ROC search and status Report dated 27.12.2019 prepared by the Practicing Chartered Accountant with respect to the search of the reported live charges in the name of the Corporate Debtor.
- iv. Copy of the Record of Default of Corporate Debtor dated 18.02.2021 issued by National E- Governance Serviced Limited
- v. The copy of the record of Default dated 29.07.2021 available with the Credit Repository of Information on Large Credits (CRILC).

12. In the instant matter, the Corporate Debtor had time and again acknowledged the debt within limitation period in their financial statements for 2018-19 and again 2019-20 and their last offer letter of compromise/one time settlement for outstanding dues dated 30.08.2021 to the State Bank of India through their deputy general manager. Present application is filed on 02.11.2021, therefore, the present Application is within the period of limitation and not barred by law.

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13. The Registered Office of the Corporate Debtor is situated in Union Territory of Dadra & Nagar Haveli and therefore this Adjudicating Authority has jurisdiction to entertain and try this Application.
14. Considering the admission of debt by the Corporate Debtor, and the present Application being complete in terms of Section 7(5) of the Code we admit the application and initiate Corporate Insolvency Resolution Process of the Corporate Debtor.
15. The applicant has proposed the name of Mr. Ravindra Kumar Goyal having Registration No. IBBI/IPA-001/IP-P-P-02019/2020-21/13098 and address at Eden I – 807, S G Highway, Godrej Garden City, Jagat Pura, Ahmadabad, Gujarat- 382470, as the Interim Resolution Professional whose consent in Form 2 under Insolvency and Bankruptcy Board of India (Application to Adjudicating Authority) Rules, 2016 stating therein that no disciplinary proceedings are pending against the named IRP, is on record. We appoint Mr. Ravindra Kumar Goyal as IRP of the Corporate Debtor under section 13 (1) (c) of the IB Code as IRP.
16. As a sequel to the application admitted under section 7 (5) of the IB Code, moratorium is declared for prohibiting all of the following in terms of Section 14(1) 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;*
- 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.*

16.2. The above moratorium shall be subject to provisions of sub sections (2) to (4) of section 14 of the code which are reproduced below:

- (2) 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.
- (3) The provisions of sub-section (1) shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.
- (4) The order of moratorium shall have effect from the date of such order till the completion of the corporate insolvency resolution process:

Provided that where at any time during the corporate insolvency resolution process period, if the Adjudicating Authority approves the resolution plan under sub-section (1) of section 31 or passes an order for liquidation of corporate debtor under section 33, the moratorium shall cease to have effect from the date of such approval or liquidation order, as the case may be.

17. The order of moratorium shall have effect from the date of this order till the completion of the Corporate Insolvency Resolution Process or until this



Adjudicating Authority approves the Resolution Plan under sub-section (1) of Section 31 or passes an order for liquidation of Corporate Debtor Company under Section 33 of the Insolvency & Bankruptcy Code, 2016, as the case may be.

18. The IRP shall perform all his functions as contemplated under various provisions of the Code. It is further made clear that all personnel connected with the Corporate Debtor, its Promoter, or any other person associated with management of the Corporate Debtor are under a legal obligation under Section 19 of the Code to extend every assistance and co-operation to the Interim Resolution Professional. Where any personnel of the Corporate Debtor, its Promoter, or any other person required to assist or co-operate with the IRP, do not assist or Co-operate. IRP is at liberty to make the appropriate application to this Adjudicating Authority with a prayer for passing an appropriate order.

19. The IRP shall make the public announcement of the initiation of the Corporate Insolvency Resolution Process (CIRP) and call for submission of claims under Section 15 as required by Section 13(1) (b) of the IBC, 2016.

20. We direct the Applicant to deposit a sum of Rs. 2,00,000/- with the Interim Resolution Professional, namely CA Mr. Ravindra Kumar Goyal to meet out the expenses to perform the functions assigned to him in accordance with

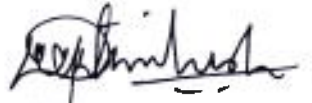


Regulation 6 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulation, 2016. The needful shall be done within one week from the date of receipt this of order by the Financial Creditor.

21. The IRP shall be under the duty to protect and preserve the value of the property of the 'Corporate Debtor Company' and manage the operations of the Corporate Debtor Company as a going concern as a part of an obligation imposed by Section 20 of the Insolvency & Bankruptcy Code, 2016.
22. Copy of the order shall be communicated to the Applicant, Corporate Debtor as well as to the IRP appointed herein, by the Registry. The Copy of order with complete copy of application also be sent to IRP by the Applicant. In addition, a copy of the order shall also be forwarded to IBBI for its records and also to RoC for updating the Master Data. RoC shall send compliance report to the Registrar, NCLT.



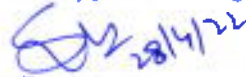
**AJAI DAS MEHROTRA
MEMBER (TECHNICAL)**



**DR. DEEPTI MUKESH
MEMBER (JUDICIAL)**

DIVYA/LRA

Certified to be True Copy of the Original



Joint Registrar
NCLT, Ahmedabad Bench
Ahmedabad

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