



**THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH - IV**

C.P. (IB) No. 545/MB/2024

Under Section 7 of the Insolvency & Bankruptcy Code, 2016 r/w Rule 4 of the Insolvency and Bankruptcy (Application to the Adjudicating Authority) Rules, 2016.

In the matter of

Central Bank of India

[CIN: U99999MH1911PTC000337]

...Financial Creditor

v/s.

Paramount Minerals and Chemicals Limited

[CIN: U72900MH1975PLC018144]

...Corporate Debtor

Ordered pronounced on: 25.03.2025

Coram:

Ms. Anu Jagmohan Singh
Hon'ble Member (Technical)

Mr. Kishore Vemulapalli
Hon'ble Member (Judicial)

Appearances:

For the Financial Creditor: Adv. Prajakta Menezes a/w Adv. Geeta Torashar
i/b IRM Legal, Ld. Counsel for the Financial
Creditor



For the Corporate Debtor: .Adv. Ram Heda, Ld. Counsel for the Corporate
Debtor

ORDER

1. This is a Company Petition filed under Section 7 of the Insolvency & Bankruptcy Code, 2016 (“IBC, 2016”) **Central Bank of India Limited** (“Financial Creditor”) seeking initiation of Corporate Insolvency Resolution Process (“CIRP”) in the matter of **Paramount Minerals and Chemicals Limited**, the Corporate Debtor.

i. The captioned petition has been filed on 08.05.2024 and the total default per the Financial Creditor herein, amounts to INR 16,94,03,619.36/- (Rupees Sixteen crores, Ninety four lakhs, Three thousand, six hundreds and nineteen point three six only), which is further broken down as hereinunder:

Sr. No.	Particulars	Amount Disbursed (INR)
1.	Outstanding Principal Amount	15,04,11,245.33/-
2.	Outstanding Interest	1,74,09,515.00/-
3.	Penal Interest	15,82,859.03/-
	Total amount of Debt	16,94,03,619.36/-

ii. The Date of Default, as specified in Part-IV of the present petition, is **17.06.2023** (Date of NPA).

Submissions of the Financial Creditor


2. The Financial Creditor submits that the Corporate Debtor has availed and utilized various Fund Based (FB) and Non-Fund Based (NFB) facilities from

the Applicant which were renewed and reviewed from time to time. The Account was last reviewed for 6 months (also referred as 'short review') for the credit facilities on 17.12.2022. As per the short review terms, the Corporate Debtor was obligated to bring down the outstanding balance in their CC/OD account to INR 11.75 Crores within 15 days i.e. till 31.12.2022 and to INR 9 crores by 31.03.2023.

3. The Financial Creditor submits that the meeting with the Corporate Debtor was held on 17.12.2022 wherein the aforementioned terms and conditions was agreed by the Corporate Debtor and the same was intimated by the Financial Creditor vide email dated 21.12.2022 for further confirmation of the Corporate Debtor. The reviewed credit facility limit was also intimated to the Corporate Debtor vide Letter dated 20.02.2023. Furthermore, the Financial Creditor vide letter dated 22.02.2023 issued to the Corporate Debtor, referred to the approved review terms in its meeting held on 17.12.2022 basis which the outstanding balance in CC Accounts was to be reduced as under:

Date	Maximum Permissible Outstanding Balance in CC Account (Rs. in crore)	Amount to be credited in CC Account (Rs. in crore)
31.12.2022	11.75	4.75
31.03.2023	9.00	2.75
Total		7.50

4. The Financial Creditor submits that the Corporate Debtor intimated its repayment schedule for the outstanding dues vide letters dated 21.12.2022, 16.02.2023 and 10.03.2023.
5. The Financial Creditor submits that the last short review for 6 months of the credit limits was conducted on 17.12.2022. Since the Corporate Debtor has failed to comply with the terms and conditions of the last sanctioned of the credit facility, no further regular reviews / renewals of the aforementioned



credit limits was granted by the Financial Creditor. Therefore, the account stands classified as Non-Performing Asset (NPA) on 17.06.2023.

6. The Financial Creditor submits that it issued demand notice dated 01.08.2023 under section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 thereby calling upon the Corporate Debtor to pay a sum of INR 16,14,00,795.81 to the Financial Creditor with interest as set out therein. By letter dated 30.09.2023, Corporate Debtor replied to 13(2) notice. Subsequently Financial Creditor called the Corporate Debtor to pay the default amount to the Financial Creditor vide recall notice dated 03.10.2023 and Legal notice dated 09.11.2023.

7. The Financial Creditor submits that the Corporate Debtor has acknowledged the liability towards the Financial Creditor in its balance-sheet as on 31.03.2021 and 31.03.2022. Furthermore, subsequent to filing of this petition the Corporate Debtor approached with a One Time Settlement (OTS) offer dated 13.09.2024 for INR 15,00,00,000/-. The said OTS was rejected by the Financial Creditor vide its letter dated 23.09.2024.
Hence the Present Petition.

Submissions of the Corporate Debtor


8. The Corporate Debtor submits that the Financial Creditor and Corporate Debtor is having banking relationship since 1985-86. The Corporate Debtor has availed since last 38 years various credit facilities from the Applicant and the same were renewed/ enhanced from time to time after verifying the financial position of the Corporate Debtor.



9. The Corporate Debtor submits that they had maintained a sound track record of their bank accounts until the year 2022 but started facing difficulties in maintaining the said loan facilities due to COVID-19 Pandemic.
10. The Corporate Debtor submits that the Petition is not maintainable because the amount is below the threshold limit of Rs. 1crore which is seen from the perusal of Information Utility record.
11. The Corporate Debtor submitted the reply dated 30.09.2023 u/s 13(3A) of SARFAESI Act to the Demand notice dated 01.08.2023 of the Financial Creditor. But, Financial Creditor had not decided the objections/reply though the Financial Creditor statutorily obliged to decide the same within 15 days of the receipt of the reply/objections from the borrower u/s 13(3A) of SARFAESI Act, 2002.
12. The Corporate Debtor submitted a proposal for One Time Settlement (OTS) dated 13.09.2024 offering to pay Rs. 15,00,00,000/- towards outstanding dues of the Applicant. However, the Corporate Debtor has not received any communication from the Application till date regarding OTS. The Corporate Debtor again submitted a revised OTS letter dated 29.11.2024 for Rs. 16,00,00,000/-. Financial Creditor had sought certain documents from Corporate Debtor vide email dated 13.12.2024 for considering the revised OTS and said documents are submitted by the Corporate Debtor vide email dated 17.12.2024 which is suffice to show that the parties are exploring the possibilities of settling the issue on amicable terms.

Findings

13. This bench has perused the documents and pleading available on record and considered the arguments of both the sides.
 - 13.1. In the present application, the date of default as specified in Part IV and NeSL Report of the petition is 17.06.2023. The captioned petition



has been filed on 08.05.2024, and is thereby within the Limitation period as specified under law and, this Tribunal thus has the jurisdiction to adjudicate upon the same.

13.2. We take note of the OTS and revised OTS offer from the Corporate Debtor. It is clearly evident that the Corporate Debtor acknowledged its liability in respect of dues payable to the Financial Creditor.

14. The Corporate Debtor has raised a issue regarding the threshold limit. However, the NeSL Certificate dated 24.11.2024 clearly shows the total default amount is exceeding 1 crore which is above the threshold limit. Corporate Debtor also raised issue regarding pending proceeding of DRT, however, both proceedings are independent proceedings and it doesn't have any bearing before this court. Hence, in our considered view, what is required to be seen at this stage is whether there is a debt and the default on the part of Corporate Debtor, and in the present case, the same has been satisfactorily established from the pleadings of the parties and the documents. Hence the present petition is maintainable

15. We are of the considered view that the present Application under Section 7 of the Code is within the limitation and is maintainable as the debt is acknowledge by the Corporate Debtor and default is established. It is a settled law that the pre-requisites for an application under Section 7 of the Code are the existence of 'financial debt ' and a 'default'. The Corporate Debtor owes the Financial Debt in excess of Rs.1 Crore, which is in default, this bench is of the view in such circumstances, it is imperative that the Corporate Insolvency Process be initiated in the matter of the Corporate Debtor. The petition is complete in all aspects. In the light of the above facts and circumstances, the existence of debt and default is reasonably established by the Applicant as a major constituent for admission of the Application under Section 7 of the Code.



ORDER

16. The Petition bearing **CP (IB) No.545/MB-IV/2024** filed under section 7 of the Insolvency & Bankruptcy Code, 2016 (IBC) by Central Bank of India ("Financial Creditor") seeking initiation of Corporate Insolvency Resolution Process (CIRP) in the matter of Paramount Minerals and Chemicals Limited ("Corporate Debtor") is **Admitted.**

a) There shall be a moratorium under section 14 of the IBC, in regard to the following:

(i) 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;


(ii) Transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein;

(iii) 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 (SARFAESI) Act, 2002;

(iv) The recovery of any property by an owner or lessor where such property is occupied by or in possession of the Corporate Debtor.

(b) Notwithstanding the above, during the period of moratorium, -

(i) The supply of essential goods or services to the corporate debtor, if continuing, shall not be terminated or suspended or interrupted during the moratorium period;



(ii) That the provisions of sub-section (1) of section 14 of the IBC shall not apply to such transactions as may be notified by the Central Government in consultation with any sectoral regulator;

(c) The moratorium shall have effect from the date of this order till the completion of the CIRP or until this Tribunal approves the resolution plan under sub-section (1) of section 31 of the IBC or passes an order for liquidation of Corporate Debtor under section 33 of the IBC, as the case may be.

(d) Public announcement of the CIRP shall be made immediately as specified under section 13 of the IBC read with regulation 6 of the Insolvency & Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016

(e) The bench hereby appoints **Mr. Gajesh Labhchand Jain**, an Insolvency Professional registered with Indian Institute of Insolvency Professionals of ICAI having registration number **IBBI/IPA-001/IP-P-01697/2019-2020/12588** and email- gajeshjain@gmail.com. He is appointed as IRP for conducting CIRP of the Corporate Debtor and to carry the functions as mentioned under IBC, the fee payable to IRP/RP shall comply with the IBBI Regulations/Circulars/Directions issued in this regard. The IRP shall carry out functions as contemplated by Sections 15,17,18,19,20,21 of the IBC.

(f) The Registry is directed to communicate this Order to the Financial Creditor, the Corporate Debtor and the IRP by Speed Post and email immediately, and in any case, not later than two days from the date of this Order.

(g) A copy of this Order be sent to the Registrar of Companies, Maharashtra, Mumbai, for updating the Master Data of the Corporate Debtor. The said Registrar of Companies shall send a compliance report in this regard to the

Registry of this Court within seven days from the date of receipt of a copy of this order.

Sd/-

ANU JAGMOHAN SINGH
MEMBER (TECHNICAL)

Sd/-

KISHORE VEMULAPALLI
MEMBER (JUDICIAL)