



SL. No.122

**NATIONAL COMPANY LAW TRIBUNAL  
HYDERABAD BENCH  
COURT HALL NO: II**

**(Video Conference)**

**CORAM: DR.VENKATA RAMAKRISHNA BADARINATH NANDULA – HON’BLE MEMBER (J)  
CORAM: SHRI SATYA RANJAN PRASAD, HON’BLE MEMBER (T)**

**ATTENDANCE-CUM-ORDER SHEET OF THE HEARING OF NATIONAL COMPANY LAW TRIBUNAL,  
HYDERABAD BENCH, HELD ON 31.10.2022 AT 02:30 PM THROUGH VIDEO CONFERENCE**

TRANSFER PETITION NO.	
COMPANY PETITION/APPLICATION NO.	Company Petition IB/164/2022
NAME OF THE COMPANY	Ganga Steel Enterprises Pvt Ltd
NAME OF THE PETITIONER(S)	Ram Chandran Traders Pvt Ltd
NAME OF THE RESPONDENT(S)	Ganga Steel Enterprises Pvt Ltd
UNDER SECTION	7 of IBC

**ORDER**

Order pronounced. Recorded vide separate sheets.

In the result, the Company Petition is admitted, Corporate Debtor is put under CIR Process, as per the terms of the order.



**MEMBER (T)**

Satya Priya



**MEMBER (J)**

**IN THE NATIONAL COMPANY LAW TRIBUNAL  
HYDERABAD BENCH - II, HYDERABAD**

C.P. (IB) No. 164/7/HDB/2022  
Under Section 7 of the IB Code, 2016  
r/w Rule 4 of the Insolvency and Bankruptcy  
(Application Adjudicating Authority) Rules, 2016.

In the matter of  
**M/S SRI GANGA STEEL ENTERPRISES PRIVATE LIMITED**

**Between:**

M/S Ram Chandran Traders Pvt. Ltd.,  
No. 2, Bharathi Nagar, II Street,  
Villivakam, Chennai,  
Tamil Nadu – 600040.

...Applicant/Financial Creditor

**A N D**

M/S Sri Ganga Steel Enterprises Pvt. Ltd.,  
8-2-248/1/7/18, Plot No. 18,  
Nagarjuna Hills, Panjagutta,  
Hyderabad.

...Respondent/Corporate Debtor

**Date of Order: 31.10.2022**

**Coram:**

Dr. Venkata Ramakrishna Badarinath Nandula, Member, Judicial  
Sri Satya Ranjan Prasad, Member, Technical

**Counsel present:**

For the Financial Creditor: Mr. Damodar Mundra

For the Corporate Debtor: None appeared

self

self



**Per : Bench**

**ORDER**

1. Under consideration is an Application filed by M/S Ram Chandran Traders Pvt. Ltd. (hereinafter referred to as "Financial Creditor"), under Section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as "the Code, 2016"), read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, seeking initiation of Corporate Insolvency Resolution Process (hereinafter referred to as "CIRP"), against M/S Sri Ganga Steel Enterprises Pvt. Ltd., (hereinafter referred to as "Corporate Debtor"), alleging default of a financial debt of a sum over Rupees One Crore by the Corporate Debtor.
2. Brief facts of the case, as borne out from the record submitted by the Financial Creditor, are as follows:
  - a) The Financial Creditor is a company, incorporated in the year 2011, under the Companies Act, 1956, bearing CIN: U51909TN2011PTC083741, with the main objective of investments and trading.
  - b) The Corporate Debtor is a company, incorporated in the year 1999, under the Companies Act, 1956, bearing CIN: U27201TG1999PTC072917, with the object of trading in steel and other allied products.
  - c) As the Corporate Debtor was in requirement of funds for meeting its financial obligations, the Financial Creditor extended funds to the Corporate Debtor.
  - d) The loan extended to the Corporate Debtor was crystalized in the form of a loan agreement, dated 10.06.2019, whereby the Corporate Debtor was to pay a sum of Rs. 3,53,11,686/- (Rupees three Crore Fifty Three Lakh Eleven Thousand Six Hundred and Eight Six Only) to the Financial Creditor.

Self

Self



- e) According to the said loan agreement, the amount was due to be paid to the Financial Creditor in 10 equal quarterly instalments of Rs. 35,31,169/- each.
- f) However, the Corporate Debtor failed to make any payment towards discharge of its obligations under the said loan agreement.
- g) The amount due to the Financial Creditor is Rs. 4,85,76,422/- (Rupees Four Crore Eighty Five Lakh Seventy Six Thousand Four Hundred and Twenty Two Only), with is inclusive of an interest at 12% p.a., from 01.09.2029 to 31.03.2022.

Stating thus, the learned counsel for the Financial Creditor, prayed that the instant Application be admitted.

3. The Corporate Debtor has been set *ex-parte*. It is pertinent to mention here the circumstances that led to the Corporate Debtor being set *ex-parte*. Under orders of this Tribunal, dated 13.05.2022, notice was issued to the Corporate Debtor by the Financial Creditor, calling upon the Corporate Debtor to appear before the Tribunal. Upon failure of the Corporate Debtor to appear, a last chance was accorded for filing counter, vide order, dated 27.06.2022. On 13.07.2022, as a proxy counsel for the Corporate Debtor appeared, a conditional order was passed, granting three days' time to file vakalath and a week's time for counter, failing which the Corporate Debtor was to be set *ex-parte*. However, there has been no representation by the Corporate Debtor since and hence, we are constrained to proceed with the matter by setting the Corporate Debtor *ex-parte*.
4. We have heard the learned counsel for the Financial Creditor and perused the record.
5. The point that arises for our consideration is whether the instant Application under Section 7 of the Code, 2016, should be admitted and CIRP be initiated against the Corporate Debtor.

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6. Under the loan agreement, dated 10.06.2019, the amount was due to be paid by the Corporate Debtor, to the Financial Creditor in 10 equal quarterly instalments of Rs. 35,31,169/- each, commencing from 01.07.2019. Accordingly, the entire loan amount was to be repaid by 01.12.2021. According to the Application, the Corporate Debtor defaulted in repayment right from 01.09.2019.
7. It is seen that the Financial Creditor has issued a number of letters to the Corporate Debtor, calling upon the latter to repay the loan, the latest dated 20.09.2021. We also take note of the letter, dated 04.10.2021, issued by the Corporate Debtor as reply to the said letter of the Financial Creditor, in which the Corporate Debtor has acknowledged the amount payable to the Financial Creditor. It, however, appears that no payment has been made to the Financial Creditor.
8. In the light of the above, we are of the view that, in the instant case, there is a financial debt and there has been a default committed by the Corporate Debtor in repayment of the same. Moreover, the correspondence between the Financial Creditor and the Corporate Debtor shows that there is no denial of the debt by the latter. This Adjudicating Authority is satisfied that the Financial Creditor has proved its case by producing evidence that default has occurred, for which the Corporate Debtor is liable to pay. The Application is also filed within the period of limitation.
9. It is of significance to note that the Hon'ble Supreme Court of India, in the case of *Innoventive Industries Ltd v. ICICI Bank & Anr.* [(2018) 1 SCC 407], held as under:  

*“.....The moment the adjudicating authority is satisfied that a default has occurred, the application must be admitted unless it is incomplete, in which case it may give notice to the applicant to rectify the defect within 7 days of receipt of a notice from the adjudicating authority. Under subsection (7), the adjudicating authority shall then communicate the order passed*



*to the financial creditor and corporate debtor within 7 days of admission or rejection of such application, as the case may be.”*

10. The Financial Creditor has also fulfilled all the stipulations as required under the provisions of the Code, 2016, for the purpose of initiating the Corporate Insolvency Resolution Process. In these circumstances, this Adjudicating Authority is inclined to admit the instant Application.
11. Therefore, the point being answered in the affirmative, we are inclined to admit this Application.
12. Accordingly, the Application is, hereby, admitted and this Adjudicating Authority orders the commencement of the Corporate Insolvency Resolution Process, which shall ordinarily be completed within the timelines stipulated in the Code, 2016 (as amended), reckoning from the date on which this Order is passed.
13. The Financial Creditor has proposed the name of Mr. P.M.V. Subba Rao, as the Interim Resolution Professional (hereinafter referred to as the "IRP"). Accordingly, this Adjudicating Authority appoints Mr. P.M.V. Subba Rao, bearing Registration No.: IBBI/IPA-002/IP-N00924/2019-2020/13001, E-mail: cssubbarao@gmail.com, R/o Flat No. 301, Chapa's Prashanthi Niketan, Street No. 4, H. No. 1-10-17, Ashok Nagar Circle, Ashok Nagar, Hyderabad - 500020, as the Interim Resolution Professional. The IRP is directed to file Authorization for Assignment within three days from the date of this order.
14. The IRP is directed to take charge of the management of the Corporate Debtor, immediately. He is also directed to cause public announcement as prescribed under Section 15 of the Code, 2016, within three days from the date of receipt of this order, and call for submissions of claim in the manner as prescribed.



15. Moratorium is, hereby, declared and shall have effect from the date of this order till the completion of the CIRP, for the purposes referred to in Section 14 of the Code, 2016. It is hereby ordered that all of the following are prohibited:

- 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 or 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 rights 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 Act, 2002 (54 of 2002);*
- iv. *The recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate debtor.*
- v. *Notwithstanding anything contained in any other law for the time being in force, a license, permit, registration, quota, concession, clearances or a similar grant or right given by the Central Government, State Government, local authority, sectoral regulator or any other authority constituted under any other law for the time being in force, shall not be suspended or terminated on the grounds of insolvency, subject to the condition that there is no default in payment of current dues arising for the use or continuation of the license, permit, registration, quota, concessions, clearances or a similar grant or right during the moratorium period.*

16. The supply of essential goods or services to the Corporate Debtor shall not be terminated, suspended or interrupted during the moratorium period. Further, if the IRP considers supply of any goods or services critical to protect and preserve the value of the Corporate Debtor and manage the operations of such Corporate Debtor as a going concern, then the supply

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of such goods or services shall not be terminated, suspended or interrupted during the period of moratorium, except where such Corporate Debtor has not paid dues arising from such supply during the moratorium period. Furthermore, the provisions of Sub-section (1) of Section 14 shall not apply to such transactions, agreements or other arrangement as may be notified by the Central Government in consultation with any financial sector regulator or any other authority.

17. The IRP shall comply with the provisions of Sections 13(2), 15, 17 & 18 of the Code, 2106. The Directors, Promoters or any other person associated with the management of Corporate Debtor are directed to extend all assistance and co-operation to the IRP as stipulated under Section 19 and for discharging his functions under Section 20 of the Code, 2016.
18. The Financial Creditor as well as the Registry are directed to send the copy of this order to the IRP, to enable him to take charge of the assets etc. of the Corporate Debtor, and comply with this order as per the provisions of the Code, 2016.
19. The Registry is directed to communicate this Order to the Financial Creditor and the Corporate Debtor.
20. The Registry shall also communicate this Order to the Registrar of Companies, Hyderabad, for updating the status of the Corporate Debtor in the website of the Ministry of Corporate Affairs.
21. Accordingly, this Petition is admitted.

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**(Satya Ranjan Prasad)**  
Member, Technical

-sd/-  
31/10/22

**(Dr. N.V. Ramakrishna Badarinath)**  
Member, Judicial