

IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH

CP. No. 1561/I&BP/2017

Under Section 7 of the I&B Code, 2016

In the matter of
Punjab National Bank,
Asset Recovery Management Branch,
PNB House, Kingsway,
Nagpur – 440001 Petitioner

Vs.
Conros Steels Pvt. Ltd.
44A Dheeraj Heritage, 2nd floor,
S.V. Road, Santacruz (W),
Mumbai – 400054.
.... Respondent

Order delivered on: 19.12.2017

Coram:

Hon'ble Mr. B.S.V. Prakash Kumar, Member (J)

Hon'ble Mr. V. Nallasenapathy, Member (T)

For the Petitioner: Mr. Alhul Laji, Advocate
i/b Intralegal

For the Respondent: None Present.

Per V. Nallasenapathy, Member (T)

ORDER

1. Punjab National Bank (hereinafter called 'PNB') has sought the Corporate Insolvency Resolution Process of Conros Steels Pvt. Ltd. (hereinafter called the 'Corporate Debtor') on the ground, that the Corporate Debtor committed default on 31.03.2012 in repayment of ₹60,59,67,926.00/- (INR Sixty Crores Fifty-Nine lakhs Sixty seven thousand Nine hundred and Twenty Six only), under Section 7 of Insolvency and

Bankruptcy Code, 2016 (hereafter called the 'Code') read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016.

2. In fact the Corporate debtor itself has filed CP No.1513 of 2017 for initiation of corporate insolvency process under section 10 of the Code, however, this Bench has taken up this Petition for adjudication.

3. The Petition reveals that the Petitioner sanctioned ₹5 crores as Working Capital facility and a non-fund based limit of ₹20 crores to the Corporate Debtor 24.12.2009, and both the above facilities were renewed on 23.2.2011. Subsequently on 26.2.2011, the Corporate Debtor entered into a first supplemental working capital consortium with many Financial Institutions including the Petitioner, wherein the Bank of India Consortium enhanced the facility enjoyed by the Corporate Debtor from ₹177.50 crores to ₹227.50 crores.

4. The said Agreement reveals that the credit facilities were secured by extension of first pari passu charge by way of hypothecation and/or pledge of current assets namely stock, stores and spares, receivables and book debts and all other movables of the Borrower and also collateral security by way of first pari passu charge by way of equitable mortgage of (a) office premises of the company located at 42, 43, 44, 44A, 2nd floor, Dheeraj Heritage, Santacruz (W), Mumbai – 400054.; (b) Office premises of the M/s. Unilink Builders & Developers Pvt. Ltd., located at 41, 2nd floor, Dheeraj Heritage, Santacruz (W), Mumbai – 400054; (c) Flat No.104,

1st floor, A Building, Villagio Toscana, S.No.26, Mauze Kondhwa Khurd, Tal. Haveli, Pune owned by Group Concern M/s. Conros Pipes & Tubes Limited; (d) Villa No.701, 7th Floor, Building 'C', Villagio Toscana, S.No.26, Mause Kondhwa Khurd, Tal. Haveli, Pune owned by Group Concern M/s. Conros Pipes & Tubes Limited.

5. The loan is also secured by 2nd Pari-Passu Equitable Mortgage of Factory's Land & Building, Plant & Machinery located at Survey No.12, 26, 27, 28 & 29, Village-Vanavathe, Ajiwali Phata, Khopoli, Dist. Raigad, Maharashtra (First Charge being in favour of State Bank of India for its Term Loan of ₹10.30 crores ,present outstanding ₹3.25 crores).

6. The Petitioner has enclosed the sanctioned letter and renewal letters for the loan, Deed of Hypothecation, Consortium Agreement, Memorandum of Entry for mortgage of the properties belonging to the Corporate Debtor, Guarantee Agreements etc. in respect of the loan. Further, balance and security confirmation letter issued by the Corporate Debtor is also enclosed.

7. On 24.2.2015 the Petitioner issued notice to the Corporate Debtor, under section 13(2) of the Securitization and Reconstruction Financial Assets and Enforcement of Security Interest Act 2002, stating due to default in payment of the debt, the account of the Corporate Debtor was classified as non-performing asset on 31.3.2012 as per Reserve Bank of India guidelines, demanding a sum of ₹21,39,30,675.00 plus applicable interest upto the date of payment. Further, the Petitioner on 13.6.2016

informed the Corporate Debtor's loan account was classified as a wilful defaulter.

8. The Petitioner has enclosed the report of Credit Information Bureau (India) Ltd. dated 16.8.2017 in support of the borrowing by the Corporate Debtor. Further, balance and security confirmation letter issued by the Corporate Debtor is also enclosed.

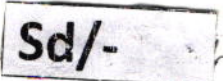
9. On perusal of the documents filed by the Creditor and the fact that the Corporate Debtor itself filed CP 1513 of 2017 to initiate Corporate Insolvency resolution process, it is evident that the Corporate Debtor defaulted in repaying the loan availed and also placed the name of the Insolvency Resolution Professional to act as Interim Resolution Professional. Having this Bench noticed that default has occurred and there being no disciplinary proceedings pending against the proposed resolution professional, the Application under sub-section (2) of section 7 is taken as complete, accordingly this Bench hereby admits this Application declaring Moratorium with the directions as mentioned below:

- a. That this Bench hereby prohibits 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; transferring, encumbering, alienating or disposing of by the corporate debtor any of its assets or any legal right or beneficial

interest therein; 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; the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate debtor.

- b. That the supply of essential goods or services to the corporate debtor, if continuing, shall not be terminated or suspended or interrupted during moratorium period.
- c. That the provisions of sub-section (1) of Section 14 shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.
- d. That the order of moratorium shall have effect from 19.12.2017 till the completion of the corporate insolvency resolution process or until this Bench approves the resolution plan under sub-section (1) of section 31 or passes an order for liquidation of corporate debtor under section 33, as the case may be.
- e. That the public announcement of the corporate insolvency resolution process shall be made immediately as specified under section 13 of the Code.

- f. That this Bench hereby appoints, Mr. Santanu T. Ray, AAA Insolvency Professional LLP, 401, OM Enclave, Plot No.97, Sector 7, Kopar Kherane, Navi Mumbai – 400709 having Registration No.IBBI/IPA-002/IP-N00360/2017-18/11055 and mobile No.9167086977/ 9930600231 as interim resolution professional to carry the functions as mentioned under Insolvency & Bankruptcy Code.
10. Accordingly, this Petition is admitted.
11. The Registry is hereby directed to communicate a copy of this order to both parties.

Sd/-

V. NALLASENAPATHY
Member (Technical)

Sd/-

B. S.V. PRAKASHKUMAR
Member (Judicial)