NATIONAL COMPANY LAW TRIBUNAL,
DIVISION BENCH, CHENNAI

CP/714/(IB)/CB/2017

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

In the matter of

M/s.Assets Care & Reconstruction Enterprises Limited

Vs.

M/s.Shriram EPC Limited

Order delivered on 17.05.2018

CORAM

K. ANANTHA PADMANABHA SWAMY, MEMBER (J)
S.VIJAYARAGHAVAN, MEMBER (TECHNICAL)

For Financial Creditor(s) : *Sr. Counsels, N.L.Rajah, K.M.Aasim Shehzad Aditya Mukerjee Dhruv Malik*

For Corporate Debtor(s) : *Sr. Counsels Shri.P.H.Arvindh Pandian and Shri.Vishnu Mohan*

O R D E R

Per: S.VIJAYARAGHAVAN, MEMBER (TECHNICAL)

1. The present petition is filed by the Applicant being a financial creditor under Section 7 of Insolvency and Bankruptcy Code, 2016 read with Rule 4 of the Insolvency and Bankruptcy

(Application to Adjudicating Authority) Rules 2016 for initiation of Corporate Insolvency Resolution Process of the Corporate Debtor.

2. At the behest of the Corporate Debtor, the DBS Bank Limited ("DBS") had extended credit facilities to the Corporate Debtor under four heads in the form of (A) Overdraft Account and Current account aggregating to INR 362,284,522/-; (B) Long Term Loan aggregating to INR 866,300,000/- (C) Long Term Loan (FITL Capitalized Interest) aggregating to INR 181,193,405.92 and (D) Devolved LC aggregating to INR 13,936,626/-. Due to default on repayment of the facilities by the Corporate Debtor, its Account was classified by DBS as a Non-Performing Asset ("NPA") under relevant RBI guidelines on account of default in the repayment of these credit facilities.

3. Pursuant to classification of account of Corporate Debtor as NPA, the JLF agreed to restructure the Loans/facilities extended to the Corporate Debtor and entered into a Master Restructuring Agreement dated 20.09.2014, wherein a moratorium of two years from the cut-off date of 01.04.2014 was placed on the repayment by the Corporate Debtor and the first quarterly installment was to be paid by the Corporate Debtor on 30.06.2016.

4. The Corporate Debtor initially made certain part-payments towards the facilities extended by DBS, however no repayment has been made since 31.07.2016 and the Corporate Debtor has been in default since then and has failed to make any further payment in each of the subsequent quarters.

5. On 30.03.2017 vide an assignment agreement, DBS assigned in favour of Assets Care & Reconstruction Enterprise Ltd. (Financial Creditor), all the credit facilities, disbursed to the Corporate Debtor by DBS for a total principal amount of INR 14,27,54,554.41 (Rupees fourteen crores twenty seven lakhs fifty four thousand five hundred and fifty four and paise forty one only) and the total aggregate amount along with outstanding interest upto 28.02.2017 amounted to INR 1,55,01,45,784.54 (Rupees one hundred and fifty five crores one lakh forty five thousand seven hundred and eighty four and paise fifty four only). The said agreement also included assignment to the Applicant of any/all underlying Security Interests, Pledge and/or Guarantees in respect of such credit facilities issued to the Corporate Debtor by DBS. This was also brought to the notice of the Corporate Debtor.

6. In the light of above assignment agreement the Applicant became the Financial Creditor therefore all the outstanding debts which were due to DBS are now due to Applicant. The DBS and the Applicant informed the Corporate Debtor about the assignment of all the rights, title and interests in regard to the credit facilities to the Financial Creditor and the Corporate Debtor acknowledged such assignment by sending a letter dated 30.05.2017 to the Applicant.(Vol.II, page 616 - Annexure M)

7. The Corporate Debtor has been in continuous default in the repayment of the credit facilities after the expiry of the moratorium period on 01.04.2016.

8. Presently, the Corporate Debtor is indebted to the Applicant under all four credit facilities a total sum of INR 1,71,12,11,227.78 (Rupees one hundred and seventy one crores twelve lakhs eleven thousand two hundred and twenty seven and paise seventy eight only) inclusive of Interest until 30.11.2017.

9. The Corporate Debtor's refusal to comply with its repayment obligation towards the Applicant, has compelled the

Applicant to file this present Petition for initiation of Corporate Insolvency Resolution Process.

The issue before this Tribunal is whether the assignment made by DBS bank to the petitioner herein is valid?

As per section Sec 5(7) of the IBC

"Financial Creditor" means any person to whom a financial debt is owed and includes a person to whom such debt has been ***legally assigned*** *or transferred to."*

"Section 7: Initiation of corporate insolvency resolution process by financial creditor

(1) A financial creditor either by itself or jointly with other financial creditors may file an application for initiating corporate insolvency resolution process against a corporate debtor before the Adjudicating Authority when a default has occurred.

Explanation – For the purpose of this sub-section, a default includes a default in respect of a financial debt owed not only to the applicant financial creditor but to any other financial creditor of the corporate debtor."

10. It is the contention of the corporate debtor that the Assignment deed dated 30.03.2017 that a specific representation was made by DBS Bank under the Assignment Deed, in particular clause 4.1.(d) that no specific approval is required by it which could affect the validity of the assignment. Therefore, in spite of being aware that it being a member of the CDR scheme and was obliged to inform Petitioner of its obligations, under the CDR Scheme and

in terms of RBI master circular of CDR, and ensure that the Petitioner subjects itself to the discipline of the CDR scheme, it has deliberately and intentionally represented to the Petitioner that there is no specific approval required affecting the validity of the assignment.

11. It is the corporate debtor's submission that under the Master Joint Lenders Forum Agreement executed on 19.05.2014 inter alia amongst CDR lenders of this Respondent, wherein the DBS Bank was also a signatory, vide clauses 5.1 and 5.3 thereof, it has been specifically agreed that the Lenders Bank shall agree to abide the directions, instructions and clarifications as may be given by the JLF from time to time relation to the Borrower i.e., this respondent.

12. It was further submitted that vide para 5.11 of the said Agreement, "No Lender Bank will be permitted to leave the Bank Consortium before expiry of at least two years from the date, of its joining the JLF, Members Banks shall not be ordinarily permitted to exit from stressed accounts or from SMAs. Exit may be considered with the approval of the sub-Committee (formed by

JLF), on such terms as is approved by the majority members of the sub-committee."

13. Further, clause 9.4.3 of the said agreement expressly stipulates as under:

> *"If any lender assigns, novates or transfers all or any of its rights, benefits and obligations hereunder in accordance with this Clause, then such lender shall cause the assignee, new lender or transferee to execute and deliver to the Borrower and the Monitoring Institution, a Deed of Accession and on such execution and delivery, such assignee shall be deemed to be Lender with all rights, powers, benefits and privileges and all duties and obligations of the assigning Lender as it had originally been a Party hereto. Unless and until the assignee, new lender or transferee has executed a Deed of Accession agreeing that it shall be under the same obligations towards the Lenders and the Minority Institution as if it has been an original Party hereto as a Lender, the lenders and Monitoring Institution shall not be obliged to recognize such assignee, new lender or transferee as having the rights against each of them, which it would have had if it had been such a Party hereto."*

"Disagreement on restructuring as CAP and Exit Option

> *5.1 In terms of para 10.3 of our circular DBOD.BP.BC.No.45 / 21.04.132 / 2014-15 dated October 21, 2014 banks, irrespective of whether they are within or outside the minimum 75 per cent and 60 per cent, can exercise the exit option for providing additional finance only by way of arranging their share of additional finance to be provided by a new or existing creditor.*
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> *5.2 It has been brought to our notice that sometimes disagreement arises among lenders on deciding the CAP on rectification or restructuring, resulting in delay in initiating*

timely corrective action. Although co-operation among lenders for deciding a CAP by consensus is desirable for timely turn-around of a viable account, it is also important to enable all lenders to have an independent view on the viability of account and consequent participation in rectification or restructuring of accounts, without allowing them to free ride on efforts made by others. In view of this, it has been decided that dissenting lenders who do not want to participate in the rectification or restructuring of the account as CAP, which may or may not involve additional financing, will have an option to exit their exposure completely by selling their exposure to a new or existing lender(s) within the prescribed timeline for implementation of the agreed CAP. The exiting lender will not have the option to continue with their existing exposure and simultaneously not agreeing for rectification or restructuring as CAP. The new lender to whom the exiting lender sells its stake may not be required to commit any additional finance, if the agreed CAP involves additional finance. In such cases, if the new lender chooses to not to participate in additional finance, the share of additional finance pertaining to the exiting lender will be met by the existing lenders on a pro-rata basis.

14. It is contention of the petitioner that the assignment was made under sec 5 of the SARFAESI Act and an assignment Agreement was executed for the same. It is further submitted that section 5 starts with a non-obstante clause and subsection 1 thereof opens with the non-obstante clause and sub-section 1 and therefore, any agreement or law notwithstanding, the securitization company or reconstruction company may acquire financial assets of any bank or financial institutions in the manner set out therein. Therefore the

said Assignment Agreement is not in derogation of the CDR Scheme."

15. From the 15th joint lenders forum meeting which was held on 22.09.2017 in the proceedings of the meeting it was stated as follows

> *"Assignment of DBS exposure to ACRE and related issues there was discussion among member banks about the assignment of DBS Bank exposure to ACRE without complying with the JLF/CDR guidelines on assignment of debt. OBC, MI vide letter dated 12.09.2017 sought clarification from DBS Bank regarding the assignment of its exposure in SEPC to Assets Care & Reconstruction Enterprise Limited (ACRE). Copy of the letter has also been forwarded to CDR Cell for guidance in the matter. Member banks were of the opinion that MI should also write directly to CDR EG for their guidance regarding the above matter and till their clarification is received, DBS Bank will be the recognized member of the JLF."*

IDBI Bank Limited vs M/S Ruchi Soya Industries Ltd of the Bombay High Court

"81. A perusal of the circular (guidelines) dated 26th February, cp570-16 2014 issued by the Reserve Bank of India on Joint Lenders' Forum (JLF) and Corrective Action Plan (CAP) indicates that the said guidelines are issued by the Reserve Bank of India on formation of a Joint Lenders' Forum and adoption of Corrective Action Plan (CAP) for operationalizing Framework of Revitalizing Distressed Assets in the Economy. The said circular provides that the said guidelines would be applicable for lending under consortium and multiple banking arrangements except

instructions in paragraphs 2.1, 7.1, 8 and 9, which would be applicable in all cases of lending and should be read with the latest master circular on "Income Recognition, Asset, Classification and Provisioning Pertaining to Advances" and any other instructions issued in that regard from time to time.

82. In paragraph 2.1, the loan accounts are classified in three categories. Clause 2.3 provides that as soon as the account is reported by any of the lenders to Central Repository of Information on Large Credits (CRILC) as SMA-2 category, they should mandatorily form a committee to be called Joint Lenders' Forum (JLF) if the aggregate exposure of lenders in that account is Rs.1000 millions and above. It is thus clear that in the said event, formation of JLF is mandatory. It is not in dispute that the account of the respondent was classified as SMA-2. It is also not in dispute that the claim of the respondent and several other creditors is more than Rs.1000 millions and the amount had not been serviced for more than 60 days.

83. Clause 2.6 of the said circular provides that all the lenders should formulate and sign an agreement which may be called as JLF agreement incorporating the broad rules for the functioning of the said JLF. The Indian Banks Association has to prepare master JLF cp570-16 agreement and operational guidelines for JLF which could be adopted by all the lenders. The said JLF has to explore the possibility of the borrower setting right the irregularities / weaknesses in the account.

84. Clause 2.7 of the said circular provides that while JLF formation and subsequent corrective actions will be mandatory in accounts having aggregate exposure of Rs.1000 million and above, in other cases also the lenders will have to monitor the asset quality closely and take corrective action for effective resolution as deemed appropriate.

85. Clause 3 of the said circular provides for corrective action plan. JLF may explore various options to resolve the

stress in account. Various options are given under the said clause as and by way of corrective action plan such as (a) rectification, (b) restructuring and (c) recovery. Under clause (a), a specific commitment from the borrower is contemplated to regularize the account so that the account comes out of SMA status or does not slip into NPA category. Clause (b) of the clause 3.1 provides that such action of restructuring, the lenders in the JLF may sign Inter Creditor Agreement and also required the borrower to sign the Debtor Creditor Agreement which would provide legal basis for any restructuring process, rectification and restructuring. Clause (c) provides that once the first two options i.e. rectification and restructuring are seen as not feasible, due recovery process may be resorted to. The JLF may decide the best recovery process to be followed among various legal and other recovery options available with a view to optimizing efforts and results.

86. Clause 3.2 of the said circular provides that besides agreed upon by a minimum of 75% of the creditors by value and 60% of the creditors by number in the JLF would be considered as the basis for proceedings with restructuring of the account, and will be binding on all the lenders under the terms inter creditor agreement. It further provides that if the JLF decides to proceed with recovery, the minimum criteria for binding decision, if any, under any relevant laws / acts would be applicable. Clause 3.4 of the said circular clearly provides that if JLF decides on options of rectification or restructuring, but the account fails to perform as per the agreed terms under option (a) or (b) i.e. rectification or restructuring, JLF should initiate recovery under option 3.1(c) i.e. recovery.

87. Clause 7 of the said circular provides for punitive action by subjecting defaulter banks as set out therein to accelerated provisioning for those accounts and / or other supervisory actions as deemed appropriate by the Reserve Bank of India. Clause 7.2 of the said circular provides that any of the lenders who have agreed to the restructuring decision under CAP by JLF and is a signatory to ICA and DCA, but changes their stance later on, or delays / refuses to

implement the package. will also be subjected to accelerated provisioning requirement as indicated in paragraph 7.1.

88. Clause 5 of the said circular dated 24th September, 2015 clearly provides for exit option available to the lender. Dissenting lender who is not willing to participate in rectification or restructuring of an account has an option to exit their exposure completely by selling their exposure or to new or existing lender within the cp570-16 prescribed time line for implication of the agreed CAP.

89. A perusal of the circular / guideline dated 26th February, 2014 issued under sections 21 and 35 of the Banking Regulation Act, 1949 is mandatory in nature. The Supreme Court in case of Canara Bank (supra) has held that the circulars issued by the Reserve Bank of India under section 21 and 35 of the Banking Regulation Act, are statutory in nature and are required to be complied with by the banks is not in any doubt. It is not in dispute that the petitioner bank is also bound by the statutory circulars issued by the Reserve Bank Of India under the said provision. It is an admitted position that even according to the petitioner, the petitioner was bound to form Joint Lenders' Forum along with other lenders in view of the classification of the account of the respondent under SMA-2. It is also not in dispute that the petitioner had attended most of the meetings held by the JLF and had made various suggestions towards the corrective action plan in respect of the respondent...."

16. In the matter of ***Innoventive Industries Ltd.* v. *ICICI Bank Ltd.*, (2018) 1 SCC 407** the Hon'ble NCLAT has stated as follows

*"**84.** Beyond the aforesaid practice, the 'adjudicating authority' is not required to look into any other factor, including the question whether permission or consent has been obtained from one or other authority, including the JLF. Therefore, the contention of the petition that the*

Respondent has not obtained permission or consent of JLF to the present proceeding which will be adversely affect loan of other members cannot be accepted and fit to be rejected."

17. In Shri Sitaram Sugar Company Limited Vs. Union of India with U.P. State Sugar Corporation Ltd. Vs. Union of India [1990] 3 SCC 223 the Hon'ble Supreme Court observed as under: (SCC pp. 255-56, para 57) .

"Judicial review is not concerned with matters of economic policy. The Court does not substitute its judgment for that of the legislature or its agents as to matters within the province of either. The Court does not supplant the "feel of expert" by its own views. When the legislature acts within the sphere of its authority and delegates power to an agent, it may empower the agent to make findings of fact which are conclusive provided such findings satisfy the test of reasonableness. In all such cases, judicial inquiry is confined to the question whether the findings of fact are reasonably based on evidence and whether such findings are consistent with the laws of the land."

18. The Tribunal also relies on the judgment of the Hon'ble Bombay High Court in **Bharati Defence And Ors. vs Edelweiss Asset Reconstruction** dated 20.09.2016. It is further noted that the IBC, 2016 was not under consideration as the Code was passed by parliament in May 2016 and came to effect only in December 2016 that is after the pronouncement of this judgment.

""15 Thus, from the aforesaid Clauses it is apparent that under the MRA, the debt was restructured and

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various additional securities were created. On the occurrence of an event of default or any other event set out in Clause 31, the lenders were entitled to revoke all or any part of "the restructuring". Clause 32 expressly provides that even "Upon revocation of the restructuring of the Existing Loans", the rights to any securities created pursuant to the MRA are not affected and the lenders are entitled to exercise all the rights and remedies conferred on them. From the aforesaid, it is apparent that upon an event of default, it is the restructuring which is revoked and the rights of the lenders under the MRA or any document / security created pursuant to the restructuring do not come to an end and the lenders are entitled to enforce such rights and securities. ....

"23 I am therefore of the view that the Plaintiffs have failed to make out even a prima facie case. The Plaintiffs have for the first time tried to give an incorrect explanation qua the Revival Letters dated 10th October, 2014, knowing that the same destroys their submission that upon revocation of the MRA the pledge does not survive. The Plaintiff No. 1 has also suppressed in the Plaint the Meeting which took place on 23rd August, 2016 and the e-mail received by its Director recording what transpired thereat, knowing well that what was recorded in the said Meeting completely destroys the challenge raised by the Plaintiffs in the present Suit. The Plaintiffs are dis-entitled to any urgent ad-interim reliefs on these grounds, as also on merits. It is true that as held by the Hon'ble Supreme Court in the case of Bhagwati Prasad vs. State of Madhya Pradesh (supra), since the Plaintiffs have failed to make out a prima facie case, the question of assessing the balance of convenience does not arise. However, even otherwise, the Plaintiffs owe the Defendant No. 1 an amount in excess of Rs. 7000 crores. The securities have been created by the Plaintiffs in favour of the lenders being fully conscious that if there is a breach, the lenders would invoke their right and enforce their securities. If, any injunction is granted, the rights of the Defendants would be severely prejudiced. The balance of convenience tilts heavily in favour of the Defendants and against the Plaintiffs."

19. This Tribunal clarifies that the RBI by way of notification in the name of Resolution of Stressed Asset- Revised framework in circular No. RBI/2017-18/131DBR.No.BP.BC.101/21.04.048/2017-18dated 12.02.2018 has repealed the Master Circular No.DBR.No.BP.BC.2/21.04.048/2015-16 dated July 1, 2015 which provides the rules and guidelines for the JLF. It is further clarified that the present case does not come under the revised framework as the proceedings were initiated much before the issuance of the revised framework. This was done to align with the provisions of IBC. As per the circular of RBI dated 28.02.2018

> *"The Reserve Bank of India has issued various instructions aimed at resolution of stressed assets in the economy, including introduction of certain specific schemes at different points of time. In view of the enactment of the Insolvency and Bankruptcy Code, 2016 (IBC), it has been decided to substitute the existing guidelines with a harmonised and simplified generic framework for resolution of stressed assets."*

20. In this connection Sec.238 of the IBC, 2016 states as under

> ***Provisions of this Code to override other laws***
>
> *238. The provisions of this Code shall have effect, notwithstanding anything inconsistent therewith contained in*

any other law for the time being in force or any instrument having effect by virtue of any such law.

21. In this case, the Hon'ble Bombay High Court in ***Jayaswal Neco Industries Limited Vs. Reserve Bank Of India*** (Order dated 05.03.2018) has stated about the recent option for a financial creditor to remain outside the forum of Joint Lenders and enforce security interest. The order also discusses the provisions of IBC-2016.

> *"20. The principles laid down in the matter of Peerless General Finance and Investment Co. Limited &Anr.(Supra) have been reiterated by the Supreme Court in Balco Employees' Union (Regd.) Vs. Union of India &Ors. 2 21 There cannot be disagreement as regards the object of JLF in making efforts to execute MRA, is to ensure a resolution and restructuring of the corporate debt. The process of resolution is also provided under Chapter-II of the Insolvency and Bankruptcy Code, 2016. The corporate debtor or a financial creditor or an operational creditor can initiate corporate resolution process in view of Sections 6 and 7 of the IBC. An operational creditor may also approach for insolvency resolution under Section 8 of the IBC. There is a time limit prescribed for insolvency resolution process, so also a declaration of moratorium and public announcement is provided under Sections 13 and 14 of the IBC. During the pendency of the insolvency resolution proceedings, in order to manage the affairs of the corporate debtor interim resolution professionals can be appointed, who are expected to manage the assets, finances and operation of the corporate debtor, in a professional manner. Section 20 of the IBC provides that the interim resolution professional shall make an endeavour to protect and preserve the value of the property of the corporate debtor and manage the operations of the corporate debtor as a going concern. The interim*

resolution professionals are also empowered to constitute a committee of creditors after collation of all claims received against the corporate debtor and on determination of the financial position of the corporate debtor in view of Section 21 of the IBC. The committee of creditors is empowered to appoint the resolution professionals under Section 22 of the IBC. The resolution professionals are required to conduct corporate insolvency resolution process, in view of Section 23 of the IBC. The duties of the resolution professionals are provided for under Section 25 of the IBC. The submissions of the resolution plan and the approval thereof is provided under Sections 30 and 31 of the Code.

22. In view of the provisions of the IBC, the very object of formation of the JLF and the execution of MRA by almost all the majority members and stakeholders of the JLF, can be taken care of, even under the proceedings initiated before the adjudicating authority. The instant petition is presented by the Corporate, objecting to the directions issued by the RBI to the SBI, which is a lead member of the JLF. The JLF is the forum of the creditors of Petitioner Company. It is the JLF, which had conducted meetings for arriving at a credit restructuring plan and for preparation of MRA. The CRAs in respect of which, an objection is raised by the Petitioner company were appointed by the JLF and as per the directions of the RBI, the another credit rating company i.e. IRRPL was appointed. It is the JLF, which has arrived at the MRA, which has not yet been operationalized. The directives issued by the RBI are binding on all the members of the JLF. The Petitioner in the instant Petition, is virtually seeking a direction against the JLF not to proceed with the matter before the adjudicating authority under the IBC and to virtually disregard the directives. In fact, those directives issued to the JLF and initiation of proceedings under IBC before the adjudicating authority is a subject matter of grievance by the Petitioner company. It is the Petitioner company, as recorded above, which has not brought in the upfront contribution, mandated under the directives of the RBI and as instructed by JLF. One of the CRAs appointed by the RBI does not find the residual debt of the Petitioner to be

investment grade and thirdly, all the lenders have not signed the MRA. Considering these factors, it is difficult to accept the contention of the Petitioner that the MRA has been operationalized. In view of the policy declared by the RBI on 12 February 2018, since the scheme itself has been withdrawn, any direction for implementation and enforcement of the said scheme, cannot be issued. This court cannot be unmindful of the fact that the RBI has withdrawn all the schemes relating to the financial restructuring, by declaring new financial policy on 12 February 2018. The new policy appears to have been declared by RBI for the reason that the NPA, in the Nationalized banks, have touched almost 8 lakhs crores. In the instant matter also, the financial exposure of the Petitioner company is more than Rs.4000 crores, as has been recorded above, the financial policies and the financial matters, falling within the exclusive jurisdiction of the RBI, need not be scrutinized by the Court, since the Court do not possess required expertize in the financial and economic field."

22. In this connection, it is relevant to note about the provisions of Section 52 of IBC, 2016 gives an option to the secured creditor to realize its security interest by informing the liquidator of such security interest and identify the assets subject to such security interest to be realized. Hence, it is clear that it is not mandatory even under IBC proceedings for financial creditor to be a part of the CoC to enforce its security interest. Hence, the contention of the corporate debtor that the assignment is not valid as it is not in terms of the RBI's master circulars cannot be sustainable. In view of this after perusing the records, pleadings,

oral submissions and other records during the hearings the Tribunal is of the opinion that there has been debt and there has been an act of default as defined under Section 3 of the IBC 2016.

> *3 (12) "default" means non-payment of debt when whole or any part or installment of the amount of debt has become due and payable and is not repaid by the debtor or the corporate debtor, as the case may be"*

Hence the adjudicating authority is satisfied that default has occurred and an application made under Section 2 is complete. In this case, the name of the IRP has been proposed by the financial creditors which ishereunder. It has also been stated in Form 2 that there is no disciplinary proceedings pending before the proposed Resolution Professional.

23. In these circumstances, we are inclined to admit the instant petition.

24. Therefore, the instant petition is admitted and we order the commencement of the Corporate Insolvency Resolution Process against the Respondent/Corporate Debtor which shall ordinarily get completed within 180 days reckoning from the day this order is passed.

25. We appoint Mr.Sajeve Bhushan Deora as Interim Resolution Professional proposed by the Financial Creditor. There is no disciplinary proceedings pending against the IRP and his name is reflected in IBBI website. The IRP is directed to take charge of the Respondent/Corporate Debtor's management immediately. He is also directed to cause public announcement as prescribed under Section 15 of the I& B Code, 2016 within three days from the date the copy of this order is received and call for submissions of claims in the manner prescribed.

26. We declare the moratorium which shall have effect from the date of this order till the completion of corporate insolvency resolution process for the purposes referred to in Section 14 of the I & B Code, 2016. We order to prohibit all of the following namely:

(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 debtors 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 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.

27. The supply of essential goods or services of the Corporate Debtor shall not be terminated or suspended or interrupted during moratorium period. The provisions of Sub-Section (1) of Section 14 shall not apply to such transactions, as notified by the Central Government.

28. The IRP so appointed shall comply with the provisions of Sections 13(2), 15, 17 & 18 of the Code. The Directors,

Promoters or any other person associated with the management of Corporate Debtor are directed to extend all assistance and cooperation to the IRP as stipulated under Section 19 and for discharging his functions under Section 20 of the I & B Code.

29. The petitioner/Financial Creditor as well as the Registry is directed to send the copy of this order to IRP on his appointment so that he could take charge of the Corporate Debtor's assets etc. and make compliance with this order as per the provisions of the I & B Code, 2016.

30. The Registry is also directed to communicate this order to the Financial Creditor and the Corporate Debtor.

31. Therefore, the petition is **disposed of** and there will no order as to costs.

(S.VIJAYARAGHAVAN)
MEMBER (TECHNICAL)

(K.ANANTHA PADMANABHA SWAMY)
MEMBER (JUDICIAL)

sd/pb