

**In the National Company Law Tribunal,  
Kolkata Bench, Kolkata**

**CP (IB) No.593/KB/2017**

**In the matter of:**

State Bank of India

.....Applicant

-Versus-

Coastal Projects Ltd.

.....Respondent

Order Delivered on 5th January 2018

**Coram:**

**V. P. Singh, Member (J)**

**Jinan K.R., Member (J)**

For the Applicant

- : 1. Mr Biswajit Dubey, Advocate  
2. Mr Saumik Batham, Advocate  
3. Mr Sauvik Majumdar, Applicant  
4. Arif Ali, Advocate

For the Respondent

- : 1. Ms Sarada Hariharan, Advocate  
2. Mr Rajat Kumar, Advocate

**ORDER**

**Per V.P. Singh, Member (J)**

Petitioner has filed this application under Sec.7 of the Insolvency and Bankruptcy Code, 2016 (from now on referred to I & B Code, 2016) for initiating corporate insolvency process read with Rule 4 of the Insolvency & Bankruptcy (Application to Adjudicating Authority) Rules, 2016 against the corporate debtor, Coastal Projects Ltd. Petitioner has stated that corporate debtor has committed default in making payment of Rs.975,27,33,040.53 (Rupees Nine hundred seventy-five crore twenty-seven lakh thirty-three thousand and forty and paise fifty-three).

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2. The brief facts of the case, as stated in the application, are that State Bank of India is a corporate body incorporated on 1<sup>st</sup> July 1995 under the enactment of the State Bank of India Act, 1955. State Bank of India includes the erstwhile State Bank of Hyderabad, State Bank of Travancore, State Bank of Bikaner and Jaipur merged with the State Bank of India with effect from 1/4/2017. A copy of the merger notification is annexed with the application and marked as Annexure 1. The Identification No. of State Bank of India is AAACS8577K. Mr B. Suresh Kumar, Assistant General Manager, of the Applicant Bank has filed this application on behalf of State Bank of India who has been authorised to submit this petition on behalf of the applicant bank vide Gazette Notification dated 27/3/1987 read with Regulation 77 of the State Bank of India General Regulations Rules, 1955 and the letter of authorisation dated 24/10/2017 annexed with the petition and collectively marked as Annexure 2 and 3.

3. The Corporate Debtor Coastal Projects Ltd., Identification No. is CIN-U45203OR1995PLC003982. The name and registration number of the proposed interim resolution professional is Mr Ravi Sankar Devarakonda; Registration No. is IBBI/IPA-001/IP-P00095/2017-2018/10195 of D 602, Prestige St. Johnswood Apartment, No.80, Tavarakere Main Road, Bangalore - 560 029, email address [ravicacscma@icai.org](mailto:ravicacscma@icai.org).

4. Applicant has stated that the total debt granted by State Bank of India and the Associate Banks to the corporate debtor as follows: -

- a) Fund based facilities aggregating to Rs.919,68,00,000/-.
- b) By way of issuance of non-fund based instruments aggregating to Rs.422,21,00,000/-.
- c) The details of the dates of disbursement and the amounts disbursed under the facilities mentioned above have been annexed with the application and marked as Annexure 21.

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5. Applicant bank submits that vide its letter dated 20/10/2017 has revoked and recalled all sacrifices, concessions and waives which were granted to the corporate debtor under the Master Restructuring Agreement. Copy of the recall notice dated 20/10/2017 is annexed along with the application and marked as Annexure 24.

6. It appears from the record that corporate debtor has filed Vakalatnama. Ld. Advocate for the corporate debtor further submits that the respondent has no objection if the prayer of the applicant financial creditor is allowed.

7. Heard the argument of Ld. Advocates of both sides and perused the case record. To prove its case the applicant/financial creditor has filed the following documents: -

Deed of Hypothecation dated 30/5/2014 executed by the corporate debtor in respect of Master Restructuring Agreement annexed with the application as Annexure 25; modified deed dated 8/8/2014 as Annexure 26; Agreement of Hypothecation of Goods and Assets dated 3/10/2008 as Annexure 27; Supplemental agreement of hypothecation of goods and assets for increase in the overall limit dated 25/2/2010, dated 13/10/2011, dated 5/12/2012, dated 13/10/2011, dated 23/1/2013, 22/3/2013, dated 16/10/2007, dated 6/10/2008, dated 11/11/2009 and dated 4/5/2013 annexed respectively as Annexure 28 to 37.

8. To prove its case the applicant/financial creditor has filed a copy of the statement of accounts certified under Bankers' Book of Evidence Act annexed with the application as Annexure 74.

9. The applicant has filed a report from the CRILC dated 23/10/2017 annexed with the application as Annexure 75.

10. The applicant has also filed Annual Report for the financial year 2016-17 of the corporate debtor where under the default in payment by the

corporate debtor has been acknowledged which is marked as Annexure 76. The applicant financial creditor has also annexed the balance confirmation letter dated 30/9/2016 annexed with the application as Annexure 78.

11. By the admission of the corporate debtor, it is undisputed that corporate debtor has taken various financial credit facilities from the applicant/financial creditor and has withdrawn money from the financial creditor. By certified copy of the statement of account, Annexure 74, clearly shows that up to 30/9/2017 total amount of Rs.975,27,33,040.53 was due from the corporate debtor. Applicant/financial creditor has also filed Reserve Bank of India's willful defaulter's list annexed with the application as Annexure 77.

12. Petitioner has also annexed a copy of the Credit Rating Agency wherein the record of default is available and status classification report of the corporate debtor issued by CRILC dated 23/10/2017, stated in Annexure 75, shows the account status of the corporate debtor as Substandard and Doubtful.

13. Corporate debtor has not raised any objection regarding default amount i.e. Rs.975,27,33,040.53. In spite of recalling the loan, the corporate debtor has failed to make payment and thereby committed default. Petitioner has filed this application in the proper format as prescribed in I & B Code and Adjudicating Authority Rules which is complete.

14. The financial creditor has proposed the name of Mr. Ravi Sankar Devarakonda, who is competent to work as IRP. No disciplinary proceeding is pending against him. Therefore, an application filed by the Financial creditor under Sec 7 of I & B Code deserves to be allowed.

**ORDER**

The petition filed by the financial creditor under Sec.7 of the Insolvency & Bankruptcy Code, 2016 is hereby admitted for initiating the Corporate Resolution Process and declare a moratorium and public announcement as stated in Sec.13 of the IBC, 2016.

The moratorium is declared for the purposes referred to in Sec.14 of the Insolvency & Bankruptcy Code, 2016. The IRP shall cause a public announcement of the initiation of Corporate Insolvency Resolution Process and call for the submission of claims under Sec.15. The public announcement referred to in clause (b) of sub-section (1) of Insolvency & Bankruptcy Code, 2016 shall be made immediately.

Moratorium under Sec.14 of the Insolvency & Bankruptcy Code, 2016 prohibits the following:

- 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 Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002);
- d)The recovery of any property by an owner or lessor where such property is occupied by or in possession of the corporate debtor.

The supply of essential goods or services to the corporate debtor as may be specified shall not be terminated or suspended or interrupted during the moratorium period.

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.

The order of moratorium shall affect 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 Sec.31 or passes an order for liquidation of corporate debtor under Sec.33, the moratorium shall cease to have effect from the date of such approval or liquidation order, as the case may be.

Necessary public announcement as per Sec.15 of the IBC, 2016 may be made.

Mr. Ravi Sankar Devarakonda, Registration No. IBBI/IPA-001/IP-P00095/2017-2018/10195 of D 602, Prestige St. Johnswood Apartment, No.80, Tavarakere Main Road, Bangalore - 560 029, email address ravicacscma@icai.org is appointed as Interim Resolution Professional for ascertaining the particulars of creditors and convening a meeting of Committee of Creditors for evolving a resolution plan.

The Interim Resolution Professional should convene a meeting of the Committee of Creditors and submit the resolution passed by the Committee of Creditors.

Let the certified copy of the order be issued upon compliance with requisite formalities and a copy of the order may also be sent to the Applicant/Financial Creditor as well as Corporate Debtor and IRP through email.

List the matter on 17<sup>th</sup> January 2018 for filing of the progress report.

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**Jinan K.R.**  
**Member (J)**

Sd 5/1/18

**V. P. Singh,**  
**Member (J)**

Signed on 5<sup>th</sup> January 2018