

BEFORE THE AJUDICATING AUTHORITY
(NATIONAL COMPANY LAW TRIBUNAL)
AHMEDABAD BENCH
AHMEDABAD

C.P. (I.B) No. 87/7/NCLT/AHM/2017


Coram:

Present: Hon'ble Mr. BIKKI RAVEENDRA BABU
MEMBER JUDICIAL

ATTENDANCE-CUM-ORDER SHEET OF THE HEARING OF AHMEDABAD
BENCH OF THE NATIONAL COMPANY LAW TRIBUNAL ON 04.09.2017

Name of the Company: Reliance Commercial Finance Ltd
V/s.
Prime Cars Pvt Ltd.


Section of the Companies Act: Section 7 of the Insolvency and Bankruptcy
Code

<u>S.NO.</u>	<u>NAME (CAPITAL LETTERS)</u>	<u>DESIGNATION</u>	<u>REPRESENTATION</u>	<u>SIGNATURE</u>
1.	Jaimin R. Dave	Advocate	Petitioner	
2.				

ORDER

Learned Advocate Mr. Jaimin Dave present for Financial Creditor/ Applicant. None present for Respondent.

Order pronounced in open Court. Vide separate sheet.


BIKKI RAVEENDRA BABU
MEMBER JUDICIAL

Dated this the 4th day of September, 2017.

**BEFORE ADJUDICATING AUTHORITY (NCLT)
AHMEDABAD BENCH**

C.P. No.(IB) 87/7/NCLT/AHM/2017

In the matter of:

M/s. Reliance Commercial Finance Ltd
Registered Office at
Reliance Centre, 6th Floor,
South Wing, Off: Western Express
Highway, Santacruz (East),
Mumbai-400055
Maharashtra

: Applicant.
[Financial Creditor]

Versus

Prime Car Private Limited
Registered Office at
413, Vikram Tower
Sapna Sangeeta Main Road
Indore (MP) -452001

: Respondent.
[Corporate Debtor]

Order delivered on 4th September, 2017.

Coram: Hon'ble Sri Bikki Raveendra Babu, Member (J).

Appearance:

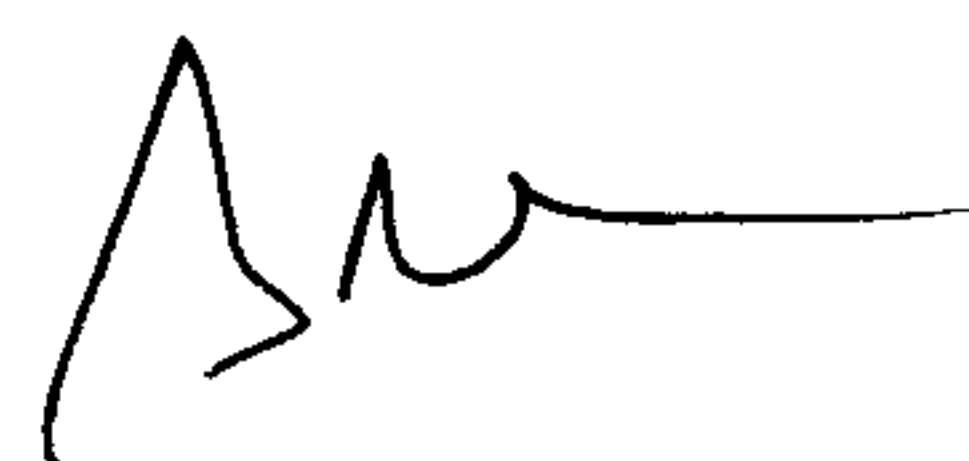
Shri Jaimin Dave, on behalf of Mr. Chintan Abhichandani, learned
Advocate for Applicant/Financial Creditor.

ORDER

1. Reliance Commercial Finance Ltd, styling itself as 'Financial Creditor' under Section 7 of the Insolvency and Bankruptcy Code, 2016 ["IB Code" for short] read with Rule 4 of the

Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, ("IB Rules" for short) against the Respondent Company treating it as 'Corporate Debtor' for triggering Corporation Insolvency Resolution Process.

2. The Commercial Finance Division of Reliance Capital Limited was demerged into Reliance Commercial Finance Ltd/Applicant Company vide order dated 9.12.2016 passed by the Hon'ble High Court of Judicature at Bombay in a Scheme of Demerger.
3. Respondent/Prime Cars Private Limited is doing business in buying and selling of motorcycles and its parts and accessories. It is a Company registered under the Companies Act, 1956. The Authorised Share Capital of the Respondent Company is Rs. 4,50,00,000/- and the Paid-Up Share Capital is Rs. 4,06,00,520/-. The Registered Office of the Respondent Company is situated at Indore, Madhya Pradesh. Respondent Company approached Reliance Capital Limited to avail a Revolving Loan Facility for Inventory Funding up to Rs.2,00,00,000/- for purchase of vehicles/inventory. Reliance Capital Limited sanctioned and disbursed loan of Rs. 50,00,000/- to Respondent Company on 26.8.2016. Reliance Capital Ltd., disbursed a loan of another Rs. 50,00,000/- to Respondent Company on 7.9.2016. The first loan was repayable on 10.10.2016 and the second loan was repayable on 22.10.2016. As on 22.10.2016, the amount repayable to Reliance Capital Limited was Rs. 97,02,848/- including interest in both the loan accounts together.
4. By virtue of the merger of the Commercial Finance Division of Reliance Capital Limited into Reliance Commerce Finance Limited, all the debts due to Reliance Capital Ltd., stand assigned to the Applicant/Reliance Commercial Finance Limited.



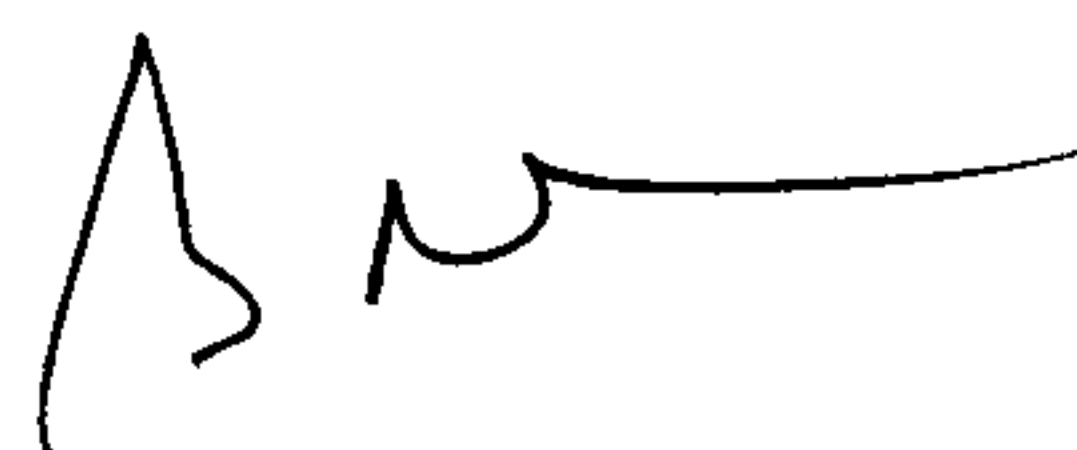
5. In support of the loan, Respondent executed Inventory Fund Agreement, Deed of Hypothecation, Letter of Credit/Guarantee Facility, Demand Promissory Note etc., in favour of Reliance Capital Ltd. All those documents stood assigned in the name of the Petitioner Company by virtue of the demerger.
6. Applicant filed the Table showing the amount disbursed to the Respondent in pursuance of the facility extended and amount repaid by the Respondent till 30.6.2017. Respondent committed default in repayment of the above said Loan Agreement as per the agreed terms and conditions. In spite of repeated demands, Respondent did not choose to repay the outstanding amounts.
7. Reliance Capital Limited got issued a Legal Notice dated 31.1.2017 on the Respondent calling upon it to repay the facility amount aggregating to Rs. 1,02,48,606/- to the Applicant within three days. The said Notice has been duly served on the Respondent but Respondent did not choose to give any reply. The conduct of the Respondent shows its inability to repay the outstanding amount due to the Applicant Company. Reliance Capital Limited, and thereafter Applicant has been regularly maintaining the account of the Respondent. As per the said Statement of Account, an amount of Rs. 97,02,848/- is due from the Respondent as on 31.5.2017. The Applicant filed copies of all Agreements executed by the Respondent.
8. Applicant despatched copy of the Application to the Respondent simultaneously while filing the Application before this Tribunal. The matter was listed before this Adjudicating Authority for the first time on 18.8.2017. This Adjudicating Authority directed the Applicant to serve notice of date of hearing, and listed the matter on 28.8.2017. None appeared for Respondent on 28th August, 2017. Applicant filed proof of service of date of hearing on Respondent. Learned Counsel for the Applicant requested time to file copy of the Resolution. On 31st August, 2017, Applicant's learned Counsel represented that the copy of the Resolution is already available on

record even on 31.8.2017. None appeared on behalf of the Respondent. Heard the arguments of the learned Counsel for the Applicant. Application is signed by Mr. Hitesh Joshi as Power of Attorney holder of Applicant Company. Applicant filed copy of Power of Attorney and the Resolution passed by the Board of Directors of the Company authorising Mr. Hitesh Joshi to sign the Application on behalf of the Company.

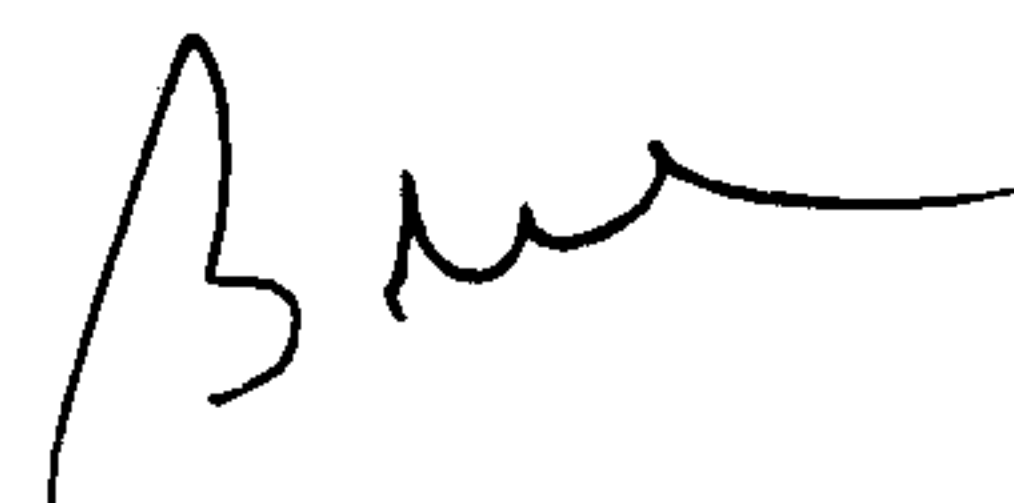
9. A perusal of the Application and its Annexures clearly show that the Application is complete in all respects. A perusal of the Table showing the amount disbursed and the payments made, and the documents executed by the Respondent Company clinchingly establish that Respondent committed default in repayment of money borrowed from Reliance Capital Limited on interest which debt was assigned to the Applicant Company by virtue of a demerger order in a Demerger Scheme. Therefore, the Applicant is a Financial Creditor and the amount due to the Applicant is a financial debt. The material on record clearly establish that the Respondent Company committed default in repayment of financial debt. The Applicant proposed the name of Shri Subodhkumar Bajranglal Kedia as 'Interim Resolution Professional' and also filed his Written Communication.

10. In view of the above discussions, the Application deserves to be admitted and it is accordingly admitted under sub-section 5(a) of Section 7 of the Code.

11. This Adjudicating Authority hereby appoint, Shri Subodhkumar Bajranglal Kedia, C/o. Kedia & Kedia Associates, Chartered Accountants, 205, Kaling, Near Mount Carmel School, Behind Bata Show Room, Ashram Road, Ahmedabad-380009, having Registration No. IBBI/IPA-001/IP-P00009/2016-2017/10028, as 'Interim Resolution Professional', under Section 13 (1) (c) of the Code.



12. The Interim Insolvency Resolution Professional is hereby directed to cause a public announcement of the initiation of 'Corporate Insolvency Resolution Process' and call for submission of claims under Section 13(1)(b) read with Section 15 of the Code and Regulation 6 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.
13. This Adjudicating Authority hereby order moratorium under Section 13(1)(a) of the IB Code prohibiting the following as referred to in Section 14 of the Code;
- (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 Securitisation 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 the possession of the corporate debtor.

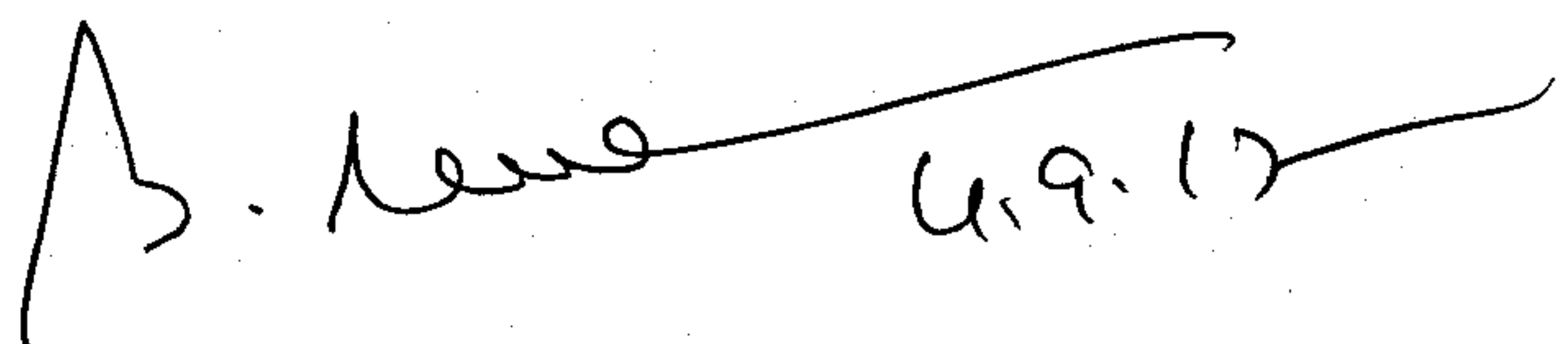


- (i) However, the order of moratorium shall not apply in respect of supply of essential goods or services to Corporate Debtor.
- (ii) The order of moratorium is not applicable to the transactions that may be notified by the Central Government in consultation with any financial sector regulator.
- (iii) The order of moratorium comes into force from the date of the order till the completion of Corporate Insolvency Resolution Process subject to the Proviso under sub-section (4) of Section 14.

14. This Application is ordered accordingly. No order as to costs.

15. Communicate a copy of this order to the Applicant Financial Creditor, and to the Respondent Corporate Debtor and to the Interim Insolvency Resolution Professional.

Signature:



**Sri Bikki Raveendra Babu, Member (J).
Adjudicating Authority.**