

**In the National Company Law Tribunal  
Division Bench, Chennai**

**CP/628/(IB)/CB/2017**

Under Section 7 of the IBC, 2016

**In the matter of**

**M R Ventures**

**V/s**

**M/s. Royal Splendour Developers Private Limited**

Order delivered on: 04.12.2017

Coram:

**K. Anantha Padmanabha Swamy, Member (Judicial)**

**S. Vijayaraghavan, Member (Technical)**

For the Petitioner/FC: Shri. M. Sunil Kumar, Advocate

**ORDER**

**Per: K. ANANTHA PADMANABHA SWAMY, MEMBER (J)**

1. Under Consideration is a Company Petition filed by M/s. M R Ventures (in short, '**Petitioner/Financial Creditor**') against M/s. Royal Splendour Developers Private Limited (in short, '**Respondent/Corporate Debtor**') under section 7 of the Insolvency and Bankruptcy Code 2016 (In short, '**IB Code 2016**') r/w Rule 4 of the Insolvency & Bankruptcy (Application to Adjudicating Authority) Rules, 2016 (for brevity, '**IB Rules 2016**').

2. Before proceeding with this matter, it would be appropriate to make a note of background facts for the purpose of determination of this petition.
3. The Petitioner/FC is a Partnership Firm, having its registered office at No. 9, Trevelyan Basin Street, Sowcarpet, Chennai-600079 and carrying on business in finance in the name and style of M/s. M R Ventures whereas the Respondent/CD is a Private Limited Company incorporated under the provisions of the Companies Act 1956 and having its registered office at No.9, Ganapathy Colony, Guindy Industrial Estate, Chennai-600032.
4. Shri. Sunil Kumar, the learned counsel appearing on behalf of the petitioners/FC submitted that the Respondent had approached the petitioner expressed its requirements for financial assistance for constructions needs to advance a loan of Rs. 50,00,000/- for its business purposes and promised to discharge the same by executing an on-demand Promissory note with interest @ 24% p.a as stipulated by the petitioner. Accordingly, the petitioner advanced a sum of Rs. 50,00,000/- as loan payable on demand by of cheques, details of which are mentioned in the petition.
5. It is further submitted that the respondent having received the credit facility, acknowledged the same by and under receipt

dated 13.06.2014 forwarding the Promissory Note executed on 13.06.2014 by the Directors of the respondent company. It is further submitted that on demand of the petitioner for repayment of monies advanced, cheque favouring petitioner for the sum of Rs. 5,00,000/- each were executed by the Directors of the respondent company. Also, on the instruction and with the consent of respondent, the petitioner presented the aforesaid cheques for collection with HDFC Bank, Sowcarpet Branch on 02.06.2016. The aforesaid cheques have been returned by the Bank for the reason of "Insufficient Funds". Thereafter, the petitioner intimated the relevant facts to the respondent by way of Legal notice dated 28.06.2016 as required under section 138 r/w 142 of the Negotiable Instruments Act 1881 and called upon them to pay the monies within 15 days of receipt of the said notice.

6. It is also submitted that the respondent even thereafter defaulted in payments, hence the petitioner issued a statutory notice dated 13.01.2017 upon the respondent under section 434 of the Companies Act 1956 (correspondingly to section 271(2)(a) of the companies Act, 2013) calling for repayment of the monies due.

7. The learned counsel finally submitted that when the Corporate Debtor was unable to pay its Financial Debt despite several

reminders, the petitioner, having been left with no other option but to approach this Adjudicating Authority claiming the payment of Rs. 7,57,187/- including interest towards the Corporate Debtor in capacity of a Financial Creditor under the provisions of the IB Code 2016 and prayed to initiate Corporate Insolvency Resolution Process against the Respondent/CD.

8. Before proceeding the matter, it is necessary to mention herein that a final chance was given to Respondent for appearance before this Adjudicating Authority but they failed to appear on 04.12.2017. The Respondent neither gave a reply to the Demand Notice dated 08.04.2017 nor filed any counter nor caused appearance before this Adjudicating Authority in spite of several notices. The petitioner has also placed on record proof of sending notices and its deliveries. The Petitioner has complied with all the requirements as stipulated under the provisions of the I&B Code, 2016 for the purpose of initiating Corporate Insolvency Resolution Process.
9. After hearing submissions of the counsel for the petitioner and having perused the record, this Adjudicating authority is satisfied that the petitioner has proved by placing overwhelming evidence viz. Cheques alongwith memo, statutory notice etc. that the respondent defaulted in payment



of dues on various occasion to the petitioner. We are of the opinion that the petitioner has established clearly that the amount in default is genuine and is supported by the documentary evidence placed before this Adjudicating authority. In the circumstances, we hereby admit the instant Petition.

10. The instant petition is admitted and we order the commencement of the Corporate Insolvency Resolution Process which shall ordinarily get completed within 180 days, reckoning from the day this order is passed.

11. We appoint Shri. Arumugam Arumugam as Interim Resolution Professional (**IRP**) 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 claim in the manner as prescribed.

12. 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. I order to prohibit all of the following, namely :

- (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.*

**13.** 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.

**14.** The IRP 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, 2016. Accordingly, the application is admitted.

15. The Petitioner/FC as well as the Registry is directed to send the copy of this Order to IRP so that he could take charge of the Corporate Debtor's assets etc. and make compliance with this Order as per the provisions of I&B Code, 2016.

16. The Registry is also directed to communicate this Order to the Financial Creditor and the Corporate Debtor.

17. The address details of the IRP are as follows: -

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Regn. No: (IBBI/IPA-003/IP-N00094/2017-2018/10936)  
No. 1/56, Market Road, Kelambakkam,  
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*S. Vijayaraghavan.*  
**(S. Vijayaraghavan)**  
**Member (Technical)**

TJS

  
**(K. Anantha Padmanabha Swamy)**  
**Member (Judicial)**