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NATIONAL COMPANY LAW TRIBUNAL  
SINGLE BENCH  
CHENNAI



ATTENDANCE CUM ORDER SHEET OF THE HEARING OF CHENNAI BENCH, CHENNAI  
NATIONAL COMPANY LAW TRIBUNAL, HELD ON 29/11/2017 AT 10.30 AM

PRESENT: SHRI Ch. MOHD SHARIEF TARIQ, MEMBER-JUDICIAL

APPLICATION NUMBER :  
PETITION NUMBER : CP/611/(IB)/2017  
NAME OF THE PETITIONER(S) : VISHNUSUDHA TEXTILES  
NAME OF THE RESPONDENT(S) : SRI NAGANANTHANA MILLS LTD  
UNDER SECTION : 9 RULE 6

S.No.	NAME (IN CAPITAL)	DESIGNATION	SIGNATURE
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REPRESENTATION BY WHOM

- |    |  |                             |   |
|----|--|-----------------------------|---|
| 1. | A. RAJA MOHAMED  | Operational Dept            |  |
| 2. | A. G. SATHYANARAYANA<br>(For A. K. M. SATHYANARAYANA & ASSOCIATES) | For operational<br>Creditor |  |
- (Note: The bottom half of the page contains three large green diagonal lines and a red diagonal line, likely for additional entries or a signature.)*

IN THE NATIONAL COMPANY LAW TRIBUNAL,  
SIGNLE BENCH, CHENNAI

**CP/611/(IB)/CB/2017**

Under Section 9 of the Insolvency and Bankruptcy  
Code 2016 read with Rule 6 of the Insolvency and  
Bankruptcy (Application to Adjudicating Authority)  
Rules, 2016

In the matter of

**M/s. Vishnusudha Textiles**

**Vs.**

**M/s. Sri Nagananthana Mills Ltd.**

*Order delivered on 29<sup>th</sup> of November, 2017*

CORAM :

**CH MOHD SHARIEF TARIQ, MEMBER (JUDICIAL)**

For Operational Creditor(s)	: Mr. A.G. Sathyanarayana, for M/s. A.K. Mylsamy & Associates
For Corporate Debtor (s)	: Mr. A. Raja Mohamed, Counsel

**ORDER**

Per: CH MOHD SHARIEF TARIQ, MEMBER (J)

1. Under Adjudication is CP/611/(IB)/CB/2017 that  
has been filed by the Operational Creditor under  
Section 9 of the Insolvency & Bankruptcy Code 2016  
(in short, 'I&B Code, 2016') r/w the Insolvency &

Bankruptcy (Application to Adjudicating Authority Rules, 2016). The prayer made is to admit the Application, to initiate the Corporate Insolvency Resolution Process against the Corporate Debtor, declare moratorium and appoint Interim Resolution Professional (IRP) under the Insolvency and Bankruptcy Code, 2016 (I&B Code).

2. The matter was part heard by the Division Bench. However, the Counsels representing both the sides did agree to make final submissions afresh today before this Bench. Heard Counsels for the Operational Creditor and for the Corporate Debtor, and perused the record.

3. The Operational Creditor claimed an amount of Rs.1,18,86,658/ in relation to the invoices which are being mentioned in Form 3, on account of which debt fell due. The Operational Creditor claimed that Polyester Staple Fibre products were supplied by it to the Corporate Debtor from 15<sup>th</sup> February to 07<sup>th</sup> May,

2016, for which the principal sum of Rs.94,61,148/- is due along with interest @ 15% p.a. The default of the said sum occurred on various dates. The copy of the notice dated 28<sup>th</sup> of August, 2017 is placed at page 20 to 23 of the typed set filed with the Application.

4. The counter has been filed by the Corporate Debtor, wherein it has been stated that the amount owed to the Operational Credit were settled. In counter, it has further been stated that the Operational Creditor is guilty of wilful suppression of material facts and approached the Tribunal with unclean hands, as it suppressed the security held by it, i.e. the bus permits, promissory notes along with blank cheques for a sum of Rs.150 Lakhs.


5. Under para 8 of the counter it has been stated that the Corporate Debtor has given an amount of Rs.1,93,60,000/- towards the outstanding as per the LCs mentioned therein to the Operational Creditor. During the last hearing on 15.11.2017, the Counsel for the Corporate Debtor has prayed for time to produce



certificate from his own Bank wherein he has opened LCs, in order to show the details of the payment made to the Operational Creditor, but today, he failed to produce such certificate to satisfy this Bench. However, during the arguments he all along has been emphasising on the securities stated to be given to the Operational Creditor, i.e. two bus permits, promissory notes and blank cheques, which in any case, cannot amount to the payment of outstanding debt. The same has been rebutted by the Operational Creditor. Therefore, the contentions raised by the Corporate Debtor are devoid of merits and stand rejected.


6. It is an admitted fact that after the confirmation of the outstanding balance that has been made by the Corporate Debtor on 31.12.2015, as placed at page 365 of the 1<sup>st</sup> volume filed with the Application, the business relations continued, and thereafter, the supply has been made by the Operational Creditor of the material stated above, but the Corporate Debtor defaulted in making the payment of the invoices which

are twenty seven in numbers. The Operational Creditor has produced the details of LCs from Catholic Syrian Bank, which is placed at page 2 of the typed set (II volume) filed with the Application. The detail of the amounts paid and the balance amount to be paid is given in a "working sheet" being the abstract of transactions made after 31.12.2015 by the Operational Creditor, which is placed at page 3 of the typed set (II volume) filed with the Application that reflects the balance amounting to Rs.1,18,86,658/- as due, which the Corporate Debtor did not pay.

7. The Counsel for the Operational Creditor has complied with Section 9 (3) (b) & (c) of the I&B Code, 2016, by filing Affidavit, which is placed at pages 14 to 16 of the 1<sup>st</sup> volume filed with the Application, wherein, under para 5, it has been stated that the Operational Creditor has not received any notice of dispute regarding the pending amount from the Corporate Debtor. The Bank certificate pertaining to Indusland Bank dated 26.07.2017 is placed at pages 40 to 124 of 

the 1<sup>st</sup> volume filed with the Application and the Bank certificate pertaining to the South Indian Bank dated 01.09.2017 is placed at pages 125 to 240 of the 1<sup>st</sup> volume filed with the Application.


8. The Operational Creditor has fulfilled all the requirements of law for admission of the Application and has also proposed the name of IRP after obtaining the written consent in Form-2. This Bench is satisfied that the Corporate Debtor has committed default in making payment of the outstanding debt claimed by the Operational Creditor. Therefore, CP/611/(IB)/CB/2017 is admitted and the commencement of the Corporate Insolvency Resolution Process is ordered which ordinarily shall get completed within 180 days, reckoning from the day this order is passed.

9. Mr. S. Muthuraju is appointed as IRP, as has been proposed by the Operational Creditor. There is no disciplinary proceedings pending against the IRP as evidenced from Form-2 and his name is reflected in 

IBBI website. The IRP is directed to take charge of the Corporate Debtor's management immediately. The IRP 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 by the creditors in the manner as prescribed.

10. The moratorium is declared 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. It is ordered 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.

11. 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.

12. The IRP shall comply with the provisions of Sections 13 (2), 15, 17 & 18 of the Code. The Directors of the Corporate Debtor, its Promoters or any person associated with the management of the Corporate

Debtor are/is directed to extend all assistance and cooperation to the IRP as stipulated under Section 19 for the purpose of discharging his functions under Section 20 of the I&B Code, 2016.

13. The Operational Creditor and the Registry are 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.

14. The Registry is directed to communicate this Order to the Operational Creditor and the Corporate Debtor.

The address details of the IRP are as follows: -

Mr. S. Muthuraju,  
Regn No: (IBBI/IPA-002/IP-N00009/2016-17/10013)  
35, 2<sup>nd</sup> Floor, North Masi Street,  
Madurai – 625 001  
Email: smrajunaidu@gmail.com  
Mobile No: 9994103021.

  
[CH. MOHD SHARIEF TARIQ]  
MEMBER (Judicial)

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