



**INSOLVENCY PROFESSIONAL AGENCY
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA**

Casebook Issue 23

**Corporate Insolvency
Resolution Process**

journey of

**Ramanand Steel
Limited**

**INSOLVENCY
UNCOVERED**

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About M/s Ramanand Steel Limited¹

M/s Ramanand Steel Limited is a Public Limited Company which was incorporated on 20th April 1999. It is classified as a Non-Government Company, a company limited by shares. It was not a listed company. The vintage of the company is 21 years.

It is registered at Registrar of Companies, Mumbai. Its authorized share capital is Rs. 14.30 crores and its paid-up capital is Rs. 14.26 crores. It is involved in manufacturing of basic Iron, Steel, Chemicals and their products.

The company, M/s Ramanand Steel Limited, has three directors. They are Mr. Mohit Satbir Sarlia since 2005, Mrs. Sushila Devi Sarlia since 2006 and Mr. Satbir Kumar Sarlia since 2010.

M/s Ramanand Steel Limited Corporate Identification Number is (CIN) U27106MH1999PLC119531. Its registered address is 401, Vyapar Bhavan, P'dmello Road Carnac Bunder, Masjid (East) Mumbai, Maharashtra - 400009 India.

Major Financial Creditors/Bankers²

The company has financial exposure majorly with Punjab National Bank to the tune of Rs. 77.21 crores. The other financial creditors were ABN Amro Bank NV with an exposure of Rs. 0.87 crores and Punjab and Maharashtra Co-operative Bank, Mumbai with a credit limit of Rs. 2.00 crores.

CIRP of M/s Ramanand Steel Limited

CIRP initiation under Section 7 of I&B Code, 2016³

Section 7 of I&B Code, 2016 allows a financial creditor of the defaulting corporate debtor to file and initiate CIRP before the Adjudicating Authority. The Admission of CIRP of M/s Ramanand Steel Limited was under section 7 of IBC, 2016, wherein the Financial Creditor was Punjab National Bank.

Admission and Initiation of CIRP of M/s Ramanand Steel Limited⁴

Corporate Insolvency Resolution Process (CIRP) was initiated and was presented for hearing before the Adjudicating Authority, NCLT of Mumbai Bench. The matter was presented by Adv. Mr. Siddharth Mataliya and Mr. B.K.Sharma. Adv. Mr. Siddharth Mataliya was the Authorized representative of the Financial Creditor Punjab National Bank, Mr. B. K. Sharma was the Chief Manager of Punjab National Bank. No one represented for M/s Ramanand Steel Limited.

The Corporate Debtor M/s Ramanand Steel Limited was enjoying a Cash Credit limit of Rs. 77.21 crore and the did not serve the interest component, nor was the repayments done inspite of numerous follow-ups from the Bank, the Financial Creditor in this case.

Application was filed by Punjab National Bank, as the Financial Creditor and the same was admitted for CIRP under Section 7 of the Insolvency & Bankruptcy Code, 2016 read with Rule 4 of Insolvency & Bankruptcy (Application to AA) Rules, 2016 seeking initiation of CIRP against M/s Ramanand Steel Limited on 20th March, 2018. Along with it, the moratorium under Section 13 & 14 of I&B Code, 2016 was also declared.

Appointment of Mr. Dushyant C Dave as the IRP⁵

The Financial Creditor had proposed the name of Mr. Dushyant C. Dave as the Interim Resolution Professional (IRP) for conducting the Corporate Insolvency Resolution Process (CIRP), Vide order number CP No.1336/IBC/NCLT/MAH/2017 dated 20th March 2018, Mr. Dushyant C. Dave was appointed as the Interim Resolution Professional (IRP). The IRP Mr. Dushyant C. Dave was directed to do all the necessary actions in terms of announcements, publications and declarations in consonance to the Code.

1st CoC Meeting and Appointment of the RP in the case of M/s Ramanand Steel Limited⁶

Mr. Dushyant C. Dave in the capacity of an IRP had made the necessary public announcements under Section 15 as per IBC,2016. He had also invited for claims from operational creditors, other financial creditors, employees and workmen on 14th May 2018, but no claims were received.

On 13th June 2018, the 1st meeting of Committee of Creditors (CoC) was organized. The CoC comprised of Punjab National Bank, as they were the lone Financial Creditor.

In the meeting fo 13th June 2018, Mr. Dave was thereby with 100% consent of the CoC approved and appointed as the Resolution Professional for the Corporate Debtor, in accordance with Section 22 of IBC.

Findings in the 1st CoC Meeting held on 13th June 2018⁷

It was found that during the past operations of the company, M/s Ramanand Steel Limited, the factory shed and plant and machinery of the factory was already sold on 14th February 2017 and 6th October 2018 under SARFESI.

It was also dawned by the promoter director that in the name of the Corporate Debtor there laid only one piece of land measuring 17 acres on Shirdi Road near Nashik. This land was the only fixed asset whose value would be approximately Rs.15.00 crores.

The Resolution Professional, Mr. Dushyant C. Dave, also informed the CoC that the company had a liability of Rs. 1.83 crores towards Mumbai State Electricity Board, Rs. 1.17 crores towards Sales Tax and Rs.7.00 crore towards Excise.

Decision for Resolution for Liquidation⁸

On surfacing of the current situation of the company's fixed assets, in the 1st meeting of CoC held on 13th June 2018, the sole Financial Creditors, Punjab National Bank, voted with 100% share to in favour of Liquidation as the resolution to the CIRP of M/s Ramanand Steel Limited.

The reasons stated for Liquidation was a) that the Corporate Debtor was non-operational since 31st March 2012 b) that the Corporate Debtor was not a going-concern c) that the Corporate Debtor did not have employees and d) that the Corporate Debtor did not have any other valuable fixed asset other than the 17 acres land near Nashik.

Application U/s. 33 (2) seeking for the Order of Liquidation of the Corporate Debtor⁹

The Resolution Professional moved application under Section 33(2) to seek orders for Liquidation of the fixed assets of the Corporate Debtor M/s Ramanand Steel Limited.

The Hon'ble Bench of NCLT Mumbai, allowed the commencement of Liquidation of the CD from the date of the order i.e. 2nd November 2018 as per Chapter III of the Code.

Concluding Notes

The bench advised that since then onwards the RP will be termed as the Liquidator.

He was advised to publish about the Liquidation of the Corporate Debtor in an English

Daily and one vernacular daily, Marathi in this case as per the provisions mentioned in the Code per section 33 (1)(b)(iii).

Copy of the orders to be forwarded to the concerned authorities.

In case of any necessity the Liquidator could seek directions from the Hon'ble Bench.

The Liquidator was adorned with the legal rights to recover the dues from the CD as present in the Balance Sheets.

The Liquidator was now authorized to represent the CD before the Government in case of any need.

CIRP Timeline



- 20th April, 1999
 - *Date of incorporation M/s Ramanand Steel Limited*



- 20th March, 2018
 - *CIRP of M/s Ramanand Steel Limited admitted*
 - *Appointment of Mr. Dushyant C Dave as IRP*



- 14th May, 2018
 - *Public Annoucments*



- 13th June,2018
 - *1st CoC Meeting*
 - *Appointment of Mr. Dushyant Dave as RP*



- 2nd November 2018
 - *Liquidation Orders*

Bibliography

¹ <http://www.mca.gov.in/mcafoportal/companyLLPMasterData.do>

² <https://www.tofter.in/ramanand-steel-limited/company/U27106MH1999PLC119531/financials#existingCharges>

³ <https://ibbi.gov.in/legal-framework/act>

⁴ https://ibbi.gov.in/webadmin/pdf/order/2018/May/20th%20Mar%202018%20in%20the%20matter%20of%20Ramanand%20Steel%20Limited%20CP%20No.%201336-IBC-NCLT-MB-MAH-2017_2018-05-17%2015:33:47.pdf

⁵ https://ibbi.gov.in/webadmin/pdf/order/2018/May/20th%20Mar%202018%20in%20the%20matter%20of%20Ramanand%20Steel%20Limited%20CP%20No.%201336-IBC-NCLT-MB-MAH-2017_2018-05-17%2015:33:47.pdf

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