



**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH-IV**

CP(IB)/116/MB-IV/2024

Under Section 7 of the IBC, 2016

In the matter of

Reliance Commercial Finance Limited

[CIN: U66010MH2000PLC128301]

... Financial Creditor

v/s.

Medybiz Private Limited

[CIN: U72200MH2000PTC294957]

...Corporate Debtor

Order Delivered on 08.05.2024.

Coram:

Ms. Anu Jagmohan Singh
Hon'ble Member (Technical)

Mr. Kishore Vemulapalli
Hon'ble Member (Judicial)

Appearances:

For the Financial Creditor:

Mr. Siddha Pamecha i/b
Thodur Law Associates, Ld.
Counsel.

For the Corporate Debtor:

Mr. J.D' Souza, Ld. Counsel.



ORDER

The present Company Petition is filed under Section 7 of the Insolvency and Bankruptcy Code, 2016 by Reliance Commercial Finance Limited ("Financial Creditor") in the matter of Celebrita Mediahouse Private Limited ("Corporate Debtor") for default totalling Rs. 822,25,17,739/- (Rupees Eight Hundred Twenty Two Crore Twenty Five Lakh Seventeen Thousand Seven Hundred and Thirty Nine Only) (Principal amount is Rs. 323,02,25,333/- plus interest as per the terms of the loan agreement amounting to Rs. 196,20,12,766/- as on 30.09.2023, plus penal interest as per the terms of the loan agreement amounting to Rs. 303,02,79,640/- as on 30.09.2023). The date of default as specified in Part IV of the petition are as follows:

Sr. No	Loan Account Number	Disbursed Loan Amount (in Rs.)	Date of default
1	RHWCCOR000073122	150,00,00,000/-	01.09.2019
2	RHWCCOR000073999	100,00,00,000/-	01.10.2019
3	RHWCCOR000074203	75,90,00,000/-	01.11.2019
4	RLCSCOR00045629	70,00,00,000/-	25.10.2019
5	RLCSCOR00045631	10,00,00,000/-	25.10.2019
6	RLCSCOR000461289	40,00,00,000/-	25.10.2019

Submissions of the Financial Creditor:

1. The Financial Creditor formerly known as Reliance Gilts Limited, was incorporated on 17.08.2000 with the Registrar of Companies (RoC), Maharashtra, Mumbai. Subsequently, on May 21, 2009 the Financial Creditor was registered as a Non- Banking Financial Institution with Reserve Bank of India, as defined under Section 45- IA of the Reserve Bank of India Act, 1934; Certificate of Registration No. N-13.01933.



1.1. Sanctioned amount by Relaince Home Finance Limited (“RHFL”):-

- i. Rs. 150,00,00,000/- vide sanction letter dated 11.09.2018 issued by Relaince Home Finance Limited (“RHFL”);
- ii. Rs. 100,00,00,000/- vide sanction letter dated 17.10.2018 issued by Relaince Home Finance Limited (“RHFL”);
- iii. Rs. 75,90,00,000/- vide sanction letter dated 19.11.2018 issued by Relaince Home Finance Limited (“RHFL”);

1.2. Sanctioned amount by Reliance Commercial Finance Limited (the present Financial Creditor:-

- i. Rs. 70,00,00,000/- vide sanction letter dated 29.09.2018 issued by Reliance Commercial Finance Limited (Financial Creditor/“RCFL”);
- ii. Rs. 10,00,00,000/- vide sanction letter dated 01.10.2018 issued by Reliance Commercial Finance Limited (Financial Creditor/“RCFL”);
- iii. Rs. 40,00,00,000/- vide sanction letter dated 25.10.2018 issued by Relaince Home Finance Limited (“RHFL”);

1.3. Accordingly, the Corporate Debtor entered into Facility cum Hypothecation Agreement dated 30.09.2018, 30.09.2018 and 25.10.2018 and executed other documents with the Financial Creditor.

1.4. That, the Corporate Debtor paid the Principal amount along with its interest in following manner in the loan account bearing number RLCSOR000450629 to the Financial Creditor:

Date of payment	Principal Amount Paid	Interest Paid
07.02.2019	2,00,00,000/-	-
Total	2,00,00,000/-	-

After the above payment, the Principal amount due with respect to the Financial Creditor is Rs. 118,00,00,000/- (Rupees One Hundred Eighteen



Crore Only) Interest accrued as on 30.09.2023 is Rs. 67,65,40,274/- (Sixty Seven Crore Sixty Five Lakh Forty Thousand Two Hundred and Seventy Four Only) and the penal interest as on 30.09.2023 is Rs. 113,73,90,685/- (Rupees One Hundred Thirteen Crore Seventy Three Lakh Ninety Thousand Six Hundred and Eighty Five Only). Hence, the total outstanding due with respect to the Financial Creditor amounts to Rs. 299,39,30,959/- (Rupees Two Hundred Ninety Nine Crore Thirty Nine Lakh Thirty Thousand Nine Hundred and Fifty Nine Only).

1.5. That, the Corporate Debtor paid the Principal amount along with its interest in following manner in the loan account bearing number RHWCCOR000073122 to the RHFL:

Date of payment	Principal Amount Paid	Interest Paid
29.09.2018	69,08,25,342/-	91,74,658/-
31.10.2018	5,66,64,393/-	83,35,607/-
05.11.2018	39,87,88,768/-	12,11,232/-
15.02.2019	6,24,96,164/-	75,03,836/-
Total	120,87,74,667/-	2,62,25,333/-

After the above payment, the Principal amount due with respect to the RHFL is Rs. 205,02,25,333/- Interest accrued as on 30.09.2023 is Rs. 128,54,72,492/- and the penal interest as on 30.09.2023 is Rs. 189,28,88,955/-. Hence, the total outstanding amounts is Rs. 522,85,86,780.

1.6. The Corporate Debtor acknowledged the debt owed to Financial Creditor which is reflected in its Audited Financial Statements for the year ending 31.03.2022. The financial Statements were signed by the Directors and the Auditors of the Corporate Debtor.



1.7. Accordingly, RHFL sent Loan Recall Notices/Termination of Agreement Notice via Registered Post dated 30.11.2021 and requested the Corporate Debtor to make the outstanding payment but the Corporate Debtor failed to give any response.

1.8. That later on, RHFL got into a financial stress and pursuant to the Resolution Plan implemented in terms of the RBI Circular No. RBI/2018-19/203, DBR.No.BP.BC.45/21.04.048/2018-19 dated 07.06.2019 Prudential on Framework for Resolution of Stressed Assets and the order of Hon'ble Supreme Court of India dated 03.03.2023; the Financial Creditor acquired the Business Undertaking of RHFL on a slump sale and going concern basis. The loan advanced by Reliance Home Finance Limited ("RHFL"), was assigned to the Reliance Commercial Finance Limited i.e the Financial Creditor by way of Assignment Deed dated 31.03.2023.

1.9. On 03.08.2023, Reliance Commercial Finance Limited i.e. the present Financial Creditor sent Loan Recall Notices/Termination of Agreement Notice via Registered Post and requested the Corporate Debtor to make the outstanding payment but the Corporate Debtor failed to give any response.

1.10. Pursuant to the same, the Financial Creditor now claims Rs.822,25,17,752/- as a total amount of debt from the Corporate Debtor (the Principal amount of Rs. 323,02,25,333/- plus interest as per the terms of the loan agreement amounting to Rs. 196,20,12,766/- as on 30.09.2023, plus penal interest as per the terms of the loan agreement amounting to Rs. 303,02,79,640/- as on 30.09.2023.)



Submissions of the Corporate Debtor:

2. The Corporate Debtor submits that, the Financial Creditor (Formerly known as Reliance Gilts Ltd.) has advanced following working loan facilities to Corporate Debtor:-

- a) Rs. 70,00,00,000/- (Rupees Seventy Crore Only) vide Sanction Letter dated 29.09.2018;
- b) Rs. 10,00,00,000/- (Rupees Ten Crore Only) vide Sanction letter dated 01.10.2018;
- c) Rs. 40,00,00,000/- (Rupees Forty Crore Only) vide Sanction Letter dated 25.10.2018;

2.1. Out of total above mentioned Financial Debt, one entity viz. Reliance Home Finance Limited, has advanced following working capital loan facilities to Corporate Debtor:-

- a) Rs. 150,00,00,000/- (Rupees One Hundred and Fifty Crore Only) vide Sanction Letter dated 11.09.2018
- b) Rs. 100,00,00,000/- (Rupees One Hundred Crore Only) vide Sanction Letter dated 17.10.2018
- c) Rs. 75,90,00,000/- (Rupees Seventy Five Crores Ninety Lakhs Only) vide Sanction Letter dated 19.11.2018

2.2. That due to certain unforeseen and unexpected circumstances owing to the downturn in the business environment which was further compounded by the world wide Covid-19 Pandemic, the Corporate Debtor faced severe financial stress and liquidity crunch due to which it was unable to repay the aforementioned working capital loan facilities extended by Financial Creditor and Reliance Home Finance Limited (RHFL). However, there was no deliberate intention on the part of the Corporate Debtor to default on repayment and in fact Corporate Debtor made several efforts to negotiate a



settlement with Financial Creditor and Reliance Home Finance Limited but the same did not materialise.

2.3. That despite the advanced level negotiations between Corporate Debtor on the one hand and Financial Creditor and Reliance Home Finance Limited (RHFL), to the shock and surprise of Corporate Debtor, Reliance Home Finance Limited (RHFL) issued loan recall notices all dated 30.11.2021 calling upon the Corporate Debtor to pay the outstanding financial debt in respect of the working capital facilities extended by RHFL to Corporate Debtor.

2.4. It appears that the said RHFL has executed an assignment deed dated 31.03.2023 pursuant to which the subject loan facilities extended by Reliance Home Finance Limited to Corporate Debtor alongwith all its rights and securities attached thereto was assigned to the Petitioner i.e. Financial Creditor without any intimation to the Corporate Debtor and without obtaining consent of Corporate Debtor and subsequently the Financial Creditor issued Loan recall/termination notice dated 03.08.2023 calling upon Corporate Debtor to repay financial debt arising out of loan facilities extended by Financial Creditor and RHFL.

2.5. That in respect of the loan facilities advanced by the Financial Creditor to Corporate Debtor, the same is barred by limitation.

Findings

3. This bench has perused the documents and pleadings available on record and considered the arguments of both the sides.

4. The following facts are not in dispute:



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- 4.1. Based on the documents placed on record it is clearly evident, that the Corporate Debtor has acknowledged its liability in respect of dues payable to the Financial Creditor in its affidavit in reply. Therefore, this bench is of the considered view that the Corporate Debtor has not disputed the loan facility which was provided by the Financial Creditor and this itself shows that debt is established and there is an admission of liability on part of the Corporate Debtor.
5. The Corporate Debtor further contented that the present petition is barred by limitation. This bench takes note of the Audited Financial Statements as on 31.03.2022 of the Corporate Debtor, where the debt is reflected, accordingly a fresh period of limitation commences from the said date. Considering the aforesaid the limitation period stands extended. The captioned petition is therefore fit for admission. Therefore, this bench is of the considered view that plea raised by the Corporate Debtor has no substance and finds no merits in the contentions of the Corporate Debtor.
6. We are of the considered view that the present Application under Section 7 of the Code is within the limitation and is maintainable. It is a settled law that the pre-requisites for an application under Section 7 of the Code are the existence of 'financial debt ' and a 'default' . The Corporate Debtor owes the Financial Debt in excess of Rs.1 Crore, which is in default, this bench is of the view that in such circumstances, it is imperative that the Corporate Insolvency Process be initiated in the matter of the Corporate Debtor. The petition is complete in all aspects. In the light of the above facts and circumstances, the existence of debt and default is reasonably established by the Applicant as a major constituent for admission of the Application under Section 7 of the Code.



ORDER

The Petition bearing CP (IB) No.116/MB-IV/2024 filed under section 7 of the Insolvency & Bankruptcy Code, 2016 (IBC) by Reliance Commercial Finance Limited ("Financial Creditor") seeking initiation of Corporate Insolvency Resolution Process (CIRP) in the matter of Medybiz Private Limited ("Corporate Debtor") (in its capacity as guarantor) is **Admitted**.

- a) There shall be a moratorium under section 14 of the IBC, in regard to the following:
- (i) 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;
 - (ii) Transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein;
 - (iii) 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 (SARFAESI) Act, 2002;
 - (iv) The recovery of any property by an owner or lessor where such property is occupied by or in possession of the Corporate Debtor.
- (c) Notwithstanding the above, during the period of moratorium, -



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- (v) The supply of essential goods or services to the corporate debtor, if continuing, shall not be terminated or suspended or interrupted during the moratorium period;
- (vi) That the provisions of sub-section (1) of section 14 of the IBC shall not apply to such transactions as may be notified by the Central Government in consultation with any sectoral regulator;
- (d) The moratorium shall have effect from the date of this order till the completion of the CIRP or until this Tribunal approves the resolution plan under sub-section (1) of section 31 of the IBC or passes an order for liquidation of Corporate Debtor under section 33 of the IBC, as the case may be.
- (e) Public announcement of the CIRP shall be made immediately as specified under section 13 of the IBC read with regulation 6 of the Insolvency & Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.
- (f) The bench hereby appoints **Mantrah Insolvency Professionals Private Limited**, an Insolvency Professional registered with Indian Institute of Insolvency Professionals of ICAI having registration number **IBBI/IPE-0040/IPA-2/2022-23/50021** and email- ipe@npvca.in. He is appointed as IRP for conducting CIRP of the Corporate Debtor and to carry the functions as mentioned under IBC, the fee payable to IRP/RP shall comply with the IBBI Regulations/Circulars/Directions issued in this regard. The IRP shall carry out functions as contemplated by Sections 15,17,18,19,20,21 of the IBC.
- (g) During the CIRP Period, the management of the Corporate Debtor shall vest in the IRP or, as the case may be, the RP in terms of section 17 of the IBC. The officers and managers of the Corporate Debtor shall provide all

documents in their possession and furnish every information in their knowledge to the IRP within a period of one week from the date of receipt of this Order, in default of which coercive steps will follow.

- (h) The Financial Creditor shall deposit a sum of Rs.5,00,000/- (Rupees Five lakh only) with the IRP to meet the initial CIRP cost, if demanded by the IRP to fund initial expenses on issuing public notice and inviting claims. The amount so deposited shall be interim finance and paid back to the applicant on priority upon the funds available with IRP/RP. The expenses, incurred by IRP out of this fund, are subject to approval by the Committee of Creditors (CoC).
- (i) The Registry is directed to communicate this Order to the Financial Creditor, the Corporate Debtor and the IRP by Speed Post and email immediately, and in any case, not later than two days from the date of this Order.
- (j) A copy of this Order be sent to the Registrar of Companies, Maharashtra, Mumbai, for updating the Master Data of the Corporate Debtor. The said Registrar of Companies shall send a compliance report in this regard to the Registry of this Court **within seven days** from the date of receipt of a copy of this order.

Sd/-

ANU JAGMOHAN SINGH
MEMBER (TECHNICAL)
08.05.2024.

Sd/-

KISHORE VEMULAPALLI
MEMBER (JUDICIAL)