

IN THE NATIONAL COMPANY LAW TRIBUNAL**NEW DELHI (COURT NO. IV)****IB-72/ND/2021**

(Under Section 10 of the Insolvency and Bankruptcy Code, 2016 Read with Rule 7 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016)

IN THE MATTER OF:**BALAJI DIGITAL SOLUTION PRIVATE LIMITED****...Applicant****Pronounced on:06.07.2021****CORAM:****DR. DEEPTI MUKESH****HON'BLE MEMBER (Judicial)****MS. SUMITA PURKAYASTHA****HON'BLE MEMBER (Technical)****For the Applicant:** Mr Pranav Gupta, Navya Khillon &Pulkit Deora, Advocates

IB-72/ND/2021

ORDER

Per-Dr. Deepti Mukesh, Member (J)

1. The Present Application is filed under section 10 of Insolvency and Bankruptcy Code, 2016 (for brevity 'IBC, 2016') read with Rule 7 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 (for brevity 'the Rules') by Balaji Digital Solutions Private Limited through its Director, Mr. Rishi Pal Ruhil, who has been duly authorized vide Board Resolution dated 01.12.2020 (for brevity 'Applicant') with a prayer to initiate the Corporate Insolvency process of the applicant.
2. The Applicant is a private limited company incorporated under the provisions of Companies Act, 1956 on 08.11.2001, having CIN U32109DL2001PTC113080. The applicant is having its registered office at Plot No 39, F & V Service Shop, Commercial Centre G Block G 16 First Floor, Vikas Puri, New Delhi-110018. The authorized share capital of the applicant is Rs 3,00,00,000/- and the paid up capital is Rs 2,91,50,680/-. The assets and liabilities of the applicant company as on 15.12.2020 are Rs 877,965,203/- and Rs 1,07,0257,331/- respectively.
3. The applicant has submitted that a fire broke out in office cum godown of the Applicant in and around FY 2016-2017 leading loss of stock in trade, furniture & fittings and office building, cumulatively amounting to Rs. 42.28 corers. The Applicant is holding Standard Fire & Special Perils Policy to cover its Stock of Rs. 35 crores and Business interruption policy (fire) for 14.50 crores from New



India Assurance Co. Ltd. The claim before the relevant insurance companies are pending.

4. The applicant submits inspite of fire incidence, turnover from operations to the tune of Rs 400.38 crores were achieved by the applicant in the FY 2016-17 as compared to previous year turnover of Rs. 397.46 Crores. The applicant submits that the company is engaged in distribution of telecom products of leading telecom companies like Samsung India Electronics Pvt Ltd, Sony India Pvt Ltd, Ingram Micro India Ltd, Xiaomi India Pvt Ltd, Tata Tele Services Ltd, Reliance Infocomm Pvt Ltd. In 2017, high fluctuation in the price of telecom products and change in technology as well as change in govt. policies, which badly impacted trading business of the Applicant. The applicant submits that after closure of Tata Tele Services Ltd, dealers in the market had returned stock of CDMA mobile phones, recharge coupons and sluggish realization of these debtors and the declining performance resulted in a severe cash flow, eventually hampering the business cycle of the Applicant.
5. The applicant submits that as a consequences to abovementioned circumstances, a net loss of Rs 6,48,41,721/- in the FY 2017-2018 and a net loss of Rs. 20,26,92,256/- in the FY 2018-2019 was suffered by the applicant. The applicant further submits that revenue from operations in the FY 2019-2020 were NIL. The Applicant did not have sufficient funds to continue operations.
6. The applicant submits that the company would be in a better position to restart operations after settling its financial and operational liabilities and renewing

working capital facilities. In order to do so, it shall endeavour to unlock value in its property, which are valued at Rs. 20.12 crores. The applicant envisages recovering its insurance claim from New India Assurance Co. Ltd., to the tune of Rs. 48.16 crores approximately, and also recover stock, other current assets including sundry debts together valued at Rs. 82 Lakhs.

7. The applicant further submits that the Company had preliminary discussions with its lenders for a one-time settlement and had secured an agreement with Tata capital Financial Services Ltd. to settle its debts of Rs. 22 crores and an agreement with RBL Bank Ltd. to settle its debts of Rs. 5.50 crores. The applicant further submits that the Company has a substantial amount of goodwill with its suppliers and retailers network in the market and being a prominent name in the telecom industry, the Company is assured that its supplier are keen to restart business dealings, once the company is free from its debts and regains its solvency.
8. The applicant submits that being a market leader with rich experience in Tele_com trade, the Company has the potential to successfully revive its business given an opportunity to settle its debts and raise fresh capital by way of a resolution plan under I & B Code, 2016. The company along with its Directors would be in a position to approach new investors retail and strategic, to raise fresh equity and working capital.
9. It is submitted that the notices to the ROC and the Income Tax Department were issued but no reply was received by the concerned authorities.

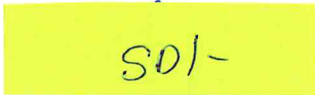


10. In the circumstances mentioned above, in our view this is a fit case for initiating the corporate insolvency resolution process, in order to give fresh lease of life to applicant. Looking at endeavors for restructuring by the applicant, with its lenders and the good will carried in the business market, once opportunity to the applicant can be given to bounce back in business through resolution.
11. The Applicant has proposed the name of Mr. Mahesh Agarwal as Insolvency Resolution Professional, who is be and hereby appointed as IRP of corporate debtor having registration number registration number IBBI/IPA-001/IP-P01995/2020-21/13087 (email -ip1387ma@gmail.com) as the Interim Resolution Professional subject to the condition that no disciplinary proceedings are pending against such an IRP named who may act as an IRP in relation to the CIRP of the Respondent and specific consent is filed in Form 2 of Insolvency and Bankruptcy Board of India (Application to Adjudicating Authority) Rule, 2016 in relation to specifically the corporate debtor and the applicant herein and make disclosures as required under IBBI (insolvency Resolution Process for Corporate Persons) Regulations, 2016 within a period of one week from the date of this order.
12. As a consequence, moratorium as envisaged under the provisions of Section 14(1) shall follow in relation to the Corporate debtor prohibiting proviso (a) to (d) of the Code. However, during the pendency of the moratorium period, terms of Section 14(2) to 14(4) of the Code shall come in vogue.
13. We direct the corporate applicant to deposit a sum of Rs. 2 lacs with the Interim Resolution Professional, namely Mr. Mahesh Agarwal to meet out the expenses and perform the functions assigned to him in accordance with regulation 6 of



Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Person) Regulations, 2016. The needful shall be done within one week from the date of receipt of this order by the applicant. The amount however be subject to adjustment by the Committee of Creditors, as accounted for by Interim Resolution Professional, and shall be paid back to the applicant.

14. In terms of above order, the Application stands admitted in terms of Section 10 of IBC, 2016. A copy of the order shall be communicated to the Applicant as well as to the Corporate Debtor above named by the Registry. In addition, a copy of the order shall also be forwarded to IBBI for its records and to ROC for updating master data. Further the IRP above named be also furnished with copy of this order forthwith by the Registry.



SDI-

(MS. SUMITA PURKAYASTHA)
MEMBER (T)



SDI-

(DR. DEEPTI MUKESH)
MEMBER (J)