

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

CP(IB)/105/MB-IV/2024

Under Section 7 of the IBC, 2016

In the matter of

Reliance Commercial Finance Limited

[CIN: U66010MH2000PLC128301]

... Financial Creditor

v/s.

Celebrita Mediahouse Private Limited

[CIN: U22300MH2018PTC317478]

...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. Yashwant Dhanegave
i/d Adv. Harshvardhan
Borse, 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. 793,02,68,493/- (Rupees Seven Hundred Ninety Three Crore Two Lakh Sixty-Eight Thousand Four Hundred and Ninety Three Only) (Principal amount is Rs. 350,00,00,000/- plus interest as per the terms of the loan agreement amounting to Rs. 225,88,76,712/- as on 31.08.2023, plus penal interest as per the terms of the loan agreement amounting to Rs. 217,13,91,781/- as on 31.08.2023). The date of default as specified in Part IV of the petition are as follows:

Sr. No	Loan Amount (in Rs.)	Date of default
1	150,00,00,000/-	01.02.2020
2	60,00,00,000/-	01.03.2020
3	90,00,00,000/-	10.03.2020
4	50,00,00,000/-	15.04.2020

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 27.02.2019 issued by Relaince Home Finance Limited (“RHFL”);
- ii. Rs. 60,00,00,000/- vide sanction letter dated 01.03.2019 issued by Relaince Home Finance Limited (“RHFL”);

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

- i. Rs. 90,00,00,000/- vide sanction letter dated 11.03.2019 issued by Reliance Commercial Finance Limited (Financial Creditor/“RCFL”);
- ii. Rs. 50,00,00,000/- vide sanction letter dated 18.04.2019 issued by Reliance Commercial Finance Limited (Financial Creditor/“RCFL”);

1.3. Accordingly, the Corporate Debtor entered into Facility cum Hypothecation Agreement dated 22.02.2019 and 01.03.2019 and executed other documents with RHFL.

1.4. The Corporate Debtor acknowledged the debt owed to Financial Creditor by giving Balance Confirmation dated 30.09.2021 for an amount of Rs. 214,37,67,123/- (Rupees Two Hundred Fourteen Crore Thirty Seven Lakh Sixty Seve Thousand One Hundred and Twenty Three Only), including interest, and also Balance Confirmation dated 30.09.2021 was given by the Corporate Debtor with respect to the debt amount of Rs. 363,85,56,164/- (Rupees Three Hundred Sixty Three Crore Eighty Five Lakh Fifty Six Thousand One Hundred and Sixty Four Only), including interest, which was owed to RHFL.

1.5. Further, RHFL sent a Loan Recall Notice/Termination of Agreement Notice via Registered Post dated 17.12.2021 and requested the Corporate

Debtor to make the outstanding payment but the Corporate Debtor failed to give any response.

- 1.6. 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 Relaince 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.
- 1.7. It is submitted that in view of the Balance Confirmations made by the Corporate Debtor on 30.09.2021 to the Financial Creditor and RHFL, the Corporate Debtor has acknowledged the total amount of Principal debt and Interest debt of Rs. 578,23,23,287/- (Rupees Five Hundred Seventy Eight Crore Twenty Three Lakh Twenty Three Thousand Two Hundred and Eighty Seven Only) which is now liable to be paid to the Financial Creditor.
- 1.8. Accordingly, the Financial Creditor now claims the Principal amount of Rs. 350,00,00,000/- plus interest as per the terms of the loan agreement amounting to Rs. 225,88,76,712/- as on August 31.05.2023, plus penal interest as per the terms of the loan agreement amounting to Rs. 217,13,91,781/- as on 31.08.2023, as a total amount of debt from the Corporate Debtor.
- 1.9. It is further, submitted that the Corporate Debtor has not paid a single penny to the Financial Creditor or RHFL, for the amount of loan disbursed.

In view of the same, the Financial Creditor is filing the instant petition against the Corporate Debtor.

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. 90,00,00,000/- (Rupees Seventy Crore Only) vide Sanction Letter dated 11.03.2019;
- b) Rs. 50,00,00,000/- (Rupees Ten Crore Only) vide Sanction letter dated 18.04.2019;

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 17.02.2019
- b) Rs. 60,00,00,000/- (Rupees One Hundred Crore Only) vide Sanction Letter dated 01.03.2019.

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 17.12.2021 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. 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.

2.5. That the consent of the Corporate Debtor in respect to the said assignment was not obtained and as such the Corporate Debtor has privity of Contract only with Reliance Home Finance Limited and not the present Financial Creditor.

2.6. 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.

3.1. In the present application, the date of default as specified in Part IV of the petition are as follows:

Sr. No	Loan Amount (in Rs.)	Date of default
1	150,00,00,000/-	01.02.2020
2	60,00,00,000/-	01.03.2020
3	90,00,00,000/-	10.03.2020
4	50,00,00,000/-	15.04.2020

Since, the default dated 15.04.2020 has occurred during the period excluded under Section 10A to initiate CIRP against the Corporate Debtor i.e. from 25.03.2020 to 24.03.2021. The said loan amount on the basis of default, which occurred during the period excluded by virtue of provisions of Section 10A of the Code is not maintainable. Hence, we proceed on the basis of defaults which have occurred in the other loans.

4. The following facts are not in dispute:

4.1. Based on the documents placed on record it is clearly evident, that the Corporate Debtor acknowledged its liability in respect of dues payable to the Financial Creditor. The Corporate Debtor acknowledged the debt owed to Financial Creditor by giving Balance Confirmation dated 30.09.2021 for an amount of Rs. 214,37,67,123/- (Rupees Two Hundred Fourteen Crore Thirty Seven Lakh Sixty Seven Thousand One Hundred and Twenty Three Only), including interest. Further, the Balance Confirmation dated 30.09.2021 was given by the Corporate Debtor with respect to the debt amount of Rs. 363,85,56,164/- (Rupees Three Hundred Sixty Three Crore Eighty Five Lakh Fifty Six Thousand One Hundred and Sixty Four Only), including interest, which was owed to RHFL. 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. Based on the documents placed on record the Balance Confirmation dated 30.09.2021 will lead to admission of liability on part of the Corporate Debtor, accordingly a fresh period of limitation will be computed same. 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.105/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 Celebrita Mediahouse 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, -
- (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 **TRUEUE IPE PRIVATE LIMITED**, an Insolvency Professional registered with Indian Institute of Insolvency Professionals of ICAI having registration number **IBBI/IPE-0151/IPA-1/2023-24/50052** and email- **jain_cp@yahoo.com**. 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)