Krebs Biochemicals & Industries Limited

CIN : L24110AP1991PLC103912

28th May 2020

To

The Manager,
Listing Department,
National Stock Exchange of India Limited,
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai- 400051.

The Manager,
Department of Corporate Relations,
BSE Limited,
P J Towers, Dalal Street,
Fort, Mumbai- 400001.

Dear Sir/Madam,

Sub: Intimation of appointments as required under Regulation 30 of SEBI (LODR) Regulations, 2015

In reference to the above captioned subject, we herewith intimate to the Exchange that the Hon'ble NCLT, Amaravati Bench in the case of RR Innovatives V/s Krebs Biochemicals and Industries Limited vide Case No CP(IB) No.172/9/AMR/2019 passed an Order dated 22nd May, 2020, admitting the case and appointing Shri Rajesh Chhaparia, Insolvency Resolution Professional to carry out the Corporate Insolvency Resolution process of Krebs Biochemicals and Industries Limited.

The Company has come to the knowledge of the order on 27th May, 2020. A copy of the order is attached for your records.

The order has been passed erroneously not taking into certain facts on record and the accordingly the Company is contesting the matter at the appropriate forum.

This is for your information and records.

Thanking You,

Yours Truly
For **Krebs Biochemicals and Industries Limited**

Taruni Banda

Company Secretary and Compliance Officer

NATIONAL COMPANY LAW TRIBUNAL
AMARAVATI BENCH
*** *** ***

CP (IB) No. 172/9/AMR/2019

In the matter of Krebs Bio-Chemicals & Industries Limited

*** *** ***

Dated 22nd May, 2020

The regular court proceedings have been suspended/closed as per Notice dated 22.03.2020 of NCLT, Principal Bench and subsequent follow up orders due to the COVID-19 pandemic. The order in this case is ready. Counsel for the Petitioner and Respondent were unable to connect to the Video Conference (VC) due to internet problem at their end. Order is pronounced in the open Court as per separate sheets. The CP (IB) No. 10/9/AMR/2019 is admitted.

Upload the same onto the NCLT website. A copy of the order may also be sent to the Registrar, NCLT as per Circular dated 14.04.2020 for necessary action at his end.

MEMBER JUDICIAL

NATIONAL COMPANY LAW TRIBUNAL
AMARAVATI BENCH
*** *** ***

CP (IB) No. 172/9/AMR/2019

In the matter of a Petition under Section 9 of the Insolvency and Bankruptcy Code, 2016
and

In the matter of Krebs Bio-Chemicals & Industries Limited

Between

R R Innovative Private Limited
6-3-865/D/1 to 4, 1st Floor,
Madhupala Towers, Ameerpet
Hyderabad – 500 016, Telangana. **... Petitioner**

and

Krebs Bio-Chemicals & Industries Limited
Registered Office
Kothapally Village, Vedurparthy Post,
Kasamkot Mandal Near Anakapally,
Visakhapatnam – 531 031, Andhra Pradesh. **... Respondent**

Date of Order: 22.05.2020

CORAM:

Hon'ble Janab Mohammed Ajmal, Member Judicial

Appearance:

For Petitioner: Mr. V. Appa Rao and Mr. P.V. Rama Rao, Advocates.

For Respondent: Mr. K. Ramesh Chowdary, Advocate and Ms. Taruni Banda, CS.

ORDER

This is an Application under section 9 of Insolvency & Bankruptcy Code (the Code) seeking Corporate Insolvency Resolution Process (CIRP) of the Respondent Company for default in payment of an operational debt.

2. The Petitioner is a Private Limited Company having registered office in Chennai, is the supplier certain chemicals. The Respondent is a Public Company (CIN: L24110AP1991PLC103912) with its Registered Office at Kothapally Village in the Visakhapatnam District, Andhra Pradesh. The Respondent in its course of business operations had raised several purchase orders viz. 18-19/NL/RM/0038 dated 07.09.2018; 18-19/VZ/RM/0126 dated 06.11.2018; 18-19/NL/RM/0073 dated 20.11.2018 and 18-19/NL/RM/0074 dated 23.11.2018. The Petitioner supplied chemicals i.e. Methylene Dichloride and Methanol to the Respondent as per the purchase orders. The accepted them. There has been no dispute relating to the quantity or quality of goods. The Petitioner issued four invoices i.e. (i) GH1352 dated 29.09.2018 for Rs. 17,78,708/-; (ii) GV0746 dated 06.11.2018 for Rs. 9,91,790/-; (iii) GVO793 dated 24.11.2018 for Rs. 9,36,508/-; and (iv) GH1873 dated 02.12.2018 for Rs. 22,72,208/-; totalling Rs. 59,79,214/-. Out of which a sum of Rs. 2,91,790/- paid by the Respondent on 23.05.2019, leaving balance of Rs. 56,87,424/-. The Respondent failed to make the payment despite several reminders. For such failure the Respondent is liable to pay interest @ 21% per annum for the date of delivery to till payment. The Respondent issued three cheques dated 15.07.2019 bearing Nos. 5891 for Rs. 7,00,000/-; 5892 for Rs. 9,00,000/- and 5893 for Rs. 8,78,708/- drawn on HDFC Bank, Hyderabad. The Petitioner deposited the cheques for encashment, the same were returned on the ground of insufficient funds. However, the Respondent did not paid amounts due. The Petitioner issued the Demand Notice dated 31.07.2019 under section 8 of the Code in Form 3 along with Form 4 and sent it by RPAD on 06.08.2019 and the same was acknowledged. The Respondent in reply to the demand notice admitted the debt amount and submitted that the Respondent is having intention to make payments and thus issued cheques to Petitioner. However the Company went through an untoward

phase as it received a stop production order dated 01.05.2019 from the Andhra Pradesh Pollution Control Board and both its plants in Vizag and Nellore had to be shutdown with no production. This left the Respondent in a tough situation affecting the cash flows. The fact was brought to the notice of the Petitioner vide email dated 13.07.2019. It is also mentioned that the Respondent proposes to pay the total amount in monthly instalments within due course of time as may be agreed.

3. The Petitioner however came up with the Petition on 06.09.2019. The Petitioner later filed a Memo dated 30.10.2019 stating that in terms of purchase orders and invoices that the Respondent ought to pay the debt of Rs. 56,87,424/- and interest of Rs. 7,92,578/- as on 18.10.2019. The Petitioner could withdraw the CP on receipt of entire amount by cash or by way of post-dated cheques. It is also submitted that the Respondent admitted the liability and liable to pay interest as per the contractual obligations.

4. The Respondent in its Counter dated 24.12.2019 reiterated the averments made in the reply to the Demand Notice and further submitted that it admitted the debt of Rs.56,87,424/- and acknowledged to pay the debt in monthly instalments by entering into a MoU. The Respondent on 18.10.2019 had given a proposal for settlement by which Demand Draft was given to the Petitioner for a sum of Rs.16,87,424/- vide DD No.000930 as an initial amount with a view to viably settle the claim. It further proposed to pay the remaining Rs. 40,00,000/- on instalments. The Petitioner encashed the said DD on 19.10.2019. This act of the Petitioner clearly affirmed that the proposal of the Respondent has been accepted. Similarly, the Respondent has paid an amount of Rs. 10,00,000/- vide NEFT No. N324190321060701 on 20.11.2019 and Rs. 10,00,000/- vide NEFT No. N355190338349733 on 21.12.2019.

Further the Respondent company is ready to honour the balance instalment amount of Rs. 20,00,000/- due as per the proposal submitted. This clearly shows that the Respondent is solvent enough to discharge its liabilities. The claim of the Petitioner under the Code is stoutly denied. It is further stated that the Respondent has not agreed in the purchase order to pay interest.

5. The Petitioner filed rejoinder dated 09.01.2020 to the effect that the Respondent admitted the debt of Rs. 56,87,424/- and not interest as per invoices and the same is not acceptable to the Petitioner. In terms of contractual obligations the Respondent has to pay interest for delayed payment. The same comes to Rs. 7,92,578/-. Further, the Petitioner availed credit facilities from banks and paying to its clients for supply of raw material and other incidental costs thereof in respect of material supplied to Respondent and the rate of interest over the limits are around 15% compound on monthly respects thereby it will costs more than 20% on annual basis. The Respondent admitted the liability basing on terms of invoices. Its refusal to pay the interest component is nothing but its failure to pay the admitted liability. The Petition thus needs to be admitted.

6. Heard the counsel for both the parties. Materials available on record clearly indicate that the petitioner had supplied goods to the Respondent in due course of business. It had raised invoice on various dates for a total sum of Rs. 59,79,214/- and after adjusting the payments made by the Respondent the due amount is Rs. 56,87,424/-. The Respondent in their counter admitted that a sum of Rs. 56,87,424/- is due to be paid to the Petitioner. The Respondent paid a sum of Rs. 36,87,424/- on three tranches to the Petitioner leaving an outstanding balance of Rs. 20,00,000/-. It was thus in default in payment of an operational debt.

7. From these materials it would appear that the Respondent owed an operational debt to the Petitioner. The default interest amount of Rs. 7,92,578/- claimed can be acceded to the same being a part of the invoices. The petitioner has not proposed the name of the Interim Resolution Professional (IRP). The Petition is otherwise complete. It thus needs to be admitted. Hence ordered.

ORDER

The Company Petition is admitted on contest. The Corporate Insolvency Resolution Process of the Respondent shall commence from this date and shall be completed within 180 days hence.

i. Shri Rajesh Chhaparia (Registration No. IBBI/IPA-001/IP-P00474/2017-2018/10817), having office at B-3, Magadha Empire, 8-6-42/7, 2nd Floor, Pedawaltair, Visakhapatnam, Andhra Pradesh - 530017; e-mail: rajesh_chhaparia@yahoo.co.in; Mobile: 9652184801 is appointed as the Interim Resolution Professional. No disciplinary proceeding is pending against him as per the IBBI website. He is directed to file his written consent in Form No. 2 forthwith.

ii. He is directed to take charge of the Respondent/Corporate Debtor's management forthwith and take necessary steps in furtherance of the CIRP in terms of Sections 13(2), 15, 17, 18 and 20 of Code and Rules made thereunder.

iii. Moratorium in respect of the Respondent is hereby declared under Section 14 of the Code.

iv. The Directors, Promoters or any other person(s) associated with the management of Respondent (Corporate Debtor) shall extend all assistance and cooperation to the IRP as stipulated

under section 19 of the code for effectively discharging his functions under the Code.

v. The Registry shall communicate the order to the Petitioner and the Respondent forthwith.

vi. The Petitioner/OC and the Registry shall send the copy of this order to IRP for necessary compliance.

(MOHAMMED AJMAL)
MEMBER JUDICIAL