



MESCO STEEL
Partnering Progress



ISO 9001:2008

31st May, 2023

To

The General Manager
Listing Operations
BSE Limited, P.J. Towers,
Dalal Street, Mumbai – 400 001

SCRIP CODE: 540744

Subject: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Initiation of Corporate Insolvency Resolution Process ("CIRP") and appointment of Interim Resolution Professional ("IRP")

Dear Sir/Ma'am,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 it is hereby informed that our company has received an order regarding initiation of Corporate Insolvency Resolution Process ("CIRP") dated 24th May, 2023 by National Company Law Tribunal Bench VI (Hauz Khas, New Delhi) under the provisions of Insolvency and Bankruptcy Code, 2016. M/s. [Name of IRP] has been appointed as the Interim Resolution Professional ("IRP") to carry out Corporate Insolvency Resolution Process of the Company. The copy of the order dated 24.05.2023 is annexed.

In view of provisions of section 17 of the Code, the powers of the Board of Directors of Mideast Integrated Steels Limited stood suspended and such powers shall be vested with undersigned appointed as the Interim Resolution Professional by the NCLT vide its order dated 24.05.2023.

The above mentioned disclosure is delayed due to unavailability of undersigned because of being on leave.

The Company went into an appeal with NCLAT, Delhi for settlement of the dues of the party. The appeal was dismissed by NCLT, Delhi. The copy of the order is annexed.

The proceedings as per order of NCLT, Delhi dated 24.05.2023 is being carried on for initiation of Corporate Insolvency Resolution Process.

For necessary information and records.

Mideast Integrated Steels Limited

So as per provisions of section 17 of the Code, the powers of the Board of Directors of Mideast Integrated Steels Limited stood suspended and such powers shall be vested with undersigned appointed as the Interim Resolution Professional by the NCLT vide its order dated 24.05.2023.

The above mentioned disclosure is delayed due to unavailability of undersigned because of being on leave.

Further the Company went into an appeal with NCLAT, Delhi for settlement of the dues of the party. The appeal was dismissed by NCLT, Delhi. The copy of the order is annexed.

Thus no proceedings as per order of NCLT, Delhi dated 24.05.2023 is being carried on for initiation of Corporate Insolvency Resolution Process.

This is for your necessary information and records.

Thanking You
Yours truly
For Mideast Integrated Steels Limited

[Signature]
Priyanka Chugh
Company Secretary

MIDEAST INTEGRATED STEELS LIMITED

Corporate Identity No. - L74899DL1992PLC050216

Head Office: H-1, Zamrudpur, Community Centre, Kailash Colony, New Delhi - 110 048, India, T: 011-29241099, 40587085, 40587083
Mumbai Office: Tower 3915, Lewis Road, Kedargouri Square, Bhubaneswar - 751 014, Odisha, T: 0674-2432755/59, Fax: 0674-2432256
Bhubaneswar Office: Plot No. 20, Danagadi - 755 026, Dist. Jajpur, Odisha, T: 06726-266042/45, 0671-2383100, Fax: 06726-266041
Bhubaneswar Office: Unit No. 201, Silver Park, Water Field Road, Bhubaneswar, Odisha - 751 005, T: 0674-2383100, Fax: 0674-2383100
Kolkata Office: 14th Floor, Room No. 1412-16, Strand Road, Kolkata - 700 001, T: 033-88481214 / 1215

Regd. Off.: Mesco Towers
Bhubaneswar Office: Mesco
Mumbai Office: Mesco
Kolkata Office: Mesco

**IN THE NATIONAL COMPANY LAW TRIBUNAL
NEW DELHI
BENCH-VI**

IB-421/ND/2022

Section: Under Section 7 of the Insolvency and Bankruptcy Code, 2016 and Rule 4 of the Insolvency and Bankruptcy Code (Application to Adjudicating Authority), Rules, 2016.

In the matter of:

Silver Bank Limited

(Formerly known as
Banyan Tree Bank Limited)

Having its registered office at:

13th Floor, Nexteracon 1, Cybercity,
Ebene, Mauritius.

...Petitioners/
Financial Creditor

Versus

M/s. Mideast Integrated Steels Limited

Having its registered office at :

B4/35, H-1, Zamrudpur Community Centre,
Kailash Colony, New Delhi — 110048

...Respondent/
Corporate Debtor

Coram:**Bachu Venkat Balaram Das) Member (Judicial)****Shri. Rahul Bhatnagar, Member (Technical)**

Counsel for Petitioner: Mr. Amit Agarwal, Mr. Shwetabh Sinha, Ms. Radhika Yadav and Mr. Vatsara Pandey, Advs.

Counsel for CD: Mr. Rakesh Kumar, Mr. Aditya Nayyar and Mr. Rishabh Arora, Advs.

ORDER**PER: RAHUL BHATNAGAR, MEMBER (TECHNICAL)****Date: 24.05.2023**

1. This petition has been filed by Silver Bank Limited through Authorised Representative Mr. Rajendera Pawar, authorised vide board resolution dated 16th March 2022 to initiate corporate insolvency resolution process (hereinafter referred to as "CIRP") against M/s.

M/s. Mideast Integrated Steels Limited under Section 7
IB-421/ND/2022

of the Insolvency and Bankruptcy Code 2016 (hereinafter referred to as "the Code") for the alleged default on the part of the Respondent in repayment of debt of Rs. 12,96,95,768.63/- (Rupees Twelve Crore ~~Ninety-Six Lakh Ninety-Five Thousand Seven Hundred and Sixty-Eight Sixty-Three~~ Paisa). The details of transactions leading to the filing of this application as averred by the Applicant are as follows:

- i. That the Financial Creditor disbursed loan of USD 2,500,000 under a loan agreement dated 16th December 2014 (Hereinafter referred to as "First Loan Agreement") for expansion of their plant in Orissa. The First Loan Agreement was secured by personal guarantee of one of the Promoters, Mrs. Rita Singh. The repayment was agreed to be done by half yearly payments of USD 312,500 from December 2014 to December 2019. However, the Corporate Debtor defaulted in payment of principal amount from December 2018 and interest amount from 01st October 2019.

- ii. The Financial Creditor disbursed another loan of USD 400,000 under a loan agreement dated 08th June 2015 (Hereinafter referred to as "Second Loan Agreement") for expansion of their plant in Orissa. The repayment was agreed to be done by way of half yearly payments from December 2015 to 31 December 2019 as per the repayment schedule annexed to the Second Loan Agreement. However, the Corporate Debtor defaulted in payment of principal amount and interest amount.
- iii. The Financial Creditor disbursed another loan of USD 700,000 under a loan agreement dated 15th April 2017 (Hereinafter referred to as "Third Loan Agreement") for capital expenditure requirements of the Corporate Debtor. The repayment was agreed to be done in half yearly instalment of USD 58,333 commencing from September 2017 to March 2023. However, the Corporate Debtor defaulted in payment of

principal amount from March 2019 and interest amount from 01st October 2019.

iv. That during the period of default in payment of outstanding sum, several discussions took place by between parties to refinance the loan and secure the loan with different collaterals as security. Subsequently, as the Corporate Debtor had defaulted in repayment of the loan, on 15th

February 2020, an indicative term sheet was signed by Corporate Debtor and Financial Creditor to refinance the outstanding amount due in which it was agreed to create first fixed charge on a commercial property in Kailash Colony, New Delhi as a security. However, due to lockdown and Financial Creditor going into receivership, the charge was not created

v. Thereafter, after multiple reminders and discussions, as the Corporate Debtor failed to repay the loan, the Financial Creditor instructed its advocate to issues demand notice under all

three loan agreements. The notices were sent on

20th December 2021.

vi. That even after serving them demand notice, no response was received nor did the Corporate Debtor repay any outstanding amounts. Thus, the Petitioner had no other choice but to file the present Company Petition.

2. Consequent to the notice issued by this Tribunal, the Respondent filed its reply in which the following contentions were made:

i. That in the year 2017, the Hon'ble Supreme Court had passed the judgement dated 02.08.2017 titled

as "*Common Cause vs. Union of India*" [Writ Petition.....

(Civil) No. 114 of 2014] wherein the mining work carried out by some companies in Orissa were banned and certain penalties were imposed on all the companies which caused major set back in the business of the Corporate Debtor. In furtherance to the Judgment dated 02.08.2017 imposing a penalty amount of INR 924,75,24,283/- (Rupees

Nine Hundred Twenty-Four Crores Seventy-Five

Lakhs Twenty-Four Thousand Two Hundred Eighty-Three) on the CD. It is a matter of record that the CD has already paid an amount of approximately INR 360 Crore out of the total aforesaid penalty imposed on the CD.

- ii. That some mining excavation material was lying at the mining sites of the CD. The CD has been seeking permission to sell the said mining material from the Hon'ble Supreme Court by filing various interim applications. The Hon'ble Supreme Court has been granting such permissions from time to time. It was only after selling of the said material, the CD was able to pay the aforesaid amount of approximately INR 360 Crores out of the total penalty imposed on the CD.
- iii. That the CD still has 12 lakh tons of material lying at the designated mining sites which has an approximate value of INR 600-700 Crores. The CD has filed interim applications before the Hon'ble Supreme Court to release the said material so that

it can sell the same and discharge the liability of its creditors.

- iv. That the CD has rights over the railway siding. The CD is expected to earn a revenue of INR 30,00,000/- (Rupees Thirty Lakhs) per month from the said railway siding license.
- v. That 16 petitions were filed against the Corporate Debtor to initiate the Corporate Insolvency Resolution Process (CIRP) of the CD. Out of these 16 petitions, the CD was able to settle 12 of them.
- vi. That the CIRP may be a death warrant for the C.D. The Resolution Professional may not handle the peculiar nature of the businesses of the CD with respect to its mining legal rights before the various forums.
- vii. That in view of the above, it is submitted that CD is a going concern. it is still discharging its

liabilities to its operational and financial creditors.

The major creditors of the CD were banks, which have been paid through OTS, not only that, various other liabilities of the CD have been

discharged. It is also contended that due to Covid-19 Pandemic, the manufacturing activities (save and except a few industries like Pharmaceutical etc.) were badly affected resulting in slowdown in the economy of the country and even the world at large. Consequently, the revival plans of the Corporate Debtor also got slowed down for almost two years (i.e. 2020-2022). However, now the situation is improving and the Corporate Debtor is

3. We have heard the Ld. Counsel appearing for the Applicant and the Respondent and perused the averments made in the application and reply filed on behalf of the parties.
4. Mere reading of the provision under section 7 of IBC shows that in order to initiate CIRP under Section 7 the Applicant is required to establish that there is a financial debt and that a default has been committed in respect of that financial debt. The Code requires the adjudicating authority to only ascertain and record satisfaction in a summary adjudication as to the occurrence of default before admitting the application. The case of the Corporate Debtor is based upon the judgement of Hon'ble Supreme Court in the matter of *Vidarbha Industries Power Limited vs. Axis Bank Limited*" [Civil Appeal No 4633 of 2021] The relevant paragraph of the said judgement is reproduced herein below:

"77, On the other hand, in the case of an application by a Financial creditor who might even initiate proceedings in a representative capacity on be of all financial creditors, the Adjudicating

Authority might examine the expedience of initiation of CIRP, taking into account all relevant facts and circumstances, including the overall financial health and viability of the Corporate Debtor. The Adjudicating Authority may in its discretion not admit the application of a financial creditor.

5. However, very recently Supreme Court in the matter of *M. Suresh Kumar Reddy vs. Canara Bank and Ors.* (11.05.2023 - SC) : MANU/SC/0561/2023 held that There is no ground available to reject an application u/s 7 of IBC except NCLT finds that the debt has not become due and payable, the decision in ‘Vidarbha Industries’ cannot be read and understood as taking a view which is contrary to the view taken in ‘Innoventive Industries’ and ‘E.S. Krishnamurthy’ Relevant para of the aforesaid judgement is reproduced as under: -

10. Thus, once NCLT is satisfied that the default has occurred, there is hardly a discretion left with NCLT to refuse admission of the application Under Section 7. Default is defined Under Sub-section 12 of Section 3 of the IB Code which reads thus:

3. Definitions: In this Code, unless the context otherwise requires, -

.....

(12) "default" means non-payment of debt when whole or any part or instalment of the amount of debt has become due and payable and is not [paid] by the debtor or the corporate debtor, as the case may be;

Thus, even the non-payment of a part of debt when it becomes due and payable will amount to default on the part of a Corporate Debtor. In such a case, an order of admission Under Section 7 of the IB Code must follow. If the NCLT finds that there is a debt, but it has not become due and payable, the application Under Section 7 can be rejected. Otherwise, there is no ground available to reject the application.

6. In the present case the material on record clearly goes to show that CD had availed the loan and has committed default in repayment of the outstanding loan amount. The Corporate Debtor has neither denied the existence of debt and nor the factum of default.
7. We are satisfied that the present application is complete in all respects and the applicant financial creditor is entitled to claim its outstanding financial debt

from the corporate debtor and that there has been default in payment of the financial debt.

8. In light of the above and in terms of the acceptance of the existence of debt and its default by the Corporate Debtor in its reply to the present application, this Tribunal **admits** this petition and initiates CIRP on the Corporate Debtor with immediate effect.

9. Sub-section (3) (b) of Section 7 mandates the Financial

Creditor to furnish the name of an Interim Resolution Professional. In compliance thereof the applicant has proposed the name of Mr. Atul Kumar Kansal for appointment as Interim Resolution Professional having registration number IBBI/IPA-001/IP-P00035/2016-2017/10088. The Proposed IP has a valid AFA which is valid upto 17.11.2023. Accordingly, this Adjudicating Authority, hereby appoints Mr. Atul Kumar Kansal (Email - cakansal@yahoo.com), to act as Interim Resolution professional. He shall take such other and further steps as are required under the statute, more

specifically in terms of Section 15, 17 and 18 of the Code and file his report within 30 days before this Bench.

10. In pursuance of Section 13 (2) of the Code, we direct that public announcement shall be made by the Interim Resolution Professional immediately (3 days as prescribed by Explanation to Regulation 6(1) of the IBBI Regulations, 2016) with regard to admission of this application under Section 7 of the Insolvency & Bankruptcy Code, 2016.

11. We also declare moratorium in terms of Section 14 of the Code. The necessary consequences of imposing the moratorium flows from the provisions of Section 14 (1) (a), (b), (c) & (d) of the Code. Thus, the following prohibitions are imposed:

“(a) 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;

(b) transferring, encumbering, alienating or disposing of by the corporate debtor any of its

assets or any legal right or beneficial interest therein;

(c) 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 Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;

(d) the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate debtor.”

12. It is made clear that the provisions of moratorium shall not apply to transactions which might be notified by the Central Government or the supply of the essential goods or services to the Corporate Debtor as may be specified, are not to be terminated or suspended or interrupted during the moratorium period. In addition, as per the Insolvency and Bankruptcy Code (Amendment) Act, 2018 which has come into force w.e.f. 06.06.2018, the provisions of moratorium shall not apply

to the surety in a contract of guarantee to the corporate debtor in terms of Section 14 (3) (b) of the Code.

13. The Interim Resolution Professional shall perform all his functions contemplated, inter-alia, by Sections 15, 17, 18, 19, 20 & 21 of the Code and transact proceedings with utmost dedication, honesty and strictly in accordance with the provisions of the Code, Rules and Regulations. It is further made clear that all the personnel connected with the Corporate Debtor, its promoters or any other person associated with the Management of the Corporate Debtor are under legal obligation under Section 19 of the Code to extend every assistance and cooperation to the Interim Resolution Professional as may be required by him in managing the day to day affairs of the 'Corporate Debtor'. In case there is any violation committed by the ex-management or any preferential/ undervalued/ tainted/illegal transaction by ex-directors or anyone else, the Interim Resolution Professional shall make an application to this Adjudicating Authority (Tribunal) with a prayer for

passing an appropriate order. The Interim Resolution Professional shall be under duty to protect and preserve the value of the property of the 'Corporate Debtor' as a part of its obligation imposed by Section 20 of the Code and perform all his functions strictly in accordance with the provisions of the Code, Rules and Regulations.

14. The office is directed to communicate a copy of the order to the Financial Creditor, the Corporate Debtor, the Interim Resolution Professional and the Registrar of Companies, NCT of Delhi & Haryana at the earliest possible but not later than seven days from today. The Registrar of Companies shall update its website by updating the status of 'Corporate Debtor' and specific mention regarding admission of this petition must be notified to the public at large.

Let copy of the order be served to the parties.

Sd/-

(Rahul Bhatnagar)
Member (Technical)

Sd/-

(Bachu Venkat Balaram Das)
Member (Judicial)

NATIONAL COMPANY LAW APPELLATE TRIBUNAL
PRINCIPAL BENCH, NEW DELHI

Company Appeal (AT) (Insolvency) No. 736 of 2023

IN THE MATTER OF:

Rita Singh,
Ex-Director,
Mideast Integrated Steels Ltd.
Versus

...Appellant

Atul Kumar Kansal IRP Of Mideast Integrated Steels Ltd. & Anr.

...Respondents

Present:

For Appellant : Mr. Krishnendu Datta, Sr. Advocate with Mr. Rakesh Kumar, Mr. Aditya Nayyar, Mr. Rajat Sinha, Ms. Preeti Kashyap, Advocates
For Respondents : Mr. Shwetabh Singh, Mr. Sidhant Pandita, Advocates for R-2
Mr. Swapnil Gupta, Mr. M. Ahmar Shad, Advocates for R-1
Mr. Manpreet Lamba, Ms. Shivani Sharma, Advocate for Operational Creditor/Intervener

ORDER

31.05.2023 Learned Counsel for the Appellant submits that the Application under Section 7 of I&B Code, 2016 was filed by the Financial Creditor for an amount of Rs. 12,96,95,768/- plus interest at the conversion rate 77.55 as on 17th May, 2022 along with interest and penalty. He submits that Appellant is ready to deposit the entire amount and he has bank draft of Rs. 14 Crores ready drawn in the name of Respondent.

2. Learned Counsel for the Respondent submits that Respondent does not have any Bank Account in India and amount should be transmitted to the Oversea Account.

3. Learned Counsel for the Appellant submits that for transmitting the amount overseas, permission of Reserve Bank of India is required.

4. Let the Appellant seek appropriate permission for transferring the amount oversea which may be agreed between the parties. Bank Draft drawn in the name of Respondent may be deposited with the Registrar of this Tribunal and Appellant is permitted to file appropriate Application if consensus is reached to find out ways and means for transmitting the amount oversea.

5. List this Appeal on **21st July, 2023**. In the meantime, Impugned Order dated 24th May, 2023 shall remain stayed. Respondents appearing through counsel are allowed to file Reply/Application, if any, before the date fixed.

**[Justice Ashok Bhushan]
Chairperson**

**[Naresh Salecha]
Member (Technical)**

Basant B/nn