



Neueon Towers Limited

(Formerly known as Sujana Towers Limited)

Date: 10/6/2019

To

The Department of Corporate Services – CRD BSE Limited P J Towers, Dalal Street, MUMBAI-400001, SCRIP: 532887	National Stock Exchange of India Limited 5 th Floor, Exchange Plaza, Bandra (East) MUMBAI-400051 SCRIP: NTL
--	--

SUB: Disclosure Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") – Reg.

Dear Sir/Madam

This is to inform you that the Honourable National Company Law Tribunal (NCLT), Hyderabad Bench has passed the order on 03/06/2019 (uploaded on website on 08/06/2019) admitting the petition CP(IB) No.679/7HDB/2018 under Section 7 of the Insolvency and Bankruptcy Code, 2016, filed by the Financial Creditor IDBI Bank Limited and initiating the Corporate Insolvency Resolution Process under Insolvency and Bankruptcy Code, 2016 ("IBC"). A Copy of the Order issued by the NCLT, Hyderabad is hereby enclosed.

As per Section 17 of the IBC, 2016, the powers of the Board of Directors stands suspended and such powers shall be vested with Dr.M S Sankar (IP Registration No.IBBI/IPA-001/IP-/P00770/2017-2018/11315) appointed as the IRP with respect to the Company and ordered for commencement of the Moratorium period under Section 14 of the IBC, 2016 with effect from 03/06/2019.

Kindly take the same on your records and oblige.

Thanking you,

Yours faithfully,
For NEUEON TOWERS LIMITED

P APSER HUSSEN
COMPANY SECRETARY

Enclosed:

1. A copy of the NCLT Order, dated 03/06/2019.
2. Intimation of IRP appointment letter dated 04/06/2019 alongwith public announcement made under Regulation 6 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution process for Corporate Persons) Regulations, 2016.

CIN L40109TG2006PLC049743
Regd. Office:
Survey No 321,
Turkula Khanapur(V),
Hatnur (M), Medak Dist - 502 201
Telangana, India
T + 91-08458-288964/965,
www.neueontowers.com

Corp.&Admin. Office:
Plot No 5/A, Vengalrao Nagar,
Hyderabad - 500038,
Telangana, India
T +91-40-23815530/31/32
F +91-40-23815534

4


**NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH**

PRESENT: HON'BLE SHRI RATAKONDA MURALI- MEMBER JUDICIAL


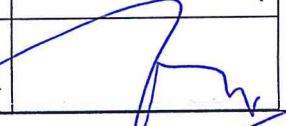
ATTENDANCE-CUM-ORDER SHEET OF THE HEARING HELD ON 03.06.2019 AT 10.30 AM

TRANSFER PETITION NO.	
COMPANY PETITION/APPLICATION NO.	CP(IB) No.679/7/HDB/2018
NAME OF THE COMPANY	Neueon Towers Ltd
NAME OF THE PETITIONER(S)	IDBI Bank Ltd
NAME OF THE RESPONDENT(S)	Neueon Towers Ltd
UNDER SECTION	7 of IBC

Counsel for Petitioner(s):

Name of the Counsel(s)	Designation	E-mail & Telephone No.	Signature
B. Hanu Raju	Advocate	95737 10506	

Counsel for Respondent(s):

Name of the Counsel(s)	Designation	E-mail & Telephone No.	Signature
B. RAMACHANDER RAO	ADV	98495 19459	
K. PURNA CHANDRA RAO	ADV	120200.vidya@gmail.com 78492 77 608	

ORDER

Orders passed vide separate orders.

Petition is admitted.


Member(Judl)

Pavani

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH, HYDERABAD**

CP (IB) No. 679/7/HDB/2018
U/s 7 of IBC, 2016
R/w Rule 6 of I & B (AAA) Rules, 2016

In the matter of NEUEON TOWERS LIMITED

IDBI Bank Limited,

Registered Office:

IDBI Towers, World Trade Centre,
Cuffe Parade, Mumbai 400 005

...Petitioner/Financial Creditor

VERSUS

M/s. Neueon Towers Limited,

Registered Office:

Survey No. 321,
Turkala Khanapur Village,
Hatnur Mandal, SangaReddy Dist. – 502 296

...Corporate
Debtor/Respondent

Date of order: 03.06.2019

Coram:

Hon'ble Shri RatakondaMurali, Member (Judicial)

Parties / counsels present:

For the Petitioner: B.Harinath Rao, Advocate.

For the Respondent: K.Purna Chandra Rao , Advocate.


Per: Hon'ble Shri RatakondaMurali, Member (Judicial)

Heard on: 28.11.2018, 21.12.2018, 22.01.2019,
18.02.2019, 15.03.2019, 09.04.2019,
26.04.2019, 07.05.2019, 14.05.2019.

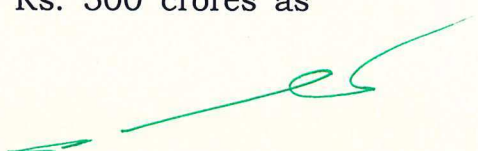
ORDER

1. This petition is filed by IDBI Bank Limited which is the Financial Creditor, stating that M/s. Neueon Towers Limited, the Corporate Debtor had defaulted in repaying a sum of Rs.802,46,65,302/- (Rupees Eight hundred and two crore Forty six lakh Sixty five thousand Three hundred and Two only) calculated as on 30.09.2018. Hence this petition is filed under Section 7 of Insolvency and Bankruptcy Code, 2016, R/w Rule 4 of Insolvency & Bankruptcy (Application to the Adjudicating Authority) Rules, 2016, seeking admission of the Petition, initiation of Corporate Insolvency Resolution Process, granting moratorium and appointment of Interim Resolution Professional as prescribed under the Code and Rules thereon.
2. The averments of the petition filed by the Petitioner/Financial Creditor in brief :
 - a) It is averred that the Financial Creditor sanctioned Cash Credit/Working Capital Demand Loan/Short Term Loan limit of Rs. 30 crore and Letter of Credit/Bank Guarantee limit of Rs. 20 crore, aggregating to Rs. 50 crore to the Corporate Debtor, vide sanction letter dated 19.06.2008.
 - b) It is averred at the request of the Corporate Debtor, the Financial Creditor enhanced the above Cash Credit/Working Capital Demand Loan/Short Term Loan limit to Rs. 40 crore and Letter of Credit/Bank


Guarantee limit to Rs. 50 crore, aggregating to Rs. 90 crore, vide Sanction Letter dated 11.03.2009.

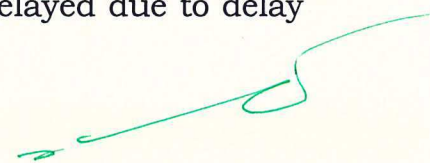
- c) It is averred that at the request of the Corporate Debtor a Consortium of lenders led by the Petitioner was formed in November 2009 and sanctioned aggregate working capital facilities of Rs. 240 Crores and the Petitioner Bank is having share of Rs.90 crores. Subsequently, the Financial Creditor enhanced the credit limits as under:-
- (1) From Rs. 90 Crores to Rs. 175 Cores vide Sanction letter dated 05.04.2019. Subsequently, on the request made by Corporate Debtor, it was reduced to Rs. 115 crores after cancellation of Bid Bond Guarantee limit of Rs. 60 crores.
 - (2) From 115 crores to Rs. 295 crores vide sanction letter dated 26.05.2011 by the Petitioner Bank.
- d) It is averred that the projects under implementation of the Corporate Debtor came under strain due to various factors as a result of which the Corporate Debtor experienced certain difficulties in repayment of Loans. The Corporate Debtor requested for debt restructuring, Pursuant to the application, CDR Empowered Group, at its meeting held on 25.03.2013, approved a restructuring package in terms of which the then existing financial assistance was to be restructured as set out in the Letter of Approval No. BY.CDR (PNJ) No. 1220/2012-13 dated 28.03.2013.
- e) It is averred due to non-compliance of terms and conditions of restructuring package approved by CDR, the loan accounts of the Respondent Company were classified as NPA on 30.09.2015 and
- 

subsequently it was decided by the Consortium led by IDBI Bank, to exit from the CDR package offered to the Respondent Company and accordingly CDR Empowered Group, at its meeting held on 27.09.2016, approved for withdrawal of CDR package to the Corporate Debtor.


- f) It is averred that the Corporate Debtor accepted the Acknowledgement of debt letter dated 01.04.2018 issued by the Financial Creditor, acknowledging a debt of Rs. 761,74,90.484.34.
 - g) It is averred that the Financial Creditor, vide letter dated 05.03.2018, addressed to the Corporate Debtor, recalled outstanding loans aggregating to Rs. 761.75 crore. The Financial Creditor is thus, entitled to recover the entire outstanding amount from the Respondent / Corporate Debtor Company together with interest thereon.
3. The brief averments made in the Counter are as follows:
- (a) That the petition is barred by limitation. The Counsel relied on the decision dated 11.10.2018 in BK Educational Services Private Limited Vs. Parag Gupta and Associates (Civil Appel No. 23988 of 2017) which held that ***“a creditor that has slept over its rights and has allowed the limitation period to lapse cannot rely upon the Code to recover its time barred, dead and stale debts”***.
 - (b) That the present Petition filed by Financial Creditor is without any valid authority.
 - (c) It is the case of Corporate Debtor that for assessing the working capital needs by the banks for the Financial Year (FY) 2011-12, it projected a revenue of Rs. 1670 crores and on that basis maximum permissible bank finance was assessed by the Banks at Rs. 1375 crores with Rs. 500 crores as
- 

fund based limit and Rs. 875 crores as Non-Fund based limit.

- (d) It is the case of Corporate Debtor, based on the strength of the assessment made by the banks to enhance the working capital limits, the Corporate Debtor went ahead with increased operations which resulted in increased sales turnover of Rs. 2059.86 crores for the financial year 2011-12 as against Rs. 1670 crores. The increased operations resulted in increase of debtors and the Company could not realize from the debtors due to slow down in power industry.
- (e) It is averred that the following factors which were beyond the control of the corporate debtor, inter alia, contributed to the irregularity in the accounts of the Corporate Debtor with banks:
- i. Shortage/Non-availability of iron ore;
 - ii. Unrest and loss of working days due to Telangana Agitation;
 - iii. Interruption in power supply, leading to loss of production;
 - iv. High fluctuations in raw material prices;
 - v. General downturn in the infrastructure sector across the country;
 - vi. High financial costs
- (f) It is the case of Corporate Debtor that the Financial Creditor / Petitioner herein got the projections of the Company analyzed in detail by M/s Mott Mac Donald, an Independent Consultant who submitted their report dated 25.02.2013 to IDBI and the Financial Creditor based on the study came to a conclusion that the restructured operations were financially viable.
- 

- (g) It is the case of Corporate Debtor that CDR Empowered Group (EG) issued LOA on 28.03.2013 approving the restructuring of existing debts of the Corporate Debtor with cutoff date as 30.09.2012 and also approved additional need based working capital limits. The CDR package stipulated promoters of the Corporate Debtor to infuse Rs. 24.30 crores as their contribution which the promoters duly complied.
 - (h) It is averred that the Corporate Debtor could not achieve the projected levels of business and could not meet repayment commitments as per CDR package because of the failure on the part of the consortium of banks to implement the CDR package in letter and spirit.
 - (i) It is averred that the delay in implementation of CDR package including disbursement of additional Working Capital limits to the Corporate Debtor affected the cash flow position of the Corporate Debtor and resulted in Corporate Debtor losing out some orders. It is contended Exim Bank did not release its share of the additional working capital limits, some banks adjusted part of sanctioned limits for regularization of their amount at the time of release thereby deprived the Corporate Debtor the availability of capital funds.
 - (j) It is averred that the actions of the consortium banks have negated the very intention behind the Corporate Debt Restructuring Scheme (CDR) which severely impacted the functioning of the Corporate Debtor.
 - (k) It is averred that the Corporate Debtor proposed to sell its assets to BS Limited (BSL) on slump sale basis. The slump sale plan got delayed due to delay
- 

in receipt of NOC from the bankers of BSL, delay in receipt of approval from Competition Commission of India etc that ultimately resulted in not materializing the proposed slump sale plan.

- (l) It is averred that the Corporate Debtor identified Sichuan Machinery & Equipment Import & Export Co. Ltd., (SCMEC), China based Company as new investor. SCMEC agreed to bring additional amount required by making open offer (as the Corporate Debtor is a widely held listed company) and towards margin for WC limits.
 - (m) It is averred that in the JLM held on 04.07.2016, the PIPL Holding Pte. Ltd., (Puissant) indicated that they would be partnering with SCMEC, China for acquisition of the Corporate Debtor. In the proposed arrangement, SCMEC was stated to be technical partner and Puissant would be managing partner.
 - (n) It is averred that studies conducted by the external agencies, established the viability of the corporate debtor and supported the change of management but the Banks failed to take a decision on the proposal for change of management under the aegis of SDR scheme.
4. The brief averments made in the Rejoinder are as follows:
- a) It is averred that Mr. N. Venkateswaran, Deputy General Manager of the Financial Creditor, is duly authorized to file Applications and other documents before Adjudicating Authorities and same was approved by the Board of IDBI Bank Limited.
 - b) It is averred that the Corporate Debtor Acknowledged the Debt on April 1, 2018. An unambiguous and unqualified Acknowledgement of Debt furnished by the Corporate Debtor in writing
- 

extends the period of limitation with regards to Section 18 of the Limitation Act.

- c) It is averred that the Corporate Debtor failed in complying with the terms and Conditions of the Restructuring package approved by CDR.
 - d) It is averred that the Corporate Debtor on its own admitted in the Counter Affidavit regarding the problems faced by the Corporate Debtor and reasons for default in paying the loans.
 - e) It is averred that the Corporate Debtor failed to comply with the terms and conditions of CDR and failed to deposit promoter's contribution of Rs. 13.75 crore as per the scheme.
 - f) It is averred that Corporate Debtor did not dispute their liability to the Financial Creditor and have not refuted the veracity of loan documents executed in favour of the Financial Creditor, anywhere in the Counter Affidavit.
5. I heard Counsel for Financial Creditor and Counsel for Corporate Debtor. The Financial Creditor filed this petition under Section 7 of the Code to trigger CIRP against the Corporate Debtor. In order to prove its claim the Financial Creditor has relied on Annexure-2 to Annexure -120 filed along with the Petition.
 6. The Corporate Debtor was incorporated under the name and style of SUJANA TOWERS LIMITED which was subsequently changed to NEUEON TOWERS LIMITED with effect from 14th October, 2016. The Fresh Certificate of Incorporations is at Annexure-111 of the Petition.
 7. The consortium of Banks including the Financial Creditor sanctioned various loans in different trenches from time to time to the Corporate Debtor. The Present Petition is filed by the Financial Creditor stating that the

Corporate Debtor is liable to pay an amount of Rs. 802,46,65,302.00/- as on 30.09.2018.

8. The Corporate Debtor primarily raised two objections. The first objection is that the petition is barred by limitation. The Corporate Debtor issued a Revival letter dated 22nd March, 2017 to the financial Creditor acknowledging the debt under Section 18 of Limitation Act, 1963. (Revival Letter dated 22nd March, 2017 is shown at Annexure 112 of the Petition). The Corporate Debtor once again acknowledged the debt on 01-04-2018 on the balance confirmation letter issued by the Financial Creditor. (Acknowledgment of Debt dated 01st April, 2018 which is shown at Annexure 113 of the Petition). I have seen Annexure 112 and 113. It clearly shows that the Corporate Debtor Acknowledged the Debt due to the Financial Creditor. The Acknowledgment of debt by the Corporate Debtor saves the period of Limitation. The present petition is within the period of limitation. As such the Financial Creditor can maintain this Petition.
9. The second objection taken by the Corporate Debtor that the petition is filed without any valid authority. The Petition is filed on behalf of Financial Creditor by N.Venkateswaran, Deputy Manager, IDBI Bank Limited. The Counsel filed a memo by enclosing a copy of authorization letter and same was taken on record by order dated 07.05.2019 showing that Shri N.Venkateswaran, Deputy Manager, IDBI Bank Limited is authorized to file the petition. I have seen the Authorization letter issued by the Competent Authority. The petition is filed with valid authority.
10. It is an admitted fact that the Corporate Debtor availed loans from the Financial Creditor. The Contention of the Corporate Debtor that the Corporate Debt Restructuring

Scheme sanctioned by the Financial Creditor was not implemented by the Financial Creditor in true letter and spirit owing to which the Corporate Debtor suffered huge losses and cash flows of the Company got decreased. But since the corporate debtor did not comply with the essential terms and conditions of the sanctioned package approved by CDR, the loan accounts of the Corporate Debtor were classified as NPA on 30.09.2015 by the Financial Creditor.

11. The Learned Counsel for Corporate debtor would contend, default occurred due to various reasons beyond the control of the management. On the other hand, the Learned Counsel for Financial Creditor would contend that it is in no way responsible for the grounds mentioned by the Corporate Debtor which caused delay in implementation of the Project and that there is no valid objection raised for admission of the Petition.
12. The Learned Counsel for Corporate Debtor would contend that the company is getting investors and it is going to revive. But Learned Counsel for Financial Creditor would contend this cannot be a ground for not admitting the Petition. Further the corporate debtor admitted default. The Corporate Debtor acknowledged the debt. The Petition is not barred by limitation. The Financial Creditor suggested the name of IRP and there is no compliant against proposed IRP. The financial creditor has fulfilled all the requirements as contemplated under Code. The petition is in order. Therefore the petition is fit for admission.
13. Hence, the Adjudicating Authority admits this Petition under Section 7 of IBC, 2016, declaring moratorium for the purposes referred to in Section 14 of the Code, with following directions:-

