



S.No.19

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – 1
VC AND PHYSICAL (HYBRID) MODE
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
10-01-2024 AT 10:30 AM**

CP (IB) No. 75/9/HDB/2023
u/s. 9 of IBC, 2016

IN THE MATTER OF:

M/s. ZTE Corporation

...Operational Creditor

VS

M/s. Smartron Indian Private Limited

...Corporate Debtor

C O R A M:-

**DR. VENKATA RAMAKRISHNA BADARINATH NANDULA, HON'BLE MEMBER (JUDICIAL)
SH. CHARAN SINGH, HON'BLE MEMBER (TECHNICAL)**

ORDER

Orders pronounced. In the result, **this company petition is admitted**, Corporate Debtor is put under CIRP. Moratorium imposed subject to the terms mentioned in the order.

Sd/-

MEMBER (T)

Sd/-

MEMBER (J)



**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – 1**

CP (IB) No. 75/9/HDB/2023

*(Under Section 9(1) of the Insolvency and Bankruptcy Code, 2016 read with Rule 6 of
Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016.*

In the matter of:

ZTE Corporation, China
Regd. office at ZTE Plaza,
Keji Road South, Hi-Tech Industrial
Part, Nashan District, Shenzhen, P.R.
China.
Through its Authorized Representative
Ms. Xin Tong

... Applicant/Operational Creditor

Versus

M/s Smartron India Private Limited,
Regd. Office at Unit No.9C & 9D,
9th Floor, Vaishnavi Cynosure,
Gachibowli, Serilingampally,
Sy.No.18, Hyderabad, Telangana-500032.

... Respondent/Corporate Debtor

Date of order: 10.01.2024.

CORAM:-

**DR. VENKATA RAMAKRISHNA BADARINATH NANDULA,
HON'BLE MEMBER (JUDICIAL)
SH. CHARAN SINGH, HON'BLE MEMBER (TECHNICAL)**

Appearance:-

For the Petitioner : - Mr. Mayur Mundra/Sunil Kumar,
Counsels.
Learned Counsel for Responded:- Mr. Rajesh Maddy, Counsel



PER: BENCH

1. This instant petition is filed by the Operational Creditor under Section 9 (1) of Insolvency and Bankruptcy Code, 2016, read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, seeking an order for initiation of the Insolvency Resolution Process (“IR Process”) against M/s Smartron India Private Limited, who is the Corporate Debtor.

2. It is averred that the Applicant/Operational Creditor is a company incorporated under the Laws of P.R. China having Corporate Identification Number (CIN)/ Unified Social Credit Note 9144030027939873X7 and the applicant is a global leader in telecommunications and information technology and was founded in 1985 and is engaged in the business of providing telecommunication equipment’s and network solutions and the applicant has operations in around 160 countries to enable increased connectivity and productivity and the said creditor providing the said services across the globe for the past more than 33 years under the Trade Name-ZTE. The true copy of the Business License of the Applicant/Creditor along with the typed and translated copy of the Business License are being annexed as Annexure A-1.

3. It is averred that Ms. Xin Tong is duly authorized by the applicant/Operational creditor vide authorization letter dated 09.06.2022 to file the present application under section 9 of the I&B



Code,2016, *inter-alia*, praying for the initiation of Corporate Insolvency Resolution Process against the Respondent/Corporate Debtor, M/s Smartron India Private Limited having Identification Number (CIN) U74900TG2013PTC091450 is a private limited company incorporated under the Companies Act, 1956.

4. It is averred that the Corporate Debtor is engaged in the business of development of smart devices and Internet of things products for consumer and enterprise markets and the signatory details as on 25th November, 2022 available on the Ministry of Corporate Affairs, Govt. of India web-portal (www.mca.gov.in) are being annexed as Annexure A-3.
5. it is averred that the Operational Creditor and Corporate Debtor had entered into an agreement dated 07.12.2017 (“Supply Agreement”), wherein the Operational creditor agreed to supply the smart phone products and services. Under the terms of supply agreement, the corporate debtor placed various purchase orders upon the Operational creditor for the supply of Tphone Units, as per the details given below:
 - a. bearing no P.O – 201710-000002 dated 07.10.2017 (PO-I)
 - b. bearing no.P.O- 201801-000007 dated 25.01.2018 (PO-II)
6. It is averred that the corporate debtor had specifically agreed under the supply agreement that payment with respect to the invoices raised by the Operational Creditor, will be timely paid through the letter of credit (LC), as arranged by the corporate debtor from its respective bank and the Operational creditor successfully completed the supplies of



consignment of Tphone units to the Corporate Debtor against PO-I and PO-II and accordingly raised the invoices on the Corporate Debtor.

7. It is averred that the Corporate Debtor has opened LC bearing No. 0076MLC00001918 dated 16.10.2017 for an amount of USD 2,200,000 towards payments under PO-I and LC bearing No. 0076MLC00003318 dated 07.03.2018 & LC bearing No. 0076MLC00003018 dated 16.03.2018 for an amount of USD 700,000 & USD 620,000 respectively, towards payment under the PO-II. Initially, certain payment against the invoices under P.O-I were made by the Corporate Debtor, however, the Corporate Debtor failed to make payment against the following invoices:
 - i. Invoice bearing No. ZTESMT201712001 dated 28.12.2017 for an amount of USD 132,000 in respect of supplies made under P.O-I.
 - ii. Invoice bearing no. ZTESMT201803008 dated 28.03.2018 for an amount of USD 577,500 in respect of supplies made under P.O.II.
 - iii. Invoice bearing no. ZTESMT201804009 dated 07.04.2018 for an amount of USD 522,500 in respect of supplies made under P.O-II.
8. It is averred that as a consequence of non-payment of Invoices, the total outstanding liability against the aforesaid invoices raised for the supplies made under PO-I and PO-II amounts to USD 1,232,000 (One Million and Two Hundred Thirty-Two Thousand Dollars) and the Corporate Debtor failed to make payments thereof. That owing disputes with respect to non-payment of the invoices to the Operational



Creditor, a statutory demand notice dated 15.12.2018 was issued by the Operational Creditor under section 8 of the Insolvency and Bankruptcy Code, 2016 to the Corporate Debtor.

9. It is averred that in the year 2019, an application was filed by the Operational Creditor bearing No. CP(IB) No.55/9/HDB/2019 before this Tribunal to initiate corporate insolvency resolution process (“CIRP”) against the Corporate Debtor and a true copy of the application filed under section 9 of the I&B Code, 2016 by the Operational Creditor bearing CP(IB) No.55/9/HDB/2019 and the said application is admitted by this Tribunal vide order dated 09.09.2019, and initiated CIRP against the Corporate Debtor and which is annexed as Annexure A/4 and Annexure A/5.
10. It is averred that on 09.09.2019, this Tribunal appointed Mr. Ganpati Ram Appana as Interim Resolution Professional to initiate CIRP. The IRP receiving the claims, formed a Committee of Creditors, which included only one creditor i.e., the Operational Creditors. In the first CoC meeting which was held on 15.10.2019, confirmed the appointment Mr. Ganpati Ram Appana as Interim Resolution in the matter.
11. The Corporate Debtor approached the Operational Creditor through Guarantor and had detailed negotiations agreed that all the disputes and claims can be mutually settled without resorting to pursuing any further action in the above CIRP, pending before the Resolution Professional



and both the Corporate Debtor and Operational Creditor had accordingly agreed and accepted to amicably resolve their dispute under the said litigation.

12. The Corporate Debtor had entered into a settlement agreement dated 10.12.2019 with the Operational creditor, wherein the corporate debtor had paid an amount of USD 600,000 before signing of the Settlement Agreement and the Operational Creditor had agreed to extend the time till 29.02.2020 to make payment of the balance amount of USD 650,000 out of the total amount of USD 1,250,000 payable by the Corporate Debtor on account of purchase of Tphone Units and it is annexed as annexure A/6.
13. Once again and again trust of the Operational Creditor, Mr. Mahesh Lingareddy, Director of Corporate Debtor (“Guarantor”) had also independently executed a Guarantee Agreement dated 10.12.2019, if the Corporate Debtor fails to pay the balance amount of USD 650,000 by 29.02.2020, the said amount will be paid by him from his personal funds and assets and the copy is annexed herewith as Annexure A/7.
14. The Operational Creditor had agreed to withdraw the aforesaid company petition before this Tribunal and the Resolution Professional accordingly moved an appropriate application to withdraw the company petition. This Tribunal vide its order dated 20.12.2019 had recorded the consent terms in its detailed order and allowed the pending CIRP and moratorium order issued against the Corporate Debtor as withdrawn



and consequently, the Corporate Debtor was allowed to function independently through its board of directors. Order passed by this Tribunal was annexed as annexure A/8.

15. In terms of the settlement agreement, the aforesaid balance amount of USD 650,000 was to be paid by the Corporate Debtor on or before 29th February, 2020 and the same was also recorded in the order dated 20.12.2019. However, the corporate debtor completely neglected and failed to do so and further, the Operational Creditor vide e-mails dated 11.03.2020, 10.05.2020, 04.06.2020 requested the Corporate Debtor to immediately remit the USD 650,000 and no positive response was received from the Corporate Debtor and annexed as annexure A/9.
16. Due to non-payment of the long outstanding debts, the Operational Creditor issued a Legal Notice dated 09.07.2020 requesting to the Guarantor and Corporate Debtor to immediately pay the principal outstanding amount as agreed under the Settlement Agreement along with agreed interest @24% per annum. No response was received from the Corporate Debtor to the said Legal Notice or payment of huge outstanding principal sum of USD 650,000 along with agreed interest @24% per annum and it is annexed as Annexure A/10.
17. The Operational Creditor through its various emails dated 29.07.2020, 15.09.2020, 13.11.2020, 08.12.2020, 22.12.2020, 06.02.2021, 04.03.2021, 26.03.2021, 31.05.2021, 08.06.2021 & 04.07.2021, time and again, chased the Corporate Debtor on the status of payment and



also brought to the notice of the Corporate Debtor, breaches committed by it under the terms of settlement agreement. However, the Guarantor and the Corporate Debtor owing to their *malafide* intentions, did not transfer a single penny against the huge debt of principal sum of USD 650,000. Copy of the emails annexed as annexure A/11.

18. The non-payment of the long outstanding debts, the Operational Creditor issued Statutory Demand Notice dated 15.11.2022, under Section 8 of the I & B Code, claiming an amount of USD 1,066,000 (One Million and Sixty-Six Thousand Dollars) wherein a sum of USD 650,000 (Six Hundred Fifty Thousand Dollars), towards the principal sum recoverable by the Operational Creditor in terms of Settlement Agreement along with USD 416,000 (Four Hundred and Sixteen Thousand Dollars) towards interest calculated at the agreed rate of 24% per annum. The Statutory Demand Notice was duly delivered upon the Corporate Debtor via email, Speed Post and Courier and thereafter no '*notice of dispute*' has been raised by the Corporate Debtor w.r.t. the amount claimed under the demand notice, within the time period as specified under the I & B Code. The copy of Statutory Demand Notice is annexed as annexure A/12.
19. The Operational Creditor through its various emails time and again, chased the Corporate Debtor on the status of payment and the Corporate Debtor vide emails dated 28.10.2021, 21.02.2022, 25.03.2022, 26.03.2022, 23.04.2022 assured to make the payment to the Operational Creditor. However, the Corporate Debtor and its Guarantor owing to



their malafide intentions, did not transfer a single penny against the huge debt of Principal sum of USD 650,000 and the copy is annexed along with annexure A-11.

20. It is averred that it was specifically agreed and undertaken by the Corporate Debtor under the settlement Agreement that in case of breach of any of the terms of Settlement Agreement or if Smartron fails to make the payment of outstanding amount of USD 1,250,000 or default in payment of the balance amount as specified under the Installment Payment Schedule, ZTE China shall have an exclusive right to re-initiate the CIRP proceedings against the Smartron, along with interest @24% p.a. on the unpaid amount from the date of default smartron shall have no objection to the same, if CIRP re-initiated with interest, due to its failure to make the outstanding payments or default in payment of the installments.
21. In terms of the Settlement Agreement, payment of USD 650,000 (six Hundred Fifty Thousand Dollars) was to be made by the Corporate Debtor on or before the 29th February, 2020. Therefore, date of default is 01.03.2020.
22. The Corporate Debtor have failed and neglected to pay the said amount to the operational creditor owing to their *malafide* intentions, they are also liable to pay the agreed interest thereon @ 24% per annum with effect from 01.03.2020 (i.e., the date of default), till the date of payment of the entire outstanding amount to the Operational Creditor. The Total amount claimed to be in default is USD 1,066,000(One Million Sixty-six Thousand Dollars), towards the Principal sum recoverable by the Operational Creditor in terms of the Settlement Agreement, along with USD 351,000 (Three Hundred Fifty One Thousand Dollars) towards



interest calculated at the agreed rate of 24% per annum from 01.03.2020 till 31.10.2022, with further interest @24% till the final payment is made to Operational Creditor.

23. The requisite conditions necessary to trigger the Corporate Insolvency Resolution Process under section 9 of the I & B Code by an Operational Creditor are : (i) occurrence of a default; (ii) delivery of a demand notice of an unpaid operational debt; (iii) non-receipt of payment by the Operational Creditor from the Corporate Debtor within the period of 10 days of receipt of the demand notice from the corporate debtor not indicating the existence of the pre-existing dispute or repayment of the unpaid operational debt, which is the exact situation in the present case and hence the application is to be allowed and the corporate debtor has not raised any 'dispute' within the scope of the definition under the Insolvency and Bankruptcy Code, 2016.
24. The Operational Creditor humbly submits that the Registered Office of the Corporate Debtor is situated in the State of Telangana and therefore this Adjudicating Authority has the jurisdiction to entertain and decide the present application and the present application is well within the period of limitation as prescribed under the I & B Code.
25. The Creditor is placing on record all relevant documents in support of the application under a list of documents. The creditor has not filed and/or initiated any other proceedings pertaining to the subject matter of the present application before any Court of Law or Tribunal or any other



Authority or any other Bench of this Tribunal and the Creditor has paid the Statutory Fees of Rs. 2,000/- (Rupees Two Thousand Only) through Bharat Kosh online Portal, for filing this application.

26. Counter filed by the Respondent/Guarantor

- i) The instant petition filed by the Operational Creditor is against the fundamental principles of law that a person cannot be suffered due to the acts which are not in its control. It is pertinent to state that there is no default on the part of the Respondent/Corporate Debtor. However, there is delay in making payment of due amounts by the Corporate Debtor (M/s. Smartron India Private Limited) because of various other factors which are not under the control of the Respondent/Guarantor and therefore the instant petition is liable to be dismissed.
- ii) The Respondent herein is engaged in the business of building an India based global technology brand by Designing, Engineering etc., The Creditor earlier filed an application under I&B Code, 2016 which was admitted by this Tribunal vide its order dated 09.09.2019 and appointed Mr. Ganpati Ram, Resolution Professional to initiate the CIRP.
- iii) The IRP after receiving the claims, formed a Committee of Creditors, which included only one creditor i.e., the Applicant CoC in its first meeting held on 15.10.2019, during the course of CIRP, the Corporate Debtor approached the Applicant and both the parties agreed and accepted to amicably resolve their dispute under



the said litigation. The Corporate Debtor had entered into an Settlement Agreement dated 10.12.2019 with the Operational Creditor, wherein the Corporate Debtor had paid USD 600,000 before the Settlement Agreement, thereafter, the Operational Creditor had agreed to extend the time till 29.02.2020 to make the balance payment of USD 650,000 out of the total amount of USD 1,250,000 payable by the Corporate Debtor on account of purchase of Tphone Units. Accordingly, the Operational Creditor had agreed to withdraw the aforesaid Company Petition before this Tribunal. This Tribunal vide its order dated 20.12.2019 allowed the application for withdrawal.

- iv) Due to gravity of the situation and pressure created on the Corporate Debtor during that point of time, the Corporate Debtor has requested one of its wholly owned subsidiary i.e., Smartron Inc. USA to lend money to enable the Corporate Debtor to pay the advance 50% to the Operational Creditor in terms of Settlement Agreement as stated above, to which the Smartron Inc. USA has agreed.
- v) The fact of payment of USD 450,000 was also specifically stated and reflected in the Settlement Agreement as well and balance of USD 150,000 was paid by the Corporate Debtor as on the date of the execution of Settlement Agreement and also agreed that a wire transfer for USD 650,000 would be made through wire transfer Citibank Account by or before 29.02.2020.
- vi) The Corporate Debtor, could not adhere to the commitment made by the Corporate Debtor to complete the payment of balance



payments to the Operational Creditor and the major reasons for the said delay are as follows:

- a) Smatron Inc. USA has made substantial payment on behalf of Corporate Debtor to the Operational Creditor and Corporate Debtor has requested Smartron Inc. USA to make the 2nd tranche payment to enable Corporate Debtor to adhere to the commitment given in the Settlement Agreement and Smartron Inc. USA has readily agreed for the same.
- b) A request was made to the authorized dealer i.e., Citibank to make necessary arrangement to enable Smartron Inc. USA to transfer the balance amounts. However, it was informed to the Corporate Debtor by the authorized dealer that since Smartron Inc. USA has made the part payment of USD 450,000 and in contemplating to transfer the final payment, permission is required to be obtained from Reserve Bank of India both the advance payment that was made earlier to the Operational Creditor and for balance payment as well. As such to release the balance amount, it has become more complex and complicated which involved lot of paperwork; approvals from various lenders besides obtaining approval from Reserve Bank of India.
- c) The Corporate Debtor after learning the same; requested the authorized dealer to make necessary arrangements for obtaining approval from the Reserve Bank of India to enable it to complete the commitment and the authorized dealer has



agreed and sent list of necessary documents required for obtaining permission to the Corporate Debtor.

- d) The Corporate Debtor and authorized dealer have exchanged several emails/letters, conducted meetings and finally an application was also submitted to the Reserve Bank of India. However, since the name of the ICICI Bank was reflected in one of the LC, no objection from ICICI Bank was also sought by the authorized dealer to enable it to seek necessary approval from Reserve Bank of India. Therefore, the Corporate Debtor commenced interacting with ICICI Bank seeking for their no objection and the ICICI Bank failed to provide necessary no objection to the Corporate Debtor. As a result, the necessary approvals could not be obtained from Reserve Bank of India. In fact, Smartron Inc. USA to smoothen the process has also made a provision in its books for writing off the amounts that was paid by it to the Operational Creditor on behalf of the Corporate Debtor. In spite of the best efforts, the Corporate Debtor could not prevail upon its bankers to obtain necessary approvals in this regard.
- e) The lockdown imposed by the Central Government due to the Covid-19 pandemic situation faced by the entire globe and Corporate Debtor was no exception. Due to the severe lockdown ordered by Central and State Government, the things also did not move faster as envisaged at the time of execution of the Settlement Agreement and Guarantee



Agreement. The corporate office and other offices of Corporate Debtor were also closed and were not functioning and things at the ICICI Bank and authorized dealer worked with very less staff during that time, as a result there was lot of gaps in the communications.

- f) The Corporate Debtor has sent several communications to the Operational Creditor and had informed about the reasons of delay in repayment of the balance amounts. However, without considering the facts stated supra, the applicant/Operational creditor has filed the instant petition without disclosing all the above facts in the instant petition.

(The copies of communications exchanged by Corporate Debtor with its authorized dealer, ICICI Bank and Creditor are enclosed herein as annexures(colly) and the same are to be read as part and parcel of this counter).

- vii) The corporate debtor was unable to comply with the timelines agreed between corporate debtor and the Operational creditor. However, due to the improved conditions, the Corporate Debtor is hopeful of settling the balance amounts of USD 650,000 as agreed in the Settlement Agreement to the Operational Creditor within a short period of 30 days through Smartron USA, and it is also issued a support letter to the Corporate Debtor for clearing the present outstanding amount of USD 650,000. Since, the Smartron USA is contemplating to paying amount from USA directly, if required, Operational Creditor has to support Corporate Debtor for any compliance related aspects, post receiving the payment and further



submitted that if the petition is admitted it would not only detrimental to the interest of the Corporate Debtor but also to the stake holders.

- viii) The corporate debtor is absolutely certain and hopeful that it would be able to settle the dues of the creditor within a short period of 10 days. Initiation of CIRP whereby the CIRP period is invariably extending beyond 330 days without any certainty of resolution would be a step/measure which would be counter productive to the interest of the Operational Creditor while on other hand, the resolution from the corporate debtor side is certain i.e., within a period of 30 days.
- ix) There is a delay of 40 days in filing the counter as the Corporate Debtor Director Mr. Mahesh Lingareddy is currently residing in USA and it took time to coordinate and finalize the draft with the counsels in India and the delay caused in drafting and filing of the counter is unintentional, not deliberate and only due to the reasons mentioned above and the Corporate Debtor also filing separate application seeking for condonation of delay in filing the counter with the Tribunal.
- x) The Corporate Debtor is urging this Tribunal to exercise its discretion to ascertain whether there is a default in the strict sense that has been committed by the Corporate Debtor and in view of the same and taking into consideration the relevant facts evidencing that there is no fault of the Corporate Debtor in the delay of payments and the default is attributable majorly to the banks, RBI, pandemic and the same was also informed to applicant



Creditor time to time and that the Corporate Debtor is absolutely certain and optimistic that it would be able to settle the dues of the Operational Creditor within a very short period and pleaded that this Tribunal exercises its discretion and rejects the instant Company Petition with exemplary costs on the petitioner herein in the interest of justice.

27. In the light of the contest put forth by both the parties the only point that emerges for our consideration is:

Point : “Whether the application filed meet necessary conditions required to pass an order for initiation of the insolvency resolution process against respondent/ M/s Smartron India Private Limited ? ”.

28. We have heard learned counsel Shri Mayur Mundra/ Mr. Sunil Kumar for the petitioner and learned counsel Shri Rajesh Maddy, for the respondents. Perused the records and documents filed.

29. Shri Mayur Mundra, for Operational Creditor submits that Operational Creditor and Corporate Debtor had entered into an agreement dated 07.12.2017 wherein the Operational Creditor agreed to supply Tphone Units to the Corporate Debtor. Learned counsel further submitted that Operational Creditor successfully completed the supplies of the consignment of Tphone Units to the Corporate Debtor. However, Corporate Debtor failed to make payment of USD 1,232,000 (One Million and Two Hundred Thirty-Thousand Dollars). In the year 2019 , CIRP was ordered on 09.09.2019 against the Corporate Debtor on an application filed by the Operational Creditor (CP No 55/9/HDB/2019).



However, on account of settlement agreement dated 10.12.2019 between both the parties, wherein the Corporate Debtor had paid an amount of USB 600,000 before signing of the settlement agreement , the said company petition was withdrawn by the petitioner and a withdrawal order dated 20.12.2019 was passed by this Tribunal . In terms of the settlement agreement, the balance amount of USD 650,000 was to be paid by the Corporate Debtor on or before 29.02.2022, which was also recorded in the said order.

However, the Corporate debtor failed to pay the remaining amount and therefore Operational Creditor issued a demand notice on 15.11.2022 under section 8 of the I & B Code claiming an amount of USD 1,066,000(One Million and Sixty-Six Thousand Dollars) including interest calculated at the agreed rate of 24% per annum.

The learned counsel for the Operational Creditor further submitted that the application complies with all necessary conditions required to trigger the CIRP process under section 9 of the I&B Code

Learned counsel for the respondent accepted the facts about the settlement and the default in payment of agreed amount as per the same, but submitted that respondent could not make payment because authorized dealer, i.e Citi Bank could not make necessary arrangements to enable its subsidiary company i.e., Smartron Inc. USA to transfer the balance amount and also the permission required from Reserve Bank of India could not be obtained. Further the counsel for the respondent submitted that due to lockdown also the things did not move as



envisaged and the Corporate Debtor was unable to comply with the timelines for repayment as agreed between the Corporate Debtor and the Operational Creditor.

The Corporate Debtor submitted that since the reasons of default do not attribute to the Corporate Debtor, this Tribunal is requested to exercise its discretion and reject the instant company petition.

30. Having heard the learned counsel for both sides and on perusal of the record, we wish to state that default in payment of Operational debt of a sum of over Rupees One Crore is established and not contested by the corporate debtor. There is no pre-existing dispute on any issue. Hence, the application filed meet necessary conditions required to pass an order for initiation of the insolvency resolution process against respondent, U/S 9 of IBC, 2016. Accordingly, the point for our consideration is answered.

31. Keeping in view the above, we decide that it is a fit case to admit the Corporate Debtor into CIRP. Hence, the Adjudicating Authority admits this Petition under Section 9 of I&B Code, 2016, declaring moratorium for the purposes referred to in Section 14 of the Code, with following directions: -

(A) *Corporate Debtor, M/s Smartron India Private Limited is admitted in Corporate Insolvency Resolution Process under section 9 of the Insolvency & Bankruptcy Code, 2016,*



- (B) The Bench hereby prohibits 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; transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein; any action to foreclose, recover or enforce any security interest created by the Corporate Debtor in respect of its property including any action under Securitization and Reconstruction of Financial Assets and Enforcement of Security interest Act, 2002 (54 of 2002); the recovery of any property by an owner or lessor where such property is occupied by or in possession of the corporate Debtor;
- (C) That the supply of essential goods or services to the Corporate Debtor, if continuing, shall not be terminated or suspended or interrupted during moratorium period.
- (D) Notwithstanding anything contained in any other law for the time being in force, a license, permit, registration, quota, concession, clearances or a similar grant or right given by the



Central Government, State Government, local authority, sectoral regulator or any other authority constituted under any other law for the time being in force, shall not be suspended or terminated on the grounds of insolvency, subject to the condition that there is no default in payment of current dues arising for the use or continuation of the license, permit, registration, quota, concessions, clearances or a similar grant or right during the moratorium period.

- (E) That the provisions of sub-section (1) of Section 14 shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.
- (F) That the order of **moratorium** shall have effect **from the date of receipt of this order** till the completion of the Corporate Insolvency Resolution Process or until this Bench approves the Resolution Plan under Sub-Section (1) of Section 31 or passes an order for liquidation of Corporate Debtor under Section 33, whichever is earlier.
- (G) That the public announcement of the initiation of Corporate Insolvency Resolution Process shall be made immediately as



prescribed under section 13 of Insolvency and Bankruptcy Code, 2016.

- (H) That this Bench hereby appoints **Shri Raghur Babu Gunturu**, having Registration No. IBBI/IPA-002/ICAI-N-00025/2016-2017/10053 as *Interim Resolution Professional*, whose contact details are:

e-mail ID: raghurp@ezresolve.in

Address: EzResolve LLP, 1st Floor,
Golden Heights, Plot No 9,
Opp. Raheja IT Mindspace, HUDA Techno
Enclave, Madhapur, Hyderabad, Telangana
500081.

as Interim Resolution Professional to carry the functions as mentioned under the Insolvency & Bankruptcy Code.

- (I) *Proposed IRP has filed Form-2 dated 29.12.2022 [PAGE-394 of the application]. His Authorisation for Assignment is valid till 31.10.2024. This information is available in IBBI Website. Thus, there is compliance of Regulation 7A of IBBI (Insolvency Professionals) Regulations, 2016, as amended. Therefore, the proposed IRP is fit to be appointed as IRP since the relevant provision is complied with.*



(J) The Registry is directed to furnish certified copy of this order to the parties as per Rule 50 of the NCLT Rules, 2016.

(K) *The petitioner is directed to communicate this order to the proposed Interim Resolution Professional.*

(L) *Registry of this Tribunal is directed to send a copy of this order to the Registrar of Companies, Hyderabad for marking appropriate remarks against the Corporate Debtor on website of Ministry of Corporate Affairs as being under CIRP.*

Accordingly, this Petition is admitted.

Sd/-

Charan Singh
Member Technical

Sd/-

Dr. Venkata Ramakrishna Badarinath Nandula
Member Judicial

Swapna