



SL. No.3

**NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH
COURT HALL NO: II**

Hearing Through: VC and Physical (Hybrid) Mode

CORAM: SHRI. RAJEEV BHARDWAJ, HON'BLE MEMBER (J)

CORAM: SHRI. SANJAY PURI, - HON'BLE MEMBER (T)

**ATTENDANCE-CUM-ORDER SHEET OF THE HEARING OF NATIONAL COMPANY LAW TRIBUNAL,
HYDERABAD BENCH, HELD ON 06.11.2024 AT 10:30 AM**

TRANSFER PETITION NO.	
COMPANY PETITION/APPLICATION NO.	Company Petition IB/192/10/2023
NAME OF THE COMPANY	Raine Industries and Engineering Pvt Ltd
NAME OF THE PETITIONER(S)	
NAME OF THE RESPONDENT(S)	
UNDER SECTION	10 of IBC

ORDER

Orders pronounced, recorded vide separate sheets. In the result, this Company Petition is allowed.

Sd/-
MEMBER (T)

Sd/-
MEMBER (J)



IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH - II

CP(IB) No.192/10/HDB/2023
Under Section 10 of IBC, 2016

In the matter of:

M/s Raine Industries And Engineering Pvt Ltd,
Sy No.156, Chinnallapally,
Bibinagar, Bhongir Yadadri District,
Hyderabad – 508 124.

...Corporate Applicant/
Corporate Debtor

Date of order : 06.11.2024

CORAM:-

Sri Rajeev Bhardwaj, Hon'ble Member (Judicial)

Sri Sanjay Puri, Hon'ble Member (Technical)

Counsels present:

For the Applicant : Ms A Sandhya Rani

Cor the Respondent : Mr Indra Prateek Naidu

Per : Sanjay Puri, Member (Technical)

ORDER

1. This application is filed by M/s Raine Industries And Engineering Private Limited, the Corporate Applicant (**CA**), seeking for initiation of the Corporate Insolvency Resolution Process (**CIRP**) against itself under Section 10 IBC.



2. The Company was incorporated on 11.03.2013 with an authorized share capital of Rs 6.50 crores, to carry out the business of wholesaler and retailer of ADC12 Aluminium Ingot, Aluminium Alloy Ingot LM24 etc. The paid-up capital as on the date of application is also stated to be Rs 6.50 crores.
3. It is submitted that, due to unavoidable facts and circumstances surrounding the business, defaulted in paying the creditors dues. Therefore, the Shareholders of the Applicant passed resolution during its General Meeting held on 02.05.2023, to file an application under Section 10 of IBC before this Tribunal for initiating CIRP against the Applicant. Hence, this application.
4. In the Application, as HDFC Bank was identified a secured financial creditor for a sum of Rs 19,30,21,226, which had also issued a notice¹ under Section 13(2) of SARFESI Act, a notice was ordered to them before proceeding further.
5. A reply was then filed by HDFC Bank as a secured financial creditor of the Applicant. It was submitted that; the Applicant had availed various overdraft and credit facilities by creating securities in its favour by way of mortgage by deposit of title deeds². Since the Applicant failed to service its dues in timely manner, steps were initiated under SARFAESI Act³ and an application was also filed before the Debt Recovery Tribunal (**DRT**) under RDB Act⁴, for recovery of total sum of Rs 20,29,11,726 as on 17.06.2021.

¹ Page 47 to 50 of application

² Page 46 to 63 of reply

³ The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

⁴ The Recovery of Debts and Bankruptcy Act, 1993



6. Hon'ble DRT is stated to have allowed the Bank's application and vide its order⁵ dated 29.08.2023 held that the Applicant Corporate Debtor along with the Personal Guarantors is liable to pay Rs 20,29,11,726 to HDFC Bank. Pursuant thereto, recovery proceedings have also been initiated by the Recovery Officer with the issue of demand notice⁶ vide R.C. 322 of 2023 dated 25.10.2023. It is therefore asserted that the present application has been filed "with malicious intent and only to derail the process of recovery of dues owed" by the Applicant, and is liable to be dismissed.
7. It is also submitted that the Applicant has misrepresented about certain properties⁷ owned by its Directors as the Applicant's own, and in the event the present application is admitted under section 10, these properties may be specifically excluded from the rigors of moratorium under section 14 of IBC.

Decision

8. We notice from the financial statements for the year ending 31st March 2023, that the Corporate Applicant has neither been generating any revenue nor it has any employee costs debited to its accounts. Therefore, it can be concluded that no operations were conducted by the Corporate Applicant during the financial year ending 31st March 2023.
9. Curiously, however the Profit and Loss statement for the same period shows⁸ 'Creditors Waived Off' amount of Rs 4,20,94,609 listed as 'Other income' and 'Bad Debts Written Off' amounting to

⁵ Page 40 to 43 of the reply

⁶ Page 44 & 45 of reply

⁷ Page 3 & 4 of reply

⁸ Pages 60 & 65 of the application



Rs 12,72,38,594 as 'Other expense'. The application provides no further details regarding these waivers or write-offs. The nature of these transactions, including any waivers or write-offs, warrants examination under IBC to assess if they involve preferential, undervalued, fraudulent, or extortionate actions, with necessary actions to follow.

10. The balance sheet of the Corporate Applicant also shows ownership of significant assets, including land and buildings, which could play a crucial role in resolving the present insolvency under the IBC.
11. Considering the facts and circumstances of the case, we are inclined to admit this application, despite opposition from HDFC Bank, whose recovery efforts have not seemingly fructified even 12 months after issuing of the Demand Notice by the Recovery Officer on 25.10.2023.
12. So far as the properties belonging to the Corporate Applicant are concerned, the Resolution Applicant (RP) is to take appropriate action in accordance with the law.

ORDER

13. This application under Section 10 of IBC is allowed and it is directed as follows:
 - a) The Corporate Applicant is admitted into the Corporate Insolvency Resolution Process, which shall ordinarily be completed within the timelines stipulated in IBC, reckoning from the date on which this order is passed.



- b) **Mr Ramesh Atluri**⁹ is appointed as the Interim Resolution Professional (hereinafter referred to as the "**IRP**"), whose AFA as per the IBBI Website is valid upto 30-06-2025. The IRP is directed to file Authorization for Assignment within three days from the date of this order.
- c) The IRP is directed to take charge of the management of the Corporate Applicant immediately. The IRP is also directed to cause public announcement as prescribed under Section 15 of IBC, within three days from the date of receipt of this order, and call for submissions of claim in the manner as prescribed.
- d) We direct the Corporate Applicant to pay a sum of **Rs 2,00,000** towards the advance fee of IRP and expenses towards CIRP, which shall be ratified later on by the Committee of Creditors.
- e) Moratorium is, hereby, declared and shall have effect from the date of this order till the completion of the CIRP, for the purposes referred to in Section 14 of IBC. It is hereby ordered that all of the following are prohibited:
- 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 or 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 rights or beneficial interest therein;*

⁹Having Registration No:IBBI/IPA-002/IP-N01032/2020-2021/13455, Address: Plot No.165, Door No.4-12-208/7, BDL Colony, Vanasthalipuram, Bhagyalatha, Hyderabad, Telangana - 500070, E-mail ID: atluriacs@gmail.com, Mobile No.9247177852.



- 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 Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002);*
- iv. *The recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate debtor.*
- v. *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.*
- f) The supply of essential goods or services to the Corporate Applicant shall not be terminated, suspended or interrupted during the moratorium period. Further, if the IRP considers supply of any goods or services critical to protect and preserve the value of the Corporate Applicant and manage the operations of such Corporate Debtor as a going concern, then the supply of such goods or services shall not be terminated, suspended or interrupted during the period of moratorium, except where such Corporate Applicant has not paid dues arising from such supply



during the moratorium period. Furthermore, the provisions of Sub-section (1) of Section 14 shall not apply to such transactions, agreements or other arrangement as may be notified by the Central Government in consultation with any financial sector regulator or any other authority.

- g) The IRP shall comply with the provisions of Sections 13(2), 15, 17 & 18 of IBC. The Directors, Promoters or any other person associated with the management of Corporate Debtor are directed to extend all assistance and co-operation to the IRP as stipulated under Section 19 for discharging his functions under Section 20 of IBC.
- h) The Corporate Applicant as well as the Registry is directed to send the copy of this Order to the IRP, to enable IRP to take charge of the assets etc. of the Corporate Applicant, and comply with this order as per the provisions of IBC.
- i) The Registry is directed to communicate this Order to the Corporate Applicant.
- j) The Registry shall also communicate this Order to the Registrar of Companies, Hyderabad, for updating the status of the Corporate Debtor in the website of the Ministry of Corporate Affairs.

Accordingly, this application is allowed and stands disposed of.

Sd/-
(SANJAY PURI)
MEMBER (TECHNICAL)

Sd/-
(RAJEEV BHARDWAJ)
MEMBER (JUDICIAL)

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