

2


**NATIONAL COMPANY LAW TRIBUNAL  
HYDERABAD BENCH**

**PRESENT: HON'BLE SHRI RATAKONDA MURALI- MEMBER JUDICIAL  
HON'BLE SHRI NARENDER KUMAR BHOLA- MEMBER TECHNICAL**


**ATTENDANCE-CUM-ORDER SHEET OF THE HEARING HELD ON 15.10.2019 AT 10.30 AM**

TRANSFER PETITION NO.	
COMPANY PETITION/APPLICATION NO.	CP (IB) No. 341/7/HDB/2019
NAME OF THE COMPANY	BTT Industries Pvt Ltd
NAME OF THE PETITIONER(S)	Bharat Tubes & Tin Printers
NAME OF THE RESPONDENT(S)	BTT Industries Pvt Ltd
UNDER SECTION	7 of IBC

**Counsel for Petitioner(s):**

Name of the Counsel(s)	Designation	E-mail & Telephone No.	Signature
Srinipreeti	Advocate	7331108205	
A. Sandhya Devi G. Jagadeesh			

**Counsel for Respondent(s):**

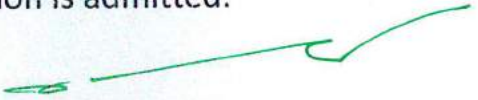
Name of the Counsel(s)	Designation	E-mail & Telephone No.	Signature
Abhinav Yenumula	PCS	7702200669	

**ORDER**

Order is passed vide separate order. The petition is admitted.

  
Member (T)

Karim

  
Member (J)

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

CP (IB) No. 341/7/HDB/2019  
U/s 7 of IBC, 2016  
R/w Rule 4 of I & B (AAA) Rules, 2016

**In the matter of:**

Bharat Tubes & Tin Printer (Partnership firm)  
R/o: Lux- 1, Industrial state, Sanathnagar,  
Hyderabad, 500 018,  
Represented by its Partner,  
Mr. Aditya Kedia.

...Petitioner/Financial Creditor

**VERSUS**

M/s. BTT Industries Private Limited,  
R/o: Room No. 610, 5-9-13, 6<sup>th</sup> Floor,  
Taramandal, Saifabad,  
Hyderabad 500 004.

... Respondent/Corporate Debtor

**Date of order: 15.10.2019**

**Coram:**

Hon'ble Shri Ratakonda Murali, Member (Judicial)  
Hon'ble Shri Narendra Kumar Bhola, Member (Technical)

**Parties / counsels present:**

For the Petitioner : Ms. D. Siri Preethi and A. Sandhya Rani ,  
Advocates.

For the Respondent: Mr. Abhinay Yenumula, PCS.

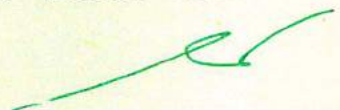
**Per: Hon'ble Shri Narendra Kumar Bhola, Member (Technical)**

Heard on: 17.05.2019, 14.06.2019, 10.07.2019, 02.08.2019,  
21.08.2019, 04.09.2019 and 18.09.2019.

**ORDER**

1. The Present Petition is filed by Bharat Tubes & Tin Printers (Financial Creditor) against M/s. BTT Industries Private Limited (Corporate Debtor). The Corporate Debtor had





defaulted the total amount of Rs. 30,21,44,084/- (Thirty Crores, Twenty-One Lakhs, Forty-Four Thousand and Eighty-Four Rupees only) to which principal amount is Rs. 26,97,71,504/- (Twenty-Six Crore, Ninety-Seven Lakhs, Seventy-One Thousand, Five Hundred and Four Rupees only) and interest at 12% is Rs. 3,23,72,580/- (Three Crores, Twenty-Three Lakhs, Seventy-Two Thousand, Five Hundred and Eighty Rupees only). 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 are:

A. The Corporate Debtor had defaulted a total amount of Rs. 30,21,44,084/- (Thirty Crores, Twenty-One Lakhs, Forty-Four Thousand and Eighty-Four Rupees only) to which principal amount is Rs. 26,97,71,504/- (Twenty-Six Crore, Ninety-Seven Lakhs, Seventy-One Thousand, Five Hundred and Four Rupees only) and interest at 12% is Rs. 3,23,72,580/- (Three Crores, Twenty-Three Lakhs, Seventy-Two Thousand, Five Hundred and Eighty Rupees only).

The date of Disbursements:

- Rs. 4,14,00,000/- on 31.03.2017, vide cheque No. 607360.
- Rs. 7,20,00,000/- on 08.05.2017, vide cheque No. 724361.
- Rs. 2,00,00,000/- on 06.07.2017, vide cheque No. 724405.

new

- Rs. 13,63,71,504 on 10.11.2017, vide cheque No. 938011.
- B. The Corporate Debtor has taken a cash credit of Rs. 7,00,00,000/- (Seven Crores Rupees only) which was subsequently enhanced to Rs. 11,00,00,000/- (Eleven Crores Rupees only) and a term loan of Rs. 16,00,00,000/- (Sixteen Crores Rupees only) was availed from the State Bank of Hyderabad, Sanathnagar Branch in the year 2010 and 2011 for its commercial business purposes and the Financial Creditor had given Corporate Guarantee and mortgaged its properties i.e. (i.) Land and Building situated at B-3, I.E, Sanathnagar, Hyderabad admeasuring 2823.10 square yards and (ii.) Land and Building situated at LUX-1, I.E, Sanathnagar, Hyderabad admeasuring 8319.11 square yards as security in favour of SBH for the said bank loan of the Corporate Debtor.
- C. After a period of 2-3 years from the date of obtaining the loan from the SBH, the Corporate Debtor was unable to serve its debt and the account of the Corporate Debtor had become NPA in the books of SBH as on 31.12.2013. However, the SBH did not enforce the security interest on any of the securities provided by the Corporate Debtor or on the Corporate Guarantee provided by the Financial Creditor.
- D. The Corporate Debtor requested the Financial Creditor for providing finance to settle the loan of SBH. The Financial Creditor agreed to help the Corporate Debtor and since the Corporate Guarantee i.e. the properties provided as security by way of mortgage in favour of the SBH by the Financial Creditor for the loan obtained by the Corporate Debtor were forming part of securities for

*now*

the loans also taken by the Financial Creditor from the SBH and the same were provided as common securities for the loans obtained by the Corporate Debtor, the Financial Creditor, M/s. Aavya Industries Private Limited & M/s. Reactive Metals of India Private Limited and since the other borrowers of the SBH (i.e. the Financial Creditor, M/s. Aavya Industries Private Limited & M/s. Reactive Metals of India Private Limited) were regular in making payments to SBH. After discussions between SBH, the Corporate Debtor and the Financial Creditor a settlement proposal was made to the SBH for settling the entire loan amount of the Corporate Debtor including interest for a one time settlement amount of Rs.26,00,00,000/- (Rupees Twenty Six Crore only) by selling both the properties of the Financial Creditor Mortgaged with the SBH. A copy of the settlement proposal made to the SBH by the Corporate Debtor is enclosed as Annexure C.

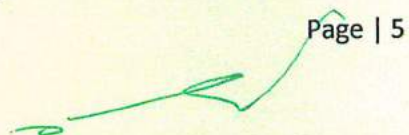
- E. After certain negotiations the SBH accepted the proposal of the Corporate Debtor for an amount of Rs.28 Crores approximately for one-time settlement (OTS) and for release of the Corporate Guarantees for selling and repaying the amount due to the SBH under the OTS.
- F. Accordingly, on 08.07.2015, a compromise agreement was entered into between SBH and the Corporate Debtor, the Financial Creditor, the 2 other borrowers (i.e. the M/s. Aavya Industries Private Limited & M/s. Reactive Metals of India Private Limited) and 5 other personal Guarantors for settling the loan amount of the Corporate Debtor including interest under OTS by selling both the properties of the Financial Creditor Mortgaged with the SBH. (A copy of the Compromise

MDW

Agreement entered with the SBH by the aforementioned persons is enclosed as Annexure D).

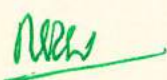
- G. The Corporate Debtor entered into a Loan Agreement with the Financial Creditor on 01.3.2017, pursuant to which the Financial Creditor authorized the Corporate Debtor to enter into a settlement agreement (compromise) with the SBH for clearing all its dues to the SBH by disposing off the properties (Land & Building situated at B-3, I.E., Sanathnagar, Hyderabad admeasuring 2823.10 square yards and (ii) Land & Building situated at Lux-1, IE, Sanathnagar, Hyderabad admeasuring 8319.11 square yards) of the Financial Creditor. The Corporate Debtor promised to repay back the settled amount with SBH to the Financial Creditor within a period of 1 year along with an interest of 12% per annum and with an addition penalty of 12% per annum on the delayed period. A copy of the Loan Agreement entered between the Corporate Debtor and the Financial Creditor is enclosed as Annexure E.
- H. Accordingly, pursuant to the Loan Agreement between the Financial Creditor and the Corporate Debtor dated 01.03.2017, the aforementioned properties of the Financial Creditor were disposed of and the amount realized i.e. (Rs.26,97,71,504/-) was utilized to repay the dues of the SBH in the month of May, 2017. The maximum time granted to the Corporate Debtor by the Financial Creditor to repay this amount was one year.
- I. The Financial Creditor has sent several repayment demand letters to the Corporate Debtor for repayment of the Financial Debt of Rs.26,97,71,504/- (Rupees Twenty Six Crore Ninety Seven Lakh Seventy One Thousand Five Hundred and Four only) along with interest on various





dates i.e. on 25.09.2017, 30.03.2018, 14.07.2018 and on 10.10.2018. However, there is no response whatsoever from the Corporate Debtor. A copy of the repayment demand letters sent to the Corporate Debtor for repayment of the Financial Debt is enclosed as Annexure G.

- J. The Corporate Debtor which has agreed to repay the amount of Rs.26,97,71,504/- (Rupees Twenty-Six Crore Ninety-Seven Lakh Seventy-One Thousand Five Hundred and Four only) along with interest of 12% per annum within a mutually agreed period of maximum 1 year has defaulted in repaying the said amount.
- K. The Financial Creditor got issued a legal notice to the Corporate Debtor on 15.10.2018, for repayment of the amount of Rs.26,97,71,504/- (Rupees Twenty-Six Crore Ninety-Seven Lakh Seventy-One Thousand Five Hundred and Four only) along with interest of 12% per annum on 15.10.2018. However, even to this notice there is no response or repayment by the Corporate Debtor whatsoever.
- L. It is averred that as per the Books of Account of the Corporate Debtor as on 31.03.2018, available at the official website of the Ministry of Corporate Affairs, a sum of Rs.26,97,71,504/- (Rupees Twenty Six Crore Ninety Seven Lakh Seventy One Thousand Five Hundred and Four only) is being shown as due to the Financial Creditor i.e. to Barat Tubes & Tin Printers under the head of Unsecured Loans.
3. The averments made in the Counter by the Respondent/ Corporate Debtor are as follows:



 Page | 6

- I. It is averred that the Corporate Debtor is in financial distress on account of slowdown of the business.
- II. It is averred that while agreeing to the amount of Rs.26,97,71,504/- (Rupees Twenty six Crores Ninety Seven Lakhs Seventy One Thousand Five Hundred and Four Only) the Corporate Debtor wishes to impress upon that the recovery of its business from the difficult phase will take some time and that the respondent is not in a position to pay the outstanding amount in the current situation.
- III. It is averred that the dispute of the family is converted into a corporate dispute. Mr. Aditya Kedia, representing the petitioner, is an erstwhile Director of the Respondent, BTT Industries Private Limited. A copy of the directorship showing resignation as extracted from the database of MCA portal is attached and annexed as Annexure C.
- IV. It is averred that, a loan agreement was entered into between Corporate Debtor and Financial Creditor, wherein the Financial Creditor has permitted Corporate Debtor to enter into a compromise with SBI to clear its dues to the Bank by disposing of the two properties. The above said loan agreement was entered on 01.03.2017 (i.e. five years later) from the date of purchase of stamp paper dated 11.01.2012. A copy of the Loan agreement is attached and submitted as Annexure D.
- V. It is averred that due to the tough financial situation, the Respondent Company was forced to close its operations in the Month of October 2013 and the residual Machinery of the Company was disposed in the

anu

month of March 2019. The proceeds of which were paid to miscellaneous creditors.

4. We have heard the Counsel for Financial Creditor and Counsel for Corporate Debtor. We have seen the counter filed on behalf of Corporate Debtor. It is made clear from the Counter that the Corporate Debtor is not raising any dispute in respect of the financial debt which is committed default. The Financial Creditor has relied on letters addressed to the Corporate Debtor for repayment of the financial debt. The letters are marked as Annexure-G at page No.46-52 of the paper booklet. The Financial Creditor relied on copy of sanction letter under which loan was sanctioned by State Bank of Hyderabad to Corporate Debtor which is marked as Annexure-A at page No. 11-20. The copy of the letter issued by SBH to Corporate Debtor to clear the loan is shown as Annexure-B.
5. It is the case of Financial Creditor that an agreement was entered into where under the Corporate Debtor agreed to discharge the debt, since loan due by Corporate Debtor to SBH was repaid out of the sale of the assets of financial creditor.
6. Even the Corporate Debtor also relied on the Settlement Agreement shown as Annexure -B at page No. 5-13 of the counter. The contention of the Corporate Debtor that it was not in a position to repay the financial debt due to the Financial Creditor owing to its financial difficulties. Thus, Corporate Debtor did not dispute the liability and also did not dispute default. Its inability is not a ground to reject the Application filed by the Financial Creditor.
7. The Financial Creditor suggested the name of Mr. Gonugunta Murali having registration number IBBI/IPA-001/IP-

mmw

P00654/2017-18/11139 as Interim Resolution Professional who has given consent in FORM 2 and there are no disciplinary proceedings pending against present IRP. The Petition is in order.

8. 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:
- (a) 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;
  - (b) 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.
  - (c) 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.
  - (d) That the order of moratorium shall have effect from 15.10.2019 till the completion of the Corporate Insolvency Resolution Process or until this Bench

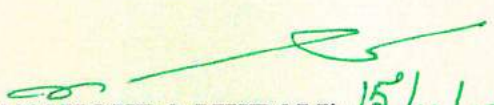
nmw

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.

- (e) That the Public announcement of Corporate Insolvency Resolution Process shall be made immediately as specified under section 13 of the code.
- (f) That this Bench hereby appoints Mr. Gonugunta Murali having registration number IBBI/IPA-001/IP-P00654/2017-18/11139, R/o:H.No. 16-11-19/4, G-1, Sri Laxmi Nilayam, Saleem Nagar Colony, Malakpet, Hyderabad 500 036, as Interim Resolution Professional to carry the functions as mentioned under the Insolvency & Bankruptcy Code.

Accordingly, this Petition is admitted.

  
15.10.2019  
**(NARENDER KUMAR BHOLA)**  
**(Member Technical)**

  
15/10/19  
**(RATAKONDA MURALI)**  
**(Member Judicial)**

*Niharika*