



IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH, COURT-I

CP (IB)/94(MB)/2024

Under section 7 of the Insolvency and Bankruptcy Code, 2016 read with rule 4 of Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016

In the matter of

M/s. Reliance Commercial Finance Limited

[CIN:U66010MH2000PLC128301]

...Financial Creditor/Applicant

Versus

M/s Pifiniti Movies Private Limited

[CIN:U22300MH2018PTC316830]

...Corporate Debtor/Respondent

Order Pronounced on 12.06.2024

Coram:

Hon'ble Member (Judicial) : Justice V. G. Bisht (Retd.)
Hon'ble Member (Technical) : Sh. Prabhat Kumar

Appearances:

For the Financial Creditor : Mr. Siddha Pamecha a/w
Ms. Payal Gupte, Advocates
i/b Thodur Law Associates
For the Corporate Debtor : Mr. J. D'Souza, Advocate
i/b Mr. M. Ganesh,
Advocates



ORDER

Per: Justice V. G. Bisht (Retd.)

Brief Facts:

1. This Company Petition is filed under section 7 of the Insolvency and Bankruptcy Code, 2016 (**IBC**) by **M/s. Reliance Commercial Finance Limited** ("hereinafter referred to as the Financial Creditor/Applicant/RCFL"), seeking to initiate Corporate Insolvency Resolution Process (CIRP) against **M/s Pifiniti Movies Private Limited** ("hereinafter referred to as the Corporate Debtor/Respondent/PMPL").
2. The Financial Creditor formerly known as Reliance Gilts Limited, was incorporated on 17.08.2000 with the Registrar of Companies (RoC), Maharashtra, Mumbai bearing CIN no. U66010MH2000PLC128301 and having its registered address at The Ruby, 11th Floor, North-West Wing, Plot no.29, Senapati Bapat Marg, Dadar (West), Mumbai, Shivaji Park (Mumbai) Mumbai Maharashtra 400028 has an authorised capital of Rs. 10002000000/- and paid up capital of Rs. 535,46,57,000/-.
3. Subsequently, on 21.05.2009 the Financial Creditor was registered as a Non-Banking Financial Institution with Reserve Bank of India, as defined under Section 45-1A of the Reserve Bank of India Act, 1934, Certificate of Registration No. N-13.01933.
4. The Corporate Debtor is a Private Limited Company registered under the Companies Act, 2013 bearing CIN no. U22300MH2018PTC316830 incorporated on 05.11.2018 and having registered address at Manek Mahal, 6th Floor, 90 Veer Nariman Road, Churchgate, Mumbai – 400020. The Corporate Debtor is engaged in the business activity of Reproduction of recorded media which includes reproduction of records, audio, video and computer tapes from master copies, reproduction of floppy, hard or compact disks, reproduction of non-customized software and the film duplicating.



5. That Reliance Home Finance Limited ("hereinafter referred to as RHFL") was incorporated on 05.06.2008 and is registered with National Housing Bank as Housing Finance Institution as per Certificate of Registration No. 07.01.12 dated July 16, 2012 (Original Certificate of Registration No. 02.0069.09 dated January 6, 2009). RHFL advanced loan for working capital facility to the Corporate Debtor vide Sanction letters dated November 22, 2018 and December 11, 2018 respectively for an amount of Rs. 1,75,00,00,000/- (Rupees One Hundred and Seventy Five Crore Only) and Rs. 13,66,00,000/- (Rupees Thirteen Crore and Sixty Six Lakh Only), aggregating to Rs.1,88,66,00,000/- (Rupees One Hundred and Eighty Eight Crore and Sixty Six Lakh only) at an interest of 13.50% per annum. Accordingly, the Corporate Debtor entered into Facility cum Hypothecation Agreement dated November 22, 2018 and December 11, 2018 and executed other documents with RHFL.
6. The Corporate Debtor acknowledged the debt owed to RHFL by giving Balance Confirmation dated September 30, 2021 for an amount of Rs. 3,42,12,30,956/- (Rupees Three Hundred Forty Two Crore Twelve Lakh Thirty Thousand Nine Hundred Fifty Six Only), including interest which was owed to RHFL. Hence, the Corporate debtor has acknowledged the total amount of Principal debt of Rs. 1,88,66,00,000/- (Rupees One Hundred Eighty-Eight Crore Sixty-Six Lakh Only) and Interest of Rs. 1,53,46,30,956/- (Rupees One Hundred Fifty Three Crore Forty Six Lakh Thirty Thousand Nine Hundred Fifty Six Only) as on September 30, 2021.
7. RHFL sent Loan Recall Notice/Termination of Agreement Notice dated 30.11.2021 and requested the Corporate Debtor to make the outstanding payment. However, no response was received from the side of the Corporate Debtor.
8. That later on, RHFL got into a financial stress and pursuant to the Resolution Plan implemented in terms of the RBI Circular No. RBI/2018-19/203,DBR.No.BP.BC.45/21.04.048/2018-19 dated 07.06.2019 on Prudential Framework for Resolution of Stressed Assets and the order of



Hon'ble Supreme Court of India dated 03.03.2023; the Financial Creditor acquired the Business Undertaking of RHFL on a slump sale and going concern basis. The loan advanced by RHFL alongwith all rights and securities attached thereto was assigned to the Financial Creditor by way assignment deed dated 31.03.2023. Thus, the Corporate Debtor owes Rs. 1,88,66,00,000/- (Rupees One Hundred Eighty Eight Crore Sixty Six Lakh Only) along with interest of Rs. 2,83,71,60,271/- (Rupees Two Hundred and Eighty Three Crore Seventy One Lakh Sixty Thousand Two Hundred Seventy One only) to Financial Creditor.

9. Hence, there is Principal amount due, owing and payable, of Rs. 1,88,66,00,000/- (Rupees One Hundred and Eighty Eight Crore and Sixty Six Lakh Only) which the Corporate Debtor has defaulted to pay despite demands for payment by the Financial Creditor.
10. The Financial Creditor has claimed Interest on the outstanding Principal amount calculated @ 13.50% per annum from due date, as per the terms of the Loan Agreement dated November 22, 2018 and December 11, 2018 till the Principal amount is paid and liquidated in full.
11. The Financial Creditor also claims Penal Interest on the outstanding Principal amount calculated @ 22.50% per annum from due date, as per the terms of the Loan Agreement dated 22.11.2018 and 11.12.2018 till the Principal amount is paid and liquidated in full.
12. Hence, the Amount Claimed is as follows:
 - **Principal Amount:** Rs. 1,88,66,00,000/- (Rupees One Hundred and Eighty Eight Crore Sixty-Six Lakh Only)
 - **Unpaid Interest:** 1,21,26,87,764/- (Rupees One Hundred Twenty One Crore Twenty Six Lakh Eighty Seven Thousand Seven Hundred Sixty Four only)
 - **Penal Interest:** 1,62,44,72,507/- (Rupees One Hundred Sixty Two Crore Forty Four Lakh Seventy Two Thousand Five Hundred Seven only).

- **Total Claim Amount:** 4,72,37,60,271/- (Rupees Four Hundred Seventy Two Crore Thirty Seven Lakh Sixty Thousand Two Hundred Seventy One only) as on 31.08.2023.

13. Date of Default:

- For the loan amount of Rs. 1,75,00,00,000/- date of default is stated to be 01.11.2019.
- For the loan amount of Rs. 13,66,00,000/- date of default is stated to be 01.12.2019.

Submissions of the Respondent:

14. The Respondent has contested the Petition on the grounds that due to COVID-19 and downturn in the media business due to unforeseen reasons, the Respondent was unable to pay back the debt to the Petitioner. The Respondent was also trying to negotiate with the Petitioner for the same. The Respondent has further contested the Petition on the following grounds:

I. No Privity of Contract between the Corporate Debtor and Petitioner:

The Respondent has submitted that the assignment of the loan facilities in consideration in the present matter was assigned without the consent of the Respondent and that the Respondent had entered into a contract only with Reliance Home Finance Limited and not the present Financial Creditor.

II. Present Petition is barred by Limitation:

The Respondent further submitted that the date of default as per the submission of the Financial Creditor in present Petition is 22.11.2019 for the loan facility of Rs. 175 crores and 22.12.2019 for the loan facility of Rs. 13.66 crores, both of which were extended by Reliance Home Finance Limited whereas the present Petition has been filed by the present Financial Creditor in respect of the very same loan facilities only on 26.09.2023.



Findings-

15. Heard submissions of learned counsel for the Applicant & Respondent. Perused records.
16. There is no dispute that there exists a financial debt and the same is in default since the Corporate Debtor has acknowledged the debt owed to RHFL by giving Balance Confirmation dated September 30, 2021 for an amount of Rs. 3,42,12,30,956/- (Rupees Three Hundred Forty Two Crore Twelve Lakh Thirty Thousand Nine Hundred Fifty Six Only), including interest which was owed to RHFL. The Corporate debtor has acknowledged the total amount of Principal debt of Rs. 1,88,66,00,000/- (Rupees One Hundred Eighty-Eight Crore Sixty-Six Lakh Only) and Interest of Rs. 1,53,46,30,956/- (Rupees One Hundred Fifty Three Crore Forty Six Lakh Thirty Thousand Nine Hundred Fifty Six Only) as on September 30, 2021. Also, the acknowledgment of debt can be inferred from the submission of the respondent that they were into negotiations with the Financial Creditor. It clearly shows that the Corporate Debtor is in default of a debt due and payable and the default is in excess of minimum amount stipulated under section 4(1) of the IBC.
17. The contention of the respondent that there is no Privity of Contract between the Corporate Debtor and Petitioner is untenable since there is clear assignment of loan advanced by RHFL along with all rights and securities attached thereto to the Financial Creditor by way of assignment deed dated 31.03.2023. The consent of the borrower for assignment of debt by RHFL to the Financial Creditor is not relevant consideration for the purpose of this Code, in view of the fact that the borrower had complete knowledge and information of such assignment.
18. Further, contention of the Respondent that the present petition is barred by limitation is also not tenable considering the fact that the Corporate Debtor had acknowledged the debt vide confirmation deed dated 30.09.2021, accordingly, the limitation runs from the said date. This petition having



been filed in the year 2023 is within the limitation period of 3 years from the said date.

19. The Hon'ble Supreme Court in the case of *Dena Bank (now Bank of Baroda) v. C. Shivakumar Reddy and Anr. (Civil Appeal No.1650 of 2020)* held that an acknowledgement of the debt by the Corporate Debtor before expiry of the period of limitation shall extend the Limitation Period. The relevant portion is reproduced hereunder for convenience: " ...142. *To sum up, in our considered opinion an application under Section 7 of the IBC would not be barred by limitation, on the ground that it had been filed beyond a period of three years from the date of declaration of the loan account of the Corporate Debtor as NPA, if there were an acknowledgement of the debt by the Corporate Debtor before expiry of the period of limitation of three years, in which case the period of limitation would get extended by a further period of three years...* "
20. The application made by the Financial Creditor is complete in all respects as required by law. Therefore, the debt and default stand established and there is no reason to deny the admission of the Petition. In view of this, this Adjudicating Authority admits this Petition and orders initiation of CIRP against the Corporate Debtor.
21. The Financial Creditor has proposed the name of **Truue IPE Private Limited**, IBBI Registration no. **IBBI/IPE-0151** and IP Registration No. **IBBI/IPE-0151/IPA-1/2023-2024/50052**, as the Interim Resolution Professional of the Corporate Debtor. Written communication in Form 2 as required under rule 9(1) of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 has been filed.
22. It is, accordingly, hereby ordered as follows: -
 - I. The Petition bearing **CP (IB)/94(MB)/2024** filed by **M/s. Reliance Commercial Finance Limited** [CIN:U66010MH2000PLC128301], the Financial Creditor, under section 7 of the IBC read with rule 4(1) of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 for initiating Corporate Insolvency Resolution Process

(CIRP) against **M/s Pifiniti Movies Private Limited** [CIN:U22300MH2018PTC316830], the Corporate Debtor, is **admitted**.

- II. There shall be a moratorium under section 14 of the IBC, in regard to the following:
- 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 of 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 right or beneficial interest therein;
 - 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 Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002;
 - iv. The recovery of any property by an owner or lessor where such property is occupied by or in possession of the Corporate Debtor.

Notwithstanding the above, during the period of moratorium: -

- i. The supply of essential goods or services to the corporate debtor, if continuing, shall not be terminated or suspended or interrupted during the moratorium period;
 - ii. That the provisions of sub-section (1) of section 14 of the IBC shall not apply to such transactions as may be notified by the Central Government in consultation with any sectoral regulator;
- III. The moratorium shall have effect from the date of this order till the completion of the CIRP or until this Adjudicating Authority approves the resolution plan under sub-section (1) of section 31 of the IBC or passes an order for liquidation of Corporate Debtor under section 33 of the IBC, as the case may be.
- IV. Public announcement of the CIRP shall be made immediately as specified under section 13 of the IBC read with regulation 6 of the

Insolvency & Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

- V. **Truue IPE Private Limited**, IBBI Registration no. **IBBI/IPE-0151** and IP Registration No. **IBBI/IPE-0151/IPA-1/2023-2024/50052**, having registered address at 112, 1st Floor, Rex Chamber Ballard Estate, Walchand Hirachand Marg, Fort, Mumbai - 400001, **Email ID: jain_cp@yahoo.com**, **Mobile: 9824036127** is hereby appointed as Interim Resolution Professional (IRP) of the Corporate Debtor to carry out the functions as per the IBC. The fee payable to IRP or, as the case may be, the RP shall be compliant with such Regulations, Circulars and Directions issued/as may be issued by the Insolvency & Bankruptcy Board of India (IBBI). The IRP shall carry out his functions as contemplated by sections 15, 17, 18, 19, 20 and 21 of the IBC.
- VI. During the CIRP Period, the management of the Corporate Debtor shall vest in the IRP or, as the case may be, the RP in terms of section 17 of the IBC. The officers and managers of the Corporate Debtor shall provide all documents in their possession and furnish every information in their knowledge to the IRP within a period of one week from the date of receipt of this Order, in default of which coercive steps will follow.
- VII. The Financial Creditor shall deposit a sum of Rs.3,00,000/- (Rupees Three Lakhs only) with the IRP to meet the expenses arising out of issuing public notice and inviting claims. These expenses are subject to approval by the Committee of Creditors (CoC).
- VIII. The Registry is directed to communicate this Order to the Financial Creditor, the Corporate Debtor and the IRP by Speed Post and email immediately, and in any case, not later than two days from the date of this Order.
- IX. IRP is directed to send a copy of this Order to the Registrar of Companies, Maharashtra, Mumbai, for updating the Master Data of the Corporate Debtor. The said Registrar of Companies shall send a

compliance report in this regard to the Registry of this Court **within seven days** from the date of receipt of a copy of this order.

Sd/-

Prabhat Kumar
Member (Technical)

MK

Sd/-

Justice V. G. Bisht (Retd.)
Member (Judicial)