

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – 1
VC AND PHYSICAL (HYBRID) MODE
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
05.08.2025 AT 02:00 PM**

CP(IB) No. 217/7/HDB/2024
u/s. 7 of IBC, 2016

IN THE MATTER OF:

M/s. Madhya Pradesh Financial Corporation

...Financial Creditor

AND

Sri Naga Krishna Chemicals Ltd.,

...Corporate Debtor

C O R A M:-

SH. RAMMURTI KUSHAWAHA, HON'BLE MEMBER (JUDICIAL)
SH. MAN MOHAN GUPTA, HON'BLE MEMBER (TECHNICAL)

O R D E R

Learned counsel Mr. N V Pruthvi Raju for the Financial Creditor appeared through video conference.

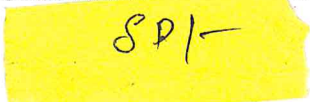
It is observed from today's cause list, that the matter was inadvertently mentioned as "for clarification" instead of "for pronouncement of orders".

The same may be read as for pronouncement of orders only.

Order pronounced in open court, recorded vide separate sheets.

In the result, this CP(IB) No. 217/7/HDB/2024 is admitted and CIRP is initiated against the Corporate Debtor, subject to the directions mentioned in the order.


**MAN MOHAN GUPTA
MEMBER (T)**


**RAMMURTI KUSHAWAHA
MEMBER (J)**

IN THE NATIONAL COMPANY LAW TRIBUNAL,
HYDERABAD BENCH-I, HYDERABAD

C.P. (IB) No. 217/7/HDB/2024

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

**IN THE MATTER OF M/S. SRI NAGAKRISHNA CHEMICALS
LIMITED**

BETWEEN:

Madhya Pradesh Financial Corporation,

Represented by its Authorized Signatory PA Joseph, s/o Abrahan Pt,

Manager, Jabalpur Branch.

Having its Head Office at Financial House,

Mumbai Agra Road, Indore-452001, Madhya Pradesh.

.... Petitioner/Financial Creditor

AND

M/s. Sri Nagakrishna Chemicals Limited,

(Formerly Known as Deccan Chromates Limited).

Authorized Rep. Shri. Cherukuri Nagarjuna Kumar, Director of the company.

Registered Office at 8-2-1/4, Punjagutta;

Opp. SBI Yellareddyguda Branch,

Hyderabad, Telangana-500082.

..... Respondent/Corporate Debtor

Date of order: 05.08.2025

Coram:

Shri. Rammurti Kushawaha, Hon'ble Member Judicial.

Shri. Man Mohan Gupta, Hon'ble Member Technical.

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Appearance:

For Petitioner : Mr. N.V.Pruthvi Raju, Counsel.

For Corporate Debtor : Mr. Sachin Sharma, Counsel.

PER BENCH

ORDER

1. This Company Petition has been filed by Madhya Pradesh Financial Corporation (hereinafter also referred as 'Financial Creditor') under Section 7 of 'The Insolvency and Bankruptcy Code, 2016', (hereinafter to be referred as 'IBC'), read with Rule 4 of Application to Adjudicating Authority Rules, 2016, *inter alia* seeking initiation of 'Corporate Insolvency Resolution Process' ('CIRP') of M/s.Sri Nagakrishna Chemicals Ltd. (hereinafter referred as 'Corporate Debtor') alleging non-payment of Rs.7,95,72,029/-, including interest is said to be due and payable by Corporate Debtor to Financial Creditor as on 18.07.2017.

2. BRIEF OF PETITION FILED BY THE FINANCIAL CREDITOR

2.1. It is averred that the Financial Creditor, a statutory corporation incorporated under the State Financial Corporations Act, 1951, with its head office at Finance House, Mumbai Agra Road, Indore-452001, Madhya Pradesh, is represented by its authorised signatory, Mr. P.A. Joseph, Manager, Jabalpur Branch, duly authorised vide letter dated 18.06.2024.

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2.2. It is stated that the Corporate Debtor has availed a loan facility of Rs.60,01,00,000/- from consortium of banks viz., State Bank of India (lead bank), Union Bank of India, and Madhya Pradesh Financial Corporation (Financial Creditor herein). As per the sanction letter dated 24.02.2009, the Financial Creditor has sanctioned Rs.7,50,00,000/- to the Corporate Debtor. Out of the said sanctioned amount of Rs.7,50,00,000/- by the Financial Creditor, Rs.6,75,00,000/- were disbursed to the Corporate Debtor between 25.05.2009 and 20.09.2010.

Sl.No.	Bank/Institution	Amount of Loan
1.	State Bank of India	26,29,00,000/-
2.	Union Bank of India	26,22,00,000/-
3.	Madhya Pradesh Financial Corporation (Financial Creditor)	7,50,00,000/-
	Total	60,01,00,000/-

2.3. In consideration of the said sanction, the Corporate Debtor has executed necessary loan documents, including:

- Loan Agreement and Agreement to Create Mortgage dated 12.05.2009, agreeing to repay in 24 EQIs with 14.50% interest per annum, subject to penalty provisions.
- Joint Deed of Hypothecation dated 12.05.2009, creating charge on stock, machinery, and receivables as security for repayment of loans;

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iii. Memorandum of Deposit of Title Deeds dated 16.05.2009 for equitable mortgage over various properties, including 10 acres at Gorthara Village, Shahdol District, Madhya Pradesh (Unit II plant), on *pari passu* basis with other consortium lenders.

2.4. The availed loan of Rs.7,50,00,000/- was utilized by the Corporate Debtor but was not repaid as per the agreed terms, leading to default on 01.01.2011, and the account being classified as Non-Performing Asset (NPA) on 01.04.2011. Subsequently, the Financial Creditor has issued a recall notice dated 22.04.2024, but the Corporate Debtor failed to repay the loan. However, the debt has been acknowledged by the Corporate Debtor through various correspondences, at the Joint Lenders Meetings and also through One Time Settlement (OTS) proposal dated 13.10.2022, which was subsequently rejected by the Financial Creditor on 19.10.2022.

2.5. As of 18.07.2017, the Corporate Debtor was liable to pay the total outstanding amount of Rs.7,95,72,029/-, along with interest at 14.50% p.a. and penal interest at 2.00% p.a., continuing until full repayment, inclusive of all future interest, charges, fee and penalties. According to the Petitioner, the initial date of default was 01.01.2011, and the default has continued over time, including when the Financial Creditor rejected the Corporate Debtor's One-Time Settlement (OTS) proposal vide letter dated

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19.10.2022. Ultimately when the Corporate Debtor failed to repay the dues, the Financial Creditor issued the recall notice on 22.04.2024.

- 2.6. Moreover, the Statement of Account reflects the disbursement of amount by Financial Creditor and defaults committed by the Corporate Debtor. The Financial Creditor has proposed the name of Mr. Madasa Kumar as Interim Resolution Professional having IBBI Registration No. as IBBI/IPE-0141/IPA-2/2022-23/50007, having certificate of recognition valid from 12.07.2022 and Form-2 Written Consent given on 19.07.2024, (Annexure 17).

3. BRIEF OF COUNTER FILED BY THE CORPORATE DEBTOR/RESPONDENT

- 3.1. Denying the contentions of the Petitioner, the Respondent contended that due to unforeseen delays in project implementation and commercial production in 2009, the Corporate Debtor faced financial difficulties, resulting in the account being classified as NPA on 01.04.2011.
- 3.2. Subsequent to the classifying the Corporate Debtor as NPA, to revive its operations, the Corporate Debtor submitted several One-Time Settlement (OTS) proposals to the consortium of banks. The said proposals submitted to the SBI and Union Bank of India were accepted, and there is no outstanding liability towards those banks as on date. However, despite multiple OTS proposals made to the Petitioner herein, the same were not

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considered, unlike the other consortium lenders. That the present Petition appears to be filed with the intent to recover dues, which is contrary to the objective of the IBC, as consistently held by the Hon'ble NCLAT and Hon'ble Supreme Court. Accordingly, it is prayed that the present application be dismissed as not maintainable in law or on facts.

4. We have heard Mr. N.V.Pruthvi Raju, Learned Counsel for the Financial Creditor and Mr. Sachin Sharma, Learned Counsel for the Corporate Debtor and perused the record.
5. In the light of the contest put forth as above by both the parties, the point that emerges for our consideration is:

Point:

Whether there is a 'Financial Debt' due and payable by the Corporate Debtor to the Financial Creditor? If so, whether the Corporate Debtor has defaulted in repayment of the same?

SUBMISSIONS

6. The Ld. Counsel for the Petitioner has reiterated the averments made in the Petition and further contended that the Corporate Debtor availed a loan facility of Rs.7,50,00,000/- through sanction letters dated 24.02.2009, out of which Rs.6,75,00,000/- was disbursed and utilized. This loan was supported by execution of mortgage and hypothecation agreements dated 12.05.2009,

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and further secured by a Memorandum of Deposit of Title Deeds dated 16.05.2019. The mortgage was registered with the Registrar of Companies (ROC). The Corporate Debtor defaulted on 01.01.2011 and made part payments on 31.03.2012 and 28.03.2014. Subsequently, multiple OTS proposals were submitted, discussed in joint consortium meetings, and recorded in SBI's letter dated 02.07.2019. A final OTS proposal dated 13.10.2022 was rejected by the Financial Creditor on 19.10.2022 due to non-compliance with OTS guidelines. Since then, the Corporate Debtor has neither made any payments nor shown intent to revive its operations, indicating lack of bona fides. The Corporate Debtor also acknowledged the debt in the financial statement for the year 2022-2023 (at page 151 of the Petition). The Corporate Debtor has remained defunct and suspended manufacturing activities due to lack of working capital.

7. *Per contra*, the Ld. Counsel for the Corporate Debtor has contended that due to unforeseen delays in project implementation and lack of working capital, the Corporate Debtor ceased commercial production in 2009, leading to default in repayments and classification of the account as NPA on 01.04.2011. Despite efforts to revive operations through multiple OTS proposals, including accepted offers by SBI and Union Bank of India for Rs.5,13,00,000/- each (funded via unsecured loans), but the Financial Creditor rejected similar proposals citing non-compliance with its OTS

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norms. Subsequently, the situation worsened with the demise of the Corporate Debtor's Managing Director in 2023. With no scope for revival, the Board decided to dispose of certain assets to settle dues. However, the Corporate Debtor is unable to enhance its OTS offer as the units have remained defunct since 2009 and machinery has depreciated significantly, reducing asset value.

8. Contending thus, it was submitted that though the Corporate Debtor made OTS proposal to settle the dues owed to Financial Creditor, the Financial Creditor, in utter disregard, rejected the OTS proposals without taking into consideration the circumstances that the Corporate Debtor is defunct and unable to repay the whole amount as claimed by the Financial Creditor and hence, the present Petition is liable to be dismissed.

OUR ANALYSIS AND FINDINGS

9. At the outset, we would like to state that in order to succeed in a Petition filed under Section 7 of the IBC, it is imperative for the Petitioner to establish that a financial debt of a sum of Rs.1 crore is due and payable by the Respondent to the Petitioner and the respondent had defaulted in repayment of the said financial debt. The Hon'ble Apex Court in *Innoventive Industries Ltd. vs ICICI Bank*, (2018) 1 SCC 407 has held that for initiation of Corporate Insolvency Resolution Process by financial creditor under sub-section (4) of Section 7 of the IBC, the 'Adjudicating Authority' on receipt of application

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under sub-section (2) is required to ascertain existence of default from the records of Information Utility or on the basis of other evidence furnished by the financial creditor under sub-section (3). The relevant para of the judgement is extracted hereunder:

"30.in the case of a corporate debtor who commits a default of a financial debt, the adjudicating authority has merely to see the records of the information utility or other evidence produced by the financial creditor to satisfy itself that a default has occurred. It is of no matter that the debt is disputed so long as the debt is "due" i.e. payable unless interdicted by some law or has not yet become due in the sense that it is payable at some future date. It is only when this is proved to the satisfaction of the adjudicating authority that the adjudicating authority may reject an application and not otherwise."

10. Further, we find it proper to usefully glance certain definition clauses of IBC, which defines 'financial creditor' and 'financial debt' as under:

"5(7) "financial creditor" means any person to whom a financial debt is owed and includes a person to whom such debt has been legally assigned or transferred to;
5(8) "financial debt" means a debt along with interest, if any, which is disbursed against the consideration for the time value of money and includes—
(a) money borrowed against the payment of interest;
(b) any amount raised by acceptance under any acceptance credit facility or its dematerialised equivalent;
(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
(d) the amount of any liability in respect of any lease or hire purchase contract which is deemed as a finance or capital lease under the Indian Accounting Standards or such other accounting standards as may be prescribed;
(e) receivables sold or discounted other than any receivables sold on nonrecourse basis;
(f) any amount raised under any other transaction, including any forward sale or purchase agreement, having the commercial effect of a borrowing;
(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price and for calculating the value of any derivative transaction, only the market value of such transaction shall be taken into account;
(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, documentary letter of credit or any other instrument issued by a bank or financial institution;
(i) the amount of any liability in respect of any of the guarantee or indemnity for any of the items referred to in sub-clauses (a) to (h) of this clause;"

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11. To fully understand the present issue, it is essential to explore the fundamental and essential criteria that determine the classification of a debt as a financial debt. Section 5(8) of the IBC which deals with financial debt has been exhaustively discussed in *Anuj Jain, Interim Resolution Professional for Jaypee Infratech Ltd. vs. Axis Bank Limited and Ors.* (2020 8 SCC 401) by the Hon'ble Apex Court and the relevant paragraph is to the effect:

"43. Applying the aforementioned fundamental principles to the definition occurring in Section 5(8) of the Code, we have not an iota of doubt that for a debt to become "financial debt" for the purpose of Part II of the Code, the basic elements are that it ought to be a disbursement against the consideration for time value of money. It may include any of the methods for raising money or incurring liability by the modes prescribed in clauses (a) to (f) of Section 5(8); it may also include any derivative transaction or counter-indemnity obligation as per clauses (g) and (h) of Section 5(8); and it may also be the amount of any liability in respect of any of the guarantee or indemnity for any of the items referred to in clauses (a) to (h). The requirement of existence of a debt, which is disbursed against the consideration for the time value of money, in our view, remains an essential part even in respect of any of the transactions/dealings stated in clauses (a) to (i) of Section 5(8), even if it is not necessarily stated therein. In any case, the definition, by its very frame, cannot be read so expansive, rather infinitely wide, that the root requirements of "disbursement" against "the consideration for the time value of money" could be forsaken in the manner that any transaction could stand alone to become a financial debt. In other words, any of the transactions stated in the said clauses (a) to (i) of Section 5(8) would be falling within the ambit of "financial debt" only if it carries the essential elements stated in the principal clause or at least has the features which could be traced to such essential elements in the principal clause. In yet other words, the essential element of disbursement, and that too against the consideration for time value of money, needs to be found in the genesis of any debt before it may be treated as "financial debt" within the meaning of Section 5(8) of the Code. This debt may be of any nature but a part of it is always required to be carrying, or corresponding to, or at least having some traces of disbursement against consideration for the time value of money."

12. Upon careful examination of the Petition filed by the Financial Creditor, as well as the reply submitted by the Respondent, besides the Loan documents, the execution of which is not in dispute, it is clearly established that the

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Corporate Debtor had availed a term loan facility to the tune of Rs. 7,50,00,000/- from the Financial Creditor vide Agreement to create Mortgage and Loan Agreement dated 12.05.2009. On further perusal of the said Loan Agreement, we observe that the term loan of Rs.7,50,00,000/- was to be repaid by the Corporate Debtor over a period of seven years. As per the terms agreed upon, the repayment was structured into 24 quarterly instalments, following one-year off period. In lieu of the same we find it proper to extract and reproduced below the clause (6) of the loan agreement which explicitly outlines the detailed repayment schedule agreed between the parties:

“(6) Repayment

The term loan is proposed to be repaid in 7 years in 24 equal quarterly instalments with one year's off period as per details given below.

Particulars	Amount
First 12 quarterly instalments of Rs.25.00 lacs each.	3.00 /- crores
Balance 12 quarterly instalments of Rs.37.50 lacs each	4.50 /- crores
Total	7.50/- crores

13. Furthermore, upon examination of the Ledger Statement pertaining to the Corporate Debtor, it is clearly evident that a sum of Rs. 6,75,00,000/- was disbursed to the Corporate Debtor as on 20.09.2010. In addition to this, a review of the audited Financial Statements for the financial year 2022-2023 revealed that the Corporate Debtor had engaged in the process of resolving

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its outstanding liabilities by seeking extensions for the One-Time Settlement (OTS) arrangements. Specifically, the Corporate Debtor obtained an extension of the OTS from Union Bank of India on 30.09.2022, and subsequently from State Bank of India on 11.01.2023. Following the grant of these extensions, the Corporate Debtor successfully cleared its outstanding dues with the respective banks and accordingly obtained 'No Due Certificates' from both Union Bank of India and State Bank of India, thereby indicating full and final settlement of its obligations with those institutions. The relevant portion from the Financial Statement for the year 2022-2023 at page 151 of the Company Petition has been extracted hereunder:

*"Your directors are glad to inform that the Company could able to obtain OTS Sanction letter dated 30.09.2022 from Union Bank of India in tune with the terms & conditions of State Bank of India (lead consortium lender).
Further, your Directors also could able to get renewal of the OTS Sanctioned earlier by State Bank of India as because it is the procedure to be adopted by the banks keeping in view-RBI Regulations. The extension for OTS was obtained from State Bank of India on 11.01.2023.*

Further.

your directors are pleased to inform that the balance OTS amount of Rs.10.8 Crores after adjusting the down payment of Rs.1.2 Crores which was paid in the following manner to the respective bankers:

State Bank of India, the lead lender - Rs.4.62

Crores Union Bank of India, Consortium Lender- Rs.4.62 Crores

Accordingly, after payment of the above amounts, your company has obtained "No Due Certificate" from the respective bankers individually vide letter dt.31.03.2023 from Union Bank of India and vide letter dt.03.04.2023 from State Bank of India, the consortium leader.

14. In the said financial statements for the year 2022-2023, the Corporate Debtor intend to approach the Financial Creditor with a request to enter into a One-Time Settlement (OTS) arrangement for the tune of Rs.1.74 crores in respect

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of the outstanding loan liability. However, in counter filed by the Corporate Debtor, we observe that the Corporate Debtor had expressly admitted to having made part payments towards the loan account during the period between 31.03.2012 and 28.03.2014. This indicates that the Corporate Debtor has failed to adhere to the repayment schedule as stipulated under the terms of the Loan Agreement dated 12.05.2009. The non-payment of the debt by the Corporate Debtor constitutes a breach of agreement, and the unpaid amount remains due and payable. The Corporate Debtor thus, has committed a default on 01.01.2011 in payment of financial debt which was due and payable.

15. The Ld. Counsel for the Corporate Debtor contented that Corporate Debtor is in a precarious financial situation and is currently not in a position to repay the debt owed to the Petitioner. However, we find that it is needless to say, that precarious financial situation is not a ground for non-payment of debt. Having carefully perused the record we are fully convinced that financial debt of Rs.6,75,00,000/- is due and payable by the Corporate Debtor to the Petitioner.

16. In view of above observations, *supra*, it is clear that the credit facilities availed by the Corporate Debtor from the Financial Creditor and the Corporate debtor has defaulted in its repayment can be termed as financial



debt as the same satisfies the requirements as mentioned under Section 5(8)(b) of IBC and the same is exceeding one crore rupees.

17. Though there is an admitted debt and default on behalf of the Corporate Debtor for an amount exceeding the threshold prescribed under Section 4 of IBC, it is to be seen whether the present Petition is filed within the period of limitation.

Whether the Company Petition is within the period of Limitation?

18. The Learned Counsel appearing on behalf of the Financial Creditor submitted that a One-Time Settlement (OTS) proposal dated 13.10.2022, which had been initiated and proposed by the Corporate Debtor, has been duly placed on record by the Financial Creditor. Furthermore, the Ld. Counsel submitted that the Financial Creditor has also filed the audited Financial Statement pertaining to the financial year 2022-2023. In addition to the above, it was further submitted that a Recall Notice dated 22.04.2024 was served upon the Corporate Debtor, and the issuance of this notice has the effect of extending the period of limitation for the purpose of maintaining and filing the present Company Petition under the provisions of the IBC.

19. On perusal of the records produced, we observe that the Corporate Debtor on 13.10.2022, proposed a One-time Settlement of the outstanding dues owed to the Financial Creditor. In the said OTS proposal, Corporate Debtor explicitly referred to the previous OTS offers dated 07.03.2019 and

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09.12.2020, wherein the SBI acting as the leader member of the consortium of lenders, has accorded its consent to the settlement terms. In response to the OTS proposal dated 13.10.2022, the Financial Creditor requested for the more comprehensive and detailed settlement proposal. This response specifically sought clarification regarding the exact amount proposed for settlement, accompanied by a clearly defined, time-bound repayment schedule. Consequently, the Financial Creditor has issued a registered notice dated 22.04.2024 to the Corporate Debtor demanding for the payment of Rs.7,95,72,029/- within 15 days from the receipt of the notice. Despite sufficient opportunity for the Corporate Debtor to fulfil its repayment obligations, the Corporate Debtor failed to repay the amount due and defaulted. Therefore, the default committed by the Corporate Debtor falls within the threshold limit and the proposal made by the Corporate Debtor in the One-Time Settlement dated 13.10.2022 constitutes an acknowledgment of the debt under Section 18 of the Limitation Act, 1963. This acknowledgment thereby serves to extend and revive the period of limitation applicable to the present claim.

20. We further place our reliance on the Record of Default maintained in Form-D as managed by the National E-Governance Services Limited (NeSL). According to the NeSL report dated 23.10.2024, which has been duly filed on record by the Financial Creditor, it is clearly established that the status of

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the Corporate Debtor has been officially authenticated with regard to an outstanding default amounting to Rs.7,95,72,029/-. The date of default has been recorded as 01.01.2011. The report further reveals that the relevant default information was submitted to NeSL on 23.10.2024 and the process of authentication was completed on the same date. The status of this authentication of the default is explicitly indicated as "AUTHENTICATED" thereby confirming the veracity and accuracy of the default particulars.

21. We further observe that the Financial Creditor has produced the balance sheet of the Corporate Debtor for the financial year 2022-2023. This document highlights that the Corporate Debtor had approached the Financial Creditor with a proposal for a One-Time Settlement amounting to approximately Rs. 1.74 Crores. This submission reflects the Corporate Debtor's acknowledgment of its liabilities and its intent to resolve the dues through a structured settlement arrangement. The relevant portion of the Financial Statement for the year 2022-2023 has been extracted hereunder from page 151 of the Company Petition:

Your Directors after meeting the above payments for OTS amount approached Madhya Pradesh Finance Corporation to sanction OTS to their share of Rs. 1.74 Crores. Meanwhile, Frontline Enterprises was insisting on the OTS letter from Madhya Pradesh State Finance Corporation in order to close the OTS with the lead bankers and also insisting on transfer of properties which are pledged with the bankers. Your Directors have promised the investor to obtain the OTS with Madhya Pradesh Finance Corporation (MPFC) and also consequently release the properties in favour of Sri Nagakrishna Chemicals Ltd."

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In lieu of the same, we observe that the Corporate Debtor has committed a default towards the Financial Creditor involving an amount exceeding one crore rupees.

22. We also observe that the State Bank of India (SBI) has issued a letter dated 02.07.2019 to the Financial Creditor on the sharing pattern of the compromise amount (annexure A8). In the said letter, the SBI advised the percentage of the compromise amount of Rs.12.00 crores as under and requested for the consent of the consortium members:

Sl. No.	Name of the Consortium Members	Total Dues (In Crores)	ERV of the security.	Percentage share in security	Share of compromise amount of Rs.12.00 Cr.
1.	State Bank of India	124.52	8.46	42.73	5.13
2.	Andhra Bank	129.95	8.46	42.73	5.13
3.	MPFC	31.19	14.54	14.54	1.74
	Total	285.66	19.80	100.00	100.00

23. Therefore, after consideration of the balance sheet of the Corporate Debtor, pertaining to the financial year 2022-2023, coupled with the One-Time Settlement (OTS) proposal submitted by the Corporate Debtor dated 13.10.2022, we are of the considered view that these documents collectively give rise to a fresh cause of action in favour of the Financial Creditor against

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the Corporate Debtor. it is pertinent to note that the IBC does not prescribe any specific period of limitation for initiating the Corporate Insolvency Resolution Process (CIRP). In the absence of such a prescribed limitation, Article 137 of the Limitation Act, 1963 becomes applicable, which provides for a limitation period of three years from the date when the cause of action accrues. Applying this provision to the present case, taking the date of the OTS proposal letter dated 13.10.2022, as well as the Audited Balance Sheet dated 31.03.2023 (period from 01.04.2022 to 31.03.2023), as the point of accrual, the period of limitation for initiating legal action by way of the present petition would extend up to 12.10.2025 / 30.03.2026. Consequently, since the present petition has been filed on 25.07.2024, it is well within the prescribed period of limitation and, therefore, cannot be held to be barred by time.

24. In lieu of the above discussion, this Tribunal is satisfied that the Petitioner has successfully established the financial debt of a sum exceeding Rupees One Crore and its default by the Corporate Debtor. Therefore, it is a fit case to put the Corporate Debtor into Corporate Insolvency Resolution Process (CIRP).

25. Accordingly, the instant petition, i.e., CP (IB) No.217/7/HDB/2024 is admitted and put in CIRP forthwith.

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26. The Financial Creditor/Petitioner herein has proposed the appointment of Mr. Madasa Kumar as the Interim Resolution Professional (IRP), bearing IBBI Registration No. IBBI/IPE-0141/IPA-2/2022-23/50007. Upon verification, however, it has been observed that Mr. Madasa Kumar name does not appear in the panel of Insolvency Professionals provided by the Insolvency and Bankruptcy Board of India (IBBI) for the South Zone, specifically under the jurisdiction of the Hyderabad Bench. In view of this, and in accordance with the applicable guidelines and panel requirements, we propose the name of **Mr. Medhi Yadaiah**, holding IBBI Registration No. IBBI/IPA-002/IP-N01039/2020-2021/13334, as the Interim Resolution Professional, as he is currently not handling any other assignment.

27. Hence, the Adjudicating Authority admits this Petition under Section 7 of IBC, declaring moratorium for the purposes referred to in Section 14 of the Code, with following directions:

- A. Corporate Debtor, M/s. Sri Nagakrishna Chemicals Limited is admitted in Corporate Insolvency Resolution Process under Section 7 of IBC.
- B. The Bench hereby prohibits 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 any other authority; transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right

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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.

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- 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 order of moratorium shall have effect from the date of this order till 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 public announcement of 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 **Mr. Medi Yadaiah**, having Registration No. IBBI/IPA-002/IP-N01039/2020-2021/13334, as Interim Resolution Professional, whose contact details as mentioned in the Petition are:
- E-mail: yadmedi@gmail.com
Address: 8-16-30/2, Sowbhagya Nagar Colony, SBH Venture 3,
Near Madhavi Kirana General Stores,
LB Nagar, Ranga Reddy, Hyderabad, Telangana-500074.
Mobile: 9491877921.
- I. Proposed IRP has been registered as Insolvency professional on 18.01.2021. His Authorisation for Assignment (AFA) is valid up to 30.06.2026. This information is also available in IBBI Website. Thus, there is compliance of Regulation 7A of IBBI (Insolvency Professionals)

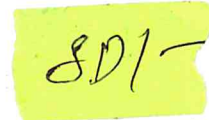
Regulations, 2016, as amended. Therefore, the proposed IRP is fit to be appointed as IRP since the relevant provision is complied with.

28. 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.



Sh. Man Mohan Gupta
(Member Technical)



Sh. Rammurti Kushawaha
(Member Judicial)

Lavanya.