

**NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH**

PRESENT: HON'BLE SHRI K ANANTHA PADMANABHA SWAMY – MEMBER JUDICIAL

PRESENT: HON'BLE SHRI BINOD KUMAR SINHA –MEMBER TECHNICAL

ATTENDANCE-CUM-ORDER SHEET OF THE HEARING HELD ON 13.02.2020 AT 10.30 AM

TRANSFER PETITION NO.	
COMPANY PETITION/APPLICATION NO.	CP(IB) NO. 454/7/HDB/2018
NAME OF THE COMPANY	Aayusiddhi Life Sciences Private Limited
NAME OF THE PETITIONER(S)	Gondimalla Madhu Mohan & (03) Others
NAME OF THE RESPONDENT(S)	Aayusiddhi Life Sciences Private Limited
UNDER SECTION	7 OF IBC

Counsel for Petitioner(s):

Name of the Counsel(s)	Designation	E-mail & Telephone No.	Signature
Narush Kumar Sangam	Advocate		

Counsel for Respondent(s):

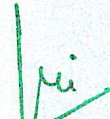
Name of the Counsel(s)	Designation	E-mail & Telephone No.	Signature
(For Y. Suryanarayana) Devangi Kariya	PCS	9704630066	D.J. Kariya

ORDER

Order pronounced in open court. CP admitted vide separate order.



MEMBER TECHNICAL



MEMBER JUDICIAL

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

CP (IB) No. 454/7/HDB/2018
Under Section 7 of the IB Code, 2016,
Read with Rule 4 of the Insolvency and Bankruptcy
(Application to Adjudicating Authority) Rules, 2016.

In the matter of
M/s. AAYUSIDDHI LIFE SCIENCES PRIVATE LIMITED

Between:

1. Mr. Gondimalla Madhu Mohan
H.No.1-8-702/4, Flat No.101 & 103,
Vijetha Madhuram, Near Shankar Mutt,
Nallakunta, Hyderabad – 500 044.
2. Mrs. Kolanu Jaya Reddy,
H.No.16-11/20/7/D/1,
Flat No.401, BMP Srushti Apartments,
Saleem Nagar Colony, Malakpet,
Hyderabad – 500 044.
3. Mr. K.Subba Reddy,
#2-2-20/20,
Flat No.303,
DD Colony, Bagh Amberpet,
Hyderabad – 500 013.
4. Mr. Pabba Amarnath,
#3-5-684, Narayanguda,
Hyderabad.

... Petitioners/
Financial Creditors

And

M/s. Aayusiddhi Life Science Private Limited,
Flat No.502, 3-5-704,
Sarodaya Enclave,
Himayatnagar, Hyderabad – 500 029.

... Respondent/
Corporate Debtor

Date of Order: 13.02.2020.

**Coram: Shri. K. Anantha Padmanabha Swamy, Member Judicial.
Dr. Binod Kumar Sinha, Member Technical.**

Parties/counsels present:

For the Petitioner/
Financial Creditor:

Mr. S.Chidambaram, PCS.
Mr. Naresh Kumar Sangam, Counsel

For the Respondent/
Corporate Debtor:

Mr. Y.Suryanarayana,
Mrs. M.S.Mano Ranjani, Counsels
Ms. Devangi Kariya, PCS

Per: Dr. Binod Kumar Sinha, Member Technical.

ORDER

1. The present petition is filed by 'Mr. Gondimalla Madhu Mohan & (3) Others' (hereinafter referred to as 'Petitioners/Financial Creditors') under section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as IB Code, 2016) read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 against M/s. Aayusiddhi Life Science Private Limited (hereinafter referred to as 'Respondent/Corporate Debtor').
2. Brief facts of the present case are as under:
 - 2.1 The Corporate Debtor was incorporated on 17.05.2006 for manufacture of pharmaceuticals. The authorized share capital of the Corporate Debtor is ₹8,00,00,000/- (Rupees Eight Crores Only) divided into 80,00,000 (Eighty Lakhs) Equity shares of ₹10/- each. Whereas, the paid-up capital is ₹7,38,50,000/- (Rupees Seven Crores Thirty Eight Lakhs Fifty Thousand Only) divided into 73,85,000 (Seventy Three Lakhs Eight Five Thousand) Equity shares of ₹10/- each.
 - 2.2 That the Corporate Debtor was in need of fund to complete the construction of factory for carrying out the manufacture of pharmaceuticals and approached the Petitioner No.1 for seeking financial assistance and he extended an unsecured loan of ₹1,07,62,000/- (Rupees One Crore Seven Lakhs Sixty Two Thousand only) from 15.11.2011 to 28.09.2014.
 - 2.3 That in addition to the above said unsecured loans the Petitioner No.1 had also advanced an amount of ₹2,74,65,773/- (Rupees Two Crores Seventy Four Lakhs Sixty Five Thousand Seven Hundred and Seventy Three only) by repaying outstanding dues of the Corporate Debtor to third parties. In total the Petitioner No.1, thus advanced an amount

of ₹3,82,27,773/- (Rupees Three Crores Eighty Two Lakhs Twenty Seven Thousand Seven Hundred and Seventy Three only). Out of the above said loans the Corporate Debtor repaid an amount of ₹58,99,728/- (Rupees Fifty Eight Lakhs Ninety Nine Thousand Seven Hundred and Twenty Eight only). The Corporate Debtor further allotted equity shares for an amount of ₹1,13,00,000/- (Rupees One Crore Thirteen Lakhs only). It is claimed that after adjusting the said amounts the Corporate Debtor owes total claim amount of ₹2,10,28,045/- (Rupees Two Crores Ten Lakhs Twenty Eight Thousand and Forty Five only) to the Petitioner No.1.

2.4 That the Petitioner No.2 advanced an amount of ₹15,80,000/- (Rupees Fifteen Lakhs Eighty Thousand only), Petitioner No.3 advanced an amount of ₹11,00,000/- (Rupees Eleven Lakhs only) and Petitioner No.4 advanced an amount of ₹2,50,000/- (Rupees Two Lakhs Fifty Thousand only).

2.5 That the Petitioner No.3 advanced the loans to the Corporate Debtor from his personal account and also from his HUF account.

2.6 That the amount of loan advance by Petitioner No.4 was received from Mrs. Pabba Srilatha the wife of Petitioner No.4 on behalf of Petitioner No.4. Accordingly in the books of the accounts of the Corporate Debtor name of the Petitioner No.4 was shown as lender instead of Mrs.Pabba Srilatha.

2.7 That the Petitioners are the Financial Creditors of the Corporate Debtor, and the Corporate Debtor owes an amount of ₹2,39,58,045/- (Rupees Two Crores Thirty Nine Lakhs Fifty Eight Thousand and Forty Five only) to the financial creditors as detailed below:

Sl.No.	Name of the Petitioners	Amount in Rs.
1	Mr. Gondimalla Madhu Mohan	₹2,10,28,045/-
2	Mr. Kolanu Jaya Reddy	₹15,80,000/-

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3	Mr. K. Subba Reddy	₹11,00,000/-
4	Mr. Pabba Amarnath	₹2,50,000/-
	Total	₹2,39,58,045/-

- 2.8 That the said loans advanced by the financial creditors to the Corporate Debtor was admitted by the Corporate Debtor in its financial statements which are duly signed and filed by the Managing Director of the Corporate Debtor and filed with the Registrar of Companies.
- 2.9 That despite several requests made by the financial creditors to the Corporate Debtor to repay the loans, the Corporate Debtor could not repay the loans advanced by the financial creditors, aggrieved with the same the financial creditors have jointly invoked Section 7 of Insolvency and Bankruptcy Code, 2016 and filed a joint Petition before this Adjudicating Authority and the same was numbered as CP (IB) No.81/7/HDB/2017.
- 2.10 That there were some defects in the said Petition filed by the financial creditors, hence the counsel for the financial creditors decided to withdraw the Petition for rectifying the defects. Accordingly this Adjudicating Authority granted permission to the financial creditor to withdraw the Petition vide order dated 08.08.2017.
- 2.11 That when the matter stood thus, the Corporate Debtor had fraudulently filed an Application under Section 131 of the Companies Act, 2013 seeking revision of financial statements or Board Report.
- 2.12 That the Financial Creditors 1 to 3 apprehended that the Corporate Debtor filed that Application with a mala-fide intention of removing the names of the financial creditors as admitted by them in the Financial Statements which was already filed by the Corporate

Debtor with the Registrar of Companies whereby Corporate Debtor admitted the existence of the liability and filed an application vide C.A. No.26 of 2018 in the CA.No.230/131/HDB/2017 to implead as parties in the CA.No.230/131/HDB/2017.

2.13 That this Adjudicating Authority vide its order dated 29.01.2018 has allowed the Application filed by the financial creditors 1 to 3.

2.14 That the Corporate Debtor revised it's Application by incorporating the Petitioners No.1 to 3 herein as Respondents and served a copy of the Application on Petitioners No.1 to 3. The Application filed by the Corporate Debtor seeks indirectly to remove the names of these Petitioners herein as creditors.

3. The list of copy of documents furnished by the petitioner with regard to default are as follows:-

- a) Copy of the Financial Statements of the Corporate Debtor for the Financial Years ended 31.03.2016 evidencing admission of debt due to the petitioners;
- b) Request Letter dated 08.08.2016 of Petitioner No.1 for repayment of loan sent to the Corporate Debtor vide registered post.
- c) Copy of Letter dated 08.08.2016 of Petitioner No.2 for repayment of loan forwarded to Corporate Debtor.
- d) Request Letter dated 21.01.2016 of Petitioner No.3 for repayment of loan sent to the Corporate Debtor vide registered post.
- e) Copy of Letter dated 10.02.2016 of Petitioner No.4 for repayment of loan sent to Corporate Debtor.
- f) Copy of email dated 08.08.2016 of Petitioner No.1 for repayment of loan sent to Corporate Debtor.
- g) Copy of email dated 13.08.2016 of Corporate Debtor to Petitioner No.1

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- h) Copy of email dated 09.08.2016 of Petitioner No.2 for repayment of loan forwarded to Corporate Debtor.
- i) Copy of email dated 13.08.2016 of Corporate Debtor forwarded to Petitioner No.2.
- j) Bank Account statements of the Petitioners.

Reiterating the above averments, the counsel for the Financial Creditors prayed to admit the petition.

4. Respondent filed counter/written submissions inter-alia stating that this petition is not maintainable and prayed to dismiss the same on the following grounds:

4.1 That the Petitioner No. 1 has filed this Application without even giving a straw of evidence in support of the claims and has filed this application with false allegations and wrong and misleading information.

4.2 That the Petitioner No. 2 being a shareholder and Director of the Respondent Company adopted several modus operandi to establish herself as the financial creditor of the Respondent Company viz. showing finished goods of the Respondent Company as Cash Sales without recording the same in the books of accounts, depositing the cash amounts realized from cash sales in her own personal account, bringing back the amount so deposited in the personal account in the bank account of the Respondent Company as unsecured loans.

4.3 That the Petitioner No. 3 advanced the loans to the Respondent Company from his personal account and also from his HUF. It is a matter of elementary of knowledge that "Individual" and "HUF" are two distinct entities and a single petitioner cannot make a claim on behalf of both who allegedly made a claim against the Respondent





Company. Section 3(23) of the Code defines the terms "Person" which clearly shows that an "Individual" and "HUF" are two separate person. It is also to be noted that even if the claim has been taken into consideration, the amount claimed by Petitioner 3 is barred by limitation and the demand is baseless without any enforceable right. Further it is pertinent to note that Petitioner No. 3 is not related to the Respondent Company in any way and the current management of the Respondent Company is unaware of the reason of the loan take and utilization of it in the Company. The said purported loan was taken by the Respondent Company in the year 2012 during which the complete business affairs and business transactions were managed and controlled by Petitioner No. 1 and 2.

- 4.4 That the Petitioner No. 4 in the synopsis stated that the loan was advanced by his wife Mrs. Pabba Srilatha to the Respondent Company. Para no. 6 of the synopsis of the Petitioner states that:

"The amount of loan advance by Applicant no. 4 was actually from Mrs. Pabba Srilatha, the wife of Applicant no. 4 for and on behalf of Applicant no. 4. Accordingly in the books of accounts of the Respondent Company name of the Applicant no. 4 was shown as lender instead of Pabba Srilatha."

- 4.5 It is submitted that if the amounts were remitted by Mrs. Pabba Srilatha then it is inconceivable as to how the Petitioner no. 4 can be named as the Financial Creditor. It may be further noted that the provisions contained in the Benami Transactions (Prohibition) Act, 1988 prohibits any such transaction where the husband is the Benamidar of his wife. Hence, the Petitioner No. 4 cannot be termed as the Financial Creditor. It is also to be noted that even if the claim has been taken into consideration, the amount claimed by petitioner 4 is barred by limitation and the demand is baseless without any

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enforceable right. Further it is pertinent to note that current management of the Respondent Company is unaware of the reason of the loan taken and utilization of it in the Company. The said purported loan was taken by the Respondent Company in the year 2012 during which the complete business affairs and business transactions were managed and controlled by Petitioner No. 1 and 2.

4.6 That the newly appointed Managing Director along with the other Board of Directors of the Respondent Company with an intention to have assurance of the compliances of the provisions of the law by the Respondent Company decided to conduct Financial and Secretarial due diligence of the Respondent Company. In view of this M/s. BK and Associates, Practicing Company Secretaries who were managing the Secretarial affairs of the Respondent Company had conducted Secretarial Due Diligence of the Respondent Company. M/s. BK and Associates suggested to the Board of Directors to appoint M/s. Chanamolu & Co., Practicing Chartered Accountants to conduct Financial Due Diligence and hence the Board appointed them. M/s. Chanamolu & Co., Practicing Chartered Accountants conducted Financial Due Diligence based on the information and documents provided to them by Petitioner No. 1 and 2 as they were controlling and managing the complete business of the Respondent Company. M/s. Chanamolu & Co. in its Financial Due Diligence Report dated 21.07.2015 had provided certain vital observations.

4.7 Further, being unsatisfied with the Financial Due Diligence Report as the same did not cover all the aspects, Mr. Sailendra sent an email on 29th July, 2015 to Mr. Kiran from BK and Associates enquiring about certain pending observations which were not included in the due Diligence Report. In reply to the said email, Mr. Kiran sent a reply on 1st August, 2015 stating the following reply:

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- 4.7.a The details of plant and machinery purchased and their bills and invoices are not provided to verify and report them;
- 4.7.b Details of Agreements during transfer of shareholding/takeover from the previous owners are not provided to verify and report on them.
- 4.8.c Books of accounts is available for financial year 2012-2013 and 2013-2014 and we have verified the sales and purchases and major expenses on sample basis. We further noticed that for cash expenses bills/vouchers are not available Books of accounts for 2011-12 and bills/vouchers are not available for verification.
- 4.8 That after the abovementioned due Diligence Report, Petitioner No. 1 sent an Email dated 08.08.2016 addressed to the Board of Directors demanding a sum of ₹2.10 Crores purported to be lent by him to the Respondent Company. In reply to which Mr. Sailendra on 03.08.2016 requested him to attend the Board meeting which was scheduled to be held on 21.08.2016 along with all the papers and documents in support of the said demand. It is surprising that the Petitioner No. 1 till date has not submitted a single shred of valid, specific and relevant evidence in support of the claims except for filing two Section 7 Applications against the Respondent Company.
- 4.9 That Petitioner No. 1 claims that he had advanced a loan of ₹2,74,65,773/- by repaying the creditors of the Respondent Company in his personal capacity and that after adjustments of the payables and receivables by him, an amount of ₹2,10,28,045/- was outstanding and was payable by the Respondent Company to him. The Petitioner No. 1 claims that these unsecured loans were not directly remitted into the Respondent Company but payments were

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made to the creditors of the Respondent Company on its behalf. On review and verification of the bank statements submitted by Petitioner No. 1 in support of the claims, the management of the Respondent Company came to a firm conclusion that the purported creditors to whom such purported payments were made by the Petitioner No. 1 in fact were not relating to the Respondent Company at all and the claim submitted by Petitioner No. 1 is a fraudulent claim.

4.10 That the Petitioners in the instant Petition have enclosed the Statement of unsecured loans provided by the Petitioners to the Respondent Company in form of repaying the debts of the Respondent Company. That the amounts claimed to be made on behalf of the Respondent Company are not related to the Respondent Company. After the detailed scrutiny by the management of the Respondent Company and the investigation Auditor, for instance, it has come to a conclusion that the payments referred to be made to Anil Automatic Xerox is debited to Aradhana Chemtec and the same was not made for the Company's purpose. That the repayment of loans of M/s. Thiru Pharmaceuticals on behalf of Ms. K. Vijaya Reddy, erstwhile Managing Director of the Respondent Company and sister of Ms. Jaya Reddy, Director of the Respondent Company were in no way relating to the Respondent Company and or they are outstanding liabilities of the Respondent Company. Infact there are no business transactions between M/s. Thiru Pharmaceuticals and Respondent Company. The amounts were credited to the loan account of Petitioner No. 1 with a corresponding debit account to the account of Petitioner No. 2.

4.11 That the Petitioner No. 1 in the Petition states that he had granted unsecured loans to the Respondent Company in the year 2012 for





payment to the creditors of the Respondent Company. On demanding proofs for the same, the Petitioner No. 1 in the Rejoinder filed by them enclosed a fabricated and unreliable document which was given by Ms. Vijaya Reddy (sister of Petitioner No. 2) to Petitioner No. 1. A simple glance of the letter will show that the said letter is fabricated letter.

The contents of the letter are as follows:

"Our Company is in need of funds to sustain the operations.

Kindly arrange to lend a sum of ₹3 Crores either directly or indirectly through your associates. The payment may be made in several trenches and if required on our account by discharge company's creditors.

We undertake to return the borrows along with interest of 12% at the time of repayment."

Along with the said letter the Petitioners have also attached the purported certified copy of the resolution passed by the Board of Directors of the Respondent Company on 07.11.2011 which states as under:

"Authorization to borrow:

Resolved that consent of the company be and is hereby given to borrow money from any person for the needs of the Company from time to time up to the limit of Rs. 5 Crores (Rupees Five Crores only).

Further Resolved that above borrows shall be returned together with 12% interest at the time of repayment.

Further also resolved that the Managing Director of the Company by and is hereby authorized to exercise the above power upto the limit of Rs. 4 Crores (Rupees Four Crores Only) from time to time for the needs of the company in order to sustain the operations of the company.

That the said letter and the resolution was never submitted by the Petitioners before enclosing the same in the Rejoinder.

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5. Learned counsel for the Financial Creditors filed Rejoinder/Written Submissions reiterating the averments made in the application.
6. Learned counsel for the Financial Creditor further filed memo dated 22.08.2019 stating that at page 66 of the Company Petition the Corporate Debtor admitted that as on 31.03.2016, it took unsecured loans from related parties to the extent of ₹3,86,42,365/-. The break up particulars was not circulated to the shareholders by the Corporate Debtor. The Petitioner No.1 while attending the Annual General Body Meeting sought the break up particulars of Rs. 3.86 Crores and the management provided the same in the Annual Body General Meeting. The break up particulars of Rs. 3.86 Crores is detailed below:

Unsecured Loans
Group Summary
For the period 01.04.2015 to 31.03.2016

S. No.	Name of the Party	Amount
1	Amarnath Pabba	₹2,50,000
2	G. Madhu Mohan Loan	₹2,10,28,045
3	Jagadish Loan	₹50,000
4	Kavitha Reddy Kukunoor	₹47,04,160
5	K. Jaya Reddy Loan	₹15,80,000
6	K. Subba Reddy	₹3,00,000
7	K. Subba Reddy HUF	₹8,00,000
8	K. Udaya Kumar Reddy	₹46,90,000
9	N. Pavan Kumar	₹1,50,000
10	Sailendra Loan	₹45,20,160
11	S. P. Kiran Loan	₹4,00,000
12	V. Aarthinarayan	₹1,70,000
	Grand Total	₹3,86,42,365/-





- 6.1 It is stated by the learned counsel of Petitioner that the Corporate Debtor did not dispute the above figures and in fact admitted the various unsecured loans extended by the four Petitioners. Balance Sheet for the year 2014-15 also confirms unsecured loan of the Corporate Debtor.
7. The present petition was filed on 08.08.2018 and after scrutiny the same was first listed on 23.08.2018 and the counsel for Financial Creditor was directed to issue notice to the Respondent/Corporate Debtor for appearance and the matter was adjourned to 19.09.2018.
- 7.1 During the hearing held on 19.09.2018, Mr. Y. Suryanarayana, counsel filed vakalat for the Corporate Debtor and prayed time for filing counter. At his request, time was enlarged. The matter was adjourned to 23.10.2018.
- 7.2 During the hearing held on 23.10.2018, counsel for the Respondent prayed time and stated that there is need to examine the crucial documents in relation to the alleged claim. At request, the matter was adjourned to 27.11.2018 for counter.
- 7.3 During the hearing held on 27.11.2018, Respondent's counsel filed counter and was directed to furnish copy of the counter to the Financial Creditor. For rejoinder if any, the matter was adjourned to 18.12.2018 at request. Thereafter, the matter took several adjournments in relation to hearing submissions in other connected matters.
- 7.4 Finally during the hearing held on 16.09.2019, heard submissions of both sides and the matter was reserved for orders.
8. Heard both sides, perused the records.
9. It is the case of the Petitioners that they provided finances to the Corporate Debtor on the basis of the request received from the Managing Director of the Corporate Debtor vide letter dated 08.11.2011 for





sustaining the operation of the Corporate Debtor, and that Funds to the tune of Rs.5 Crores were sought for. These funds were having time value of money and interest @ 12% was to be paid by the Corporate Debtor. The funds were made available in various tranches by the petitioners either by way of discharge of liabilities of the Corporate Debtor or lending directly to the Corporate Debtor by way of cheques/bank transfer. The Petitioners have claimed that as on 31.03.2016, a total sum of Rs.2,39,58,045/- is owed by the Corporate Debtor to the Petitioners.

10.The Corporate Debtor on the other hand have denied any liabilities to the Petitioners and have made claims based on Secretarial Due Diligence Report and Financial Due Diligence Report of 2015, that the Petitioners, who were part of the Board of Directors of the Corporate Debtor at relevant time have committed financial fraud and that they are not owed any money by the Corporate Debtor. They claimed that no shred of evidence has been filed by the Petitioners to establish the debt claimed.

11.The Petitioner's counsel filed a memo dated 22.08.2019, wherein it has been submitted that the Corporate Debtor have themselves admitted by way of publication of their Balance Sheet as on 31.03.2016 that total unsecured loan taken from related parties stands at Rs.3,86,42,365/- and that the break-up of the same clearly indicates that the Petitioners are owed a total sum of Rs.2,39,58,045/- by the Corporate Debtor. A copy of the ledger account "unsecured loans group summary for the period of 01.04.2015 to 31.03.2016" has also been filed by the Petitioner as evidence, which has not been disputed by the Corporate Debtor.

12.However, a petition under section 131 of the Companies Act, 2013 has been filed by the Corporate Debtor for revision of accounts, the maintainability of which is under challenge.

13.Considering the fact that Petitioners have been shown as unsecured related party creditors of the Corporate Debtor in its Balance Sheet,

which has not been challenged by the Corporate Debtor, this Adjudicating Authority is of the view that the Petitioners are Financial Creditors of the Corporate Debtor to the extent of financial debts admitted in the Book of Accounts of the Corporate Debtor. Accordingly, this Adjudicating Authority is inclined to admit the instant application filed under section 7 of the Code.

14.The instant petition is hereby admitted and this Adjudicating Authority Orders the commencement of the Corporate Insolvency Resolution Process which shall ordinarily get completed as per the time line stipulated in section 12 of the IB Code, 2016, reckoning from the day this order is passed.

15.This Adjudicating Authority hereby appoint Mr. Venkateswarlu Kari having Regn. No. *IBBI/IPA-001/IP-P00052/2017-2018/10126* (IRP) as his name is proposed by the Financial Creditor and is also reflected in IBBI website. He has also filed his written consent in Form - 2. The IRP is also directed to furnish Authorization for Assignment issued by competent institute in the Registry within 3 days of receipt of copy of this order. The IRP is directed to take charge of the Respondent/Corporate Debtor's management immediately. He is also directed to cause public announcement as prescribed under Section 15 of the I&B Code, 2016 within three days from the date of receipt of this order and call for submission of claims in the manner as prescribed.

16.This Adjudicating Authority hereby declares the moratorium which shall have effect from the date of this Order till the completion of corporate insolvency resolution process for the purposes referred to in Section 14 of the I&B Code, 2016. We order to prohibit all of the following, namely:

- a) *The institution of suits or continuation of pending suits or proceedings against the corporate debtor including execution of any judgment,*

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decree or order in any court of law, tribunal, arbitration panel or other authority;

- b) Transferring, encumbering, alienating or disposing of by the corporate debtor any of its assets or any legal right or beneficial interest therein;*
- c) 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 Act, 2002 (54 of 2002);*
- d) The recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate debtor.*
- e) 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.*

17. However, the supply of essential goods or services of the Corporate Debtor shall not be terminated or suspended or interrupted during moratorium period. Further, if the IRP considers supply of any goods or services critical to protect and preserve the value of the corporate debtor 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 debtor 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.

18.The IRP shall comply with the provisions of Sections 13(2), 15, 17 & 18 of the Code. The directors, Promoters or any other person associated with the management of Corporate Debtor are directed to extend all assistance and cooperation to the IRP as stipulated under Section 19 and for discharging his functions under Section 20 of the I&B Code, 2016.

19.The Petitioner/Financial Creditor as well as the Registry is directed to send the copy of this Order to IRP so that he could take charge of the Corporate Debtor's assets etc. and make compliance with this Order as per the provisions of I&B Code, 2016.

20.The Registry is directed to communicate this Order to the Financial Creditor and the Corporate Debtor.

21.The Registry shall also communicate this Order to the ROC, Hyderabad for updating the status of the Corporate Debtor in the MCA website.

22.The address details of the IRP are as follows:-

Mr. Venkateswarlu Kari
Reg. No: IBBI/IPA-001/IP-P00052/2017-18/10126.
Flat No.406, Everest Block (Block-C),
Aditya Enclave, Beside Mytri Vanam,
Opp. Saradhi Studios, 7-1-618,
Ameerpet, Hyderabad – 500 038.
Email ID: karivenkateswarlu@gmail.com,
Ph.No. +91 9246547968.

23. The present Company Application bearing CP (IB) No.454/7/HDB/2018 is hereby admitted.

Dr. Binod Kumar Sinha
Member Technical

K. Anantha Padmanabha Swamy
Member Judicial