IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH–I, CHENNAI

ATTENDANCE CUM ORDER SHEET OF THE HEARING
HELD ON **04.08.2026** THROUGH VIDEO CONFERENCING

CORAM: **HON'BLE SHRI. SANJIV JAIN, MEMBER (JUDICIAL)**
HON'BLE SHRI. VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)

APPLICATION NUMBER	:
PETITION NUMBER	: CP(IB)/203(CHE)/2025
NAME OF THE PETITIONER(S)	: Covalent Laboratories Pvt. Ltd.
NAME OF THE RESPONDENT(S)	: Twenty First Century Pharmaceuticals Pvt Ltd.
UNDER SECTION	: Sec 9 Rule 6 of IBC, 2016

ORDER

Present: None for the Petitioner.
Shri. S. Satish, Ld. Counsel for the Respondent.

Vide separate order pronounced in the Open Court, petition is admitted.

CIRP is initiated against the Corporate Debtor, Twenty First Century Pharmaceuticals Pvt. Ltd.

Ms. Jayashree S. Iyer is appointed as the IRP.

Sd/-	**Sd/-**
[VENKATARAMAN SUBRAMANIAM]	**[SANJIV JAIN]**
MEMBER (TECHNICAL)	MEMBER (JUDICIAL)

VS

IN THE NATIONAL COMPANY LAW TRIBUNAL, DIVISION BENCH – I, CHENNAI

CP(IB)/203(CHE)/2025

(filed under Section 9 of the Insolvency and Bankruptcy Code, 2016 R/w Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016)

In the matter of ***Twenty First Century Pharmaceuticals Private Limited***

Covalent Laboratories Private Limited,
Having its registered office at
No. 8-3-677 / 18, 2nd Floor,
S.K.D. Nagar, Yellareddyguda,
Hyderabad, Telangana- 500 073

… Petitioner / Operational Creditor

<u>In the matter of:</u>
Twenty First Century Pharmaceuticals Private Limited
Having its registered office at No. 360,
SIDCO Estate, North Phase, 3rd Cross Street,
Ambattur, Chennai, Tamil Nadu -600 098.
Also at,
Unit II Khasra No. 282, Nalheri Dehviran,
Nalhera Anantpur, Puhana-Iqbalpur Road,
Roorkee Dist. Haridwar (Uttarakhand) - 247668
Uttarakhand, India.

… Corporate Debtor

Present:

For Petitioner	*: T.K. Bhaskar, Advocate* *Dishit Bhattacharjee, Advocate*
For Corporate Debtor	*: S. Satish, Advocate*

CORAM:

SANJIV JAIN, MEMBER (JUDICIAL)
VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)

Order Pronounced on 04th August, 2026

O R D E R

(Heard Through Hybrid Mode)

1. 1. This petition CP(IB)/203(CHE)/2025 under Section 9 of Insolvency and Bankruptcy Code (IBC), 2016 has been filed by an Operational Creditor Covalent Laboratories Private Limited (Petitioner herein) for initiating Corporate Insolvency Process (CIRP) against the Corporate Debtor Twenty First Century Pharmaceuticals Private Limited (Respondent herein).

2. **Part – I** of the petition sets out the details of the Operational Creditor i.e. Covalent Laboratories Private Limited. It has its registered office at 8-3-677/18, 2nd Floor, S.K.D. Nagar, Yellareddyguda, Hyderabad, Telangana – 500073. **Part – II** of the petition sets out the particulars of the Corporate Debtor i.e. Twenty First Century Pharmaceuticals Private Limited. It was incorporated on 21.03.1986 with authorized

share capital of Rs. 3,00,00,000/- and paid up share capital of Rs. 1,52,10,000/-. Its registered office is at 360, SIDCO Estate, North Phase, 3rd Cross Street, Ambattur, Chennai, Tamilnadu – 600 098, within the jurisdiction of this Tribunal. In **Part – III** of the petition, it has not proposed any name of the Insolvency Resolution Professional. **Part – IV** of the petition sets out the details of debt amounting to Rs. 4,72,95,980/-, the amount claimed in default as on 30.09.2024 being Rs. 4,72,95,980/- (Rs. 3,65,05,650/- principal + Rs. 1,07,90,330/-) and the date of default being 17.01.2022. This petition has been filed on 11.07.2025. Part – V of the petition provides the details of the documents attached with the petition i.e. tax invoices, statement of accounts as on 30.09.2024, purchase orders, copy of Form – 3 Demand Notice dated 28.10.2024, copy of reply to the demand notice dated 08.11.2024, copy of Rejoinder to the demand notice dated 11.11.2024, copy of mails exchanged by the parties and tax invoices.

3. It is averred in the petition that the Corporate Debtor had approached the Petitioner for purchasing certain bulk drugs. It supplied the products on the raising of the purchase order by the Corporate Debtor. Against the supplies, the Petitioner raised tax invoices from 17.01.2022

to 05.05.2022. During the said period, the Corporate Debtor never raised any disputes pertaining to the delivery, quantity and / or the quality of consignments which were received as per the agreed timelines. The Corporate Debtor issued several cheques towards the payment of credit as per the tax invoices, however, the cheques on presentation were dishonored. The Petitioner thereafter sent several reminders demanding the payment of pending dues but despite that the Corporate Debtor failed to make the payments and continued the default. A sum of Rs. 4,72,95,980/- became due as on 30.09.2024. It is stated that the debt became due after 90 days from the date of tax invoice and the delayed payment carried an interest @ 12% per annum. The Petitioner has placed the tax invoices raised for different consignments, the workings for the computation of the amount and the dates of default and stated that the default still continues. It is stated that the Petitioner issued a demand notice dated 28.10.2024 in response to which vide letter dated 08.11.2024, the Corporate Debtor requested for more time for payment of debt but did not make the payment which made the Petitioner file this petition. The Petitioner has filed the record of default certificate issued by NeSL showing the date of default as 17.01.2022, amount in default as Rs. 4,72,95,980/- which was authenticated on 04.02.2025. The record also shows the date of last acknowledgment of debt as 08.11.2024.

4. On getting notice of the petition, the Respondent replied stating that the Petitioner has already initiated proceedings under Negotiable Instruments Act against the Corporate Debtor. The Petitioner has received the payments even after initiation of complaints. Its subsidiary Avicence Research Private Limited had made a payment of Rs. 42,36,250/- on 25.03.2025. It is a case of forum shopping. It is stated that the Corporate Debtor has been sincerely making payments to all its Operational Creditors for the actual supplies made by them. It is a going concern.

5. It is stated that this petition has been filed without proper authority by the Operational Creditor. Petitioner has not placed any Board Resolution or Power of Attorney. The petitioner has been signed by one of the employee of the Petitioner who had also signed Form – 3 notice. Reference is made of the case *Schmenger GMBH Vs. Saddler Shoes Private Limited, CDJ 2011 MHC 867.*

6. The Petitioner filed the Rejoinder stating that the proceedings initiated under IBC are independent and distinct from the proceedings instituted under the Negotiable Instruments Act. IBC proceedings are civil in nature and seek resolution or recovery of a debt through the insolvency process. The complaints under Negotiable Instruments Act are criminal proceedings instituted for dishonor of cheques. The pendency of Section 138 proceedings does not in any manner bar or preclude the Petitioner from invoking remedies under IBC. The very issuance of cheques towards the outstanding operational dues constitute a clear and unequivocal acknowledgment of liability. The payment made on 25.03.2025 constitutes only a negligible portion of total outstanding operational debt. It is stated that a Board resolution dated 01.10.2024 was passed authorizing Mr. Reddy to file, sign, verify and represent the Company in all proceedings which is valid and subsisting. The letter of authority dated 05.03.2025 was enclosed with the petition, reaffirming the authorization. The Petitioner has placed the copy of the Board Resolution at page 7 including the authority at page 9 of the Rejoinder.

7. The Operational Creditor pursuant to the order dated 10.04.2026 also placed the copy of the ledger statement reflecting the receipt of payments of Rs. 42,36,250/- remitted on 25.03.2025 demonstrating the aspect of limitation. It is stated that the due amount is above the minimum threshold of Rs. 1,00,00,000/- as prescribed under Section 4 of IBC. The series of invoices gives rise to a continuous and recurring cause of action. The Corporate Debtor had made multiple payments to the Petitioner on 30.06.2023, 30.08.2023, 27.11.2023, 13.12.2023 and 25.03.2025 and in view of Section 19 of the Limitation Act, 1963, any payment or part payment made by the person liable to discharge the debt within the prescribed period of limitation gives rise to a fresh period of limitation to be computed from the date of such payment. The Respondent in reply to the demand notice did not raise any dispute as to the claim rather unequivocally acknowledged its liability. Reference is made of the case *The Super Floorings Pvt. Ltd. Vs. Napin Impex Ltd. (2025) ibclaw.in 12 NCLAT* where it was held that an acknowledgment of liability by the Corporate Debtor in a reply to a demand notice constitutes a valid acknowledgment in writing for the purposes of limitation.

8. The Corporate Debtor has also filed a memo vide Sr. No. 2388 dated 04.06.2026 stating that an amount of Rs. 42,36,250/- was paid by Avicence Research Private Limited on 25.03.2025 which was accounted by the Petitioner to the credit of the Corporate Debtor.

9. We have heard Ld. Counsels for the parties and perused the record.

10. In the case of *Mobilox Innovations Private Limited Vs Kirusa Software Private Limited, (2018) 1 SCC 353*, the Hon'ble Supreme Court held as under:

> *"25. Therefore, the adjudicating authority, when examining an application under Section 9 of the Act will have to determine:*
>
> > *(i) Whether there is an "operational debt" as defined exceeding Rs. 1 lakh? (See Section 4 of the Act).*
> >
> > *(ii) Whether the documentary evidence furnished with the application shows that the aforesaid debt is due and payable and has not yet been paid? and*
> >
> > *(iii) Whether there is existence of a dispute between the parties or the record of the pendency of a suit or arbitration proceeding filed before the receipt of the demand notice of the unpaid operational debt in relation to such dispute?*
> >
> > *If any one of the aforesaid conditions is lacking, the application would have to be rejected.*
> >
> > *Apart from the above, the adjudicating authority must follow the mandate of Section 9, as outlined above, and in particular the mandate of Section 9(5) of the Act, and admit or reject the*

application, as the case may be, depending upon the factors mentioned in Section 9(5) of the Act."

11. A perusal of record reveals that on raising the purchase orders by the Respondent, the Petitioner had supplied bulk drugs to the Respondent and raised invoices during the period from 17.01.2022 to 05.05.2022. As per the terms, the debt becomes due after 90 days from the date of the tax invoice. The Petitioner had maintained a running ledger showing the payments against the invoices and the receipts. Against the invoices, the Corporate Debtor made the payments on different dates i.e. 30.06.2023, 30.08.2023, 27.11.2023, 13.12.2023 and 25.03.2025. The last payment was made on 25.03.2025 for an amount of Rs. 42,36,250/- through its subsidiary Avicence Research Private Limited which was duly credited by the Petitioner. The Respondent also issued the cheques against the invoices which on presentation were dishonored for which the Petitioner also initiated the criminal proceedings under the Negotiable Instruments Act. We are not in agreement with the contention of the Respondent that it is a case of forum shopping. The IBC does not bar the initiation of insolvency

proceedings during the pendency of the proceedings under Negotiable Instruments Act.

12. In the present case, because of the default committed by the Respondent in repayment of its liability towards the Petitioner, the Petitioner issued demand notice in Form – 3. In reply to the demand notice, the Corporate Debtor / Respondent never raised any dispute as to the quality / quantity nor any dispute was raised prior thereto but asked the Petitioner to refrain from initiating the insolvency proceedings. It was stated that it was in the process of making arrangements to settle the outstanding amount. Due to land sale proposal taking lot of time, they require additional time to make the payment stating that it is committed to resolve the matter in full and make the payment within 60 days. The reply clearly amounts to acknowledgment of debt. The acknowledgment is also coupled with the payments made on the dates mentioned above which were made within the period of three years from the date the debt became due and payable. That being the position, by virtue of Section 18 of the Limitation Act, the petition filed by the Petitioner is within limitation.

13. As regards objection to the Authority of Mr. Reddy to file the petition, we find that Mr. Reddy was authorized by the Board Resolution and the authorization in his favour to initiate the proceedings against the Respondent / Corporate Debtor. It is a valid resolution.

14. In the present case, the Petitioner has placed the record of default in Form – D whereby the debt is authenticated. It has been ruled by the Hon'ble NCLAT in *Vipul Himlatal Shah vs. Teco Industries in Company Appeal (AT) (Insolvency) No. 470 of 2022 [(2022) ibclaw.in 379 NCLAT,* that the report of information utility (NeSL) is sufficient evidence to arrive at the conclusion qua the amount of debt and default. Para 16 of the order reads as under:

> *"16. In the light of the detailed discussion as above, it is clear that in case the record of Information Utility shows that there is a debt which is in default, the Adjudicating Authority or the Appellate Authority are not required to further examine the record maintained by the Information Utility, moreso when the record of the Information Utility is deemed authenticated and no dispute or refutation of said record has been done by the corporate debtor earlier. We also note that in the judgment of Rushabh Civil Contractors Pvt. Ltd. vs. Centrio Lifespaces Ltd. (supra), which has been cited by the Learned Counsel for Appellant, the record that formed the basis for financial debt and default was found to be forged and fabricated, which is not the case in the present appeal. Therefore, this judgment does not come to the rescue of the Appellant."*

15. In the instant case, the debt is more than Rs. 1,00,00,000/- i.e. above the threshold as provided under Section 4 of IBC. The petition is within limitation. There is no evidence as to the existence of the dispute prior to filing of the petition. The petition meets the requisites for initiating insolvency proceedings against the Corporate Debtor.

16. For the foregoing reasons, **we admit the petition CP(IB)/203(CHE)/2025 and initiate Corporate Insolvency Resolution Process against the Corporate Debtor Twenty First Century Pharmaceuticals Private Limited**.

17. In the instant case, the Petitioner has not proposed any name of the Insolvency Professional to conduct the proceedings. **From the panel of the IBBI, we appoint Ms. Jayashree S Iyer with IBBI Registration No. IBBI/IPA-002/IP-N00741/2018-2019/12211 having her AFA valid upto 30.06.2027 (Email ID: jayashree2505@gmail.com) as IRP.** The proposed IRP who is appointed shall take forward the process of Corporate Insolvency Resolution of the Corporate Debtor. The IRP appointed shall take in this regard such other and further steps as are required under the Statute, more specifically in terms of Section

15,17,18 of the Code and file her report within 20 days before this Bench. The powers of the Board of Directors of the Corporate Debtor shall stand superseded as a consequence of the initiation of the CIRP in relation to the Corporate Debtor in terms of the provisions of IBC, 2016.

18. The Operational Creditor is directed to pay a sum of **Rs. 3,00,000/-** ***(Rupees Three Lakhs Only)*** to the Interim Resolution Professional to meet out the expenses and to perform the functions assigned to her in accordance to Regulation 6 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

19. As a consequence of the petition being **admitted** in terms of Section 9(5) of the Code, the moratorium as envisaged under the provisions of Section 14(1) and as extracted hereunder shall follow in relation to the Corporate Debtor:

a. The institution of suits or continuation of pending suits or proceedings against the respondent including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;

b. Transferring, encumbering, alienating or disposing of by the respondent 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 respondent in respect of its property including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;

d. The recovery of any property by an owner or lessor where such property is occupied by or in the possession of the respondent.

Explanation.-For the purposes of this sub-section, it is hereby clarified that notwithstanding anything contained in any other law for the time being in force, a licence, permit, registration, quota, concession, clearance 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 or a similar grant or right during moratorium period;

20. However, during the pendency of the moratorium period in terms of Section 14(2) (2A) and 14(3) as extracted hereunder:

(2) The supply of essential goods or services to the Corporate Debtor as may be specified shall not be terminated or suspended or interrupted during moratorium period.

(2A) Where the interim resolution professional or resolution professional, as the case may be, considers the supply of 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 or in such circumstances as may be specified.

(3) The provisions of sub-section (1) shall not apply to

(a) 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;

(b) a surety in a contract of guarantee to a corporate debtor.

21. The duration of the period of moratorium shall be as provided in Section 14(4) of the Code and for ready reference reproduced as follows:

(4) The order of moratorium shall have effect from the date of such order till the completion of the Corporate Insolvency Resolution Process:

Provided that where at any time during the Corporate Insolvency Resolution Process period, if the Adjudicating Authority approves the Resolution Plan under sub-Section (1) of Section 31 or passes an order for liquidation of Corporate Debtor under Section 33, the moratorium shall cease to have effect from the date of such approval or Liquidation Order, as the case may be.

22. Based on the above terms, the **CP(IB)/203(CHE)/2025** stand **admitted** in terms of Section 7 (5) of IBC, 2016 and the moratorium shall come in to effect as of this date. A copy of the Order shall be communicated to the Financial Creditor as well as to the Corporate Debtor above named by the Registry. In addition, a copy of the Order shall also be forwarded to IBBI for its records. Further, the Interim Resolution Professional above named who is figuring in the list of Resolution Professionals forwarded by IBBI be also furnished with copy of this Order forthwith

by the Registry, who will also communicate the initiation of the CIRP in relation to the Corporate Debtor to the Registrar of Companies concerned.

Sd/-

VENKATARAMAN SUBRAMANIAM
MEMBER (TECHNICAL)

Sd/-

SANJIV JAIN
MEMBER (JUDICIAL)