



**NATIONAL COMPANY LAW TRIBUNAL
AMARAVATI BENCH
(Video Conference)**

**PRESENT: JUSTICE TELAPROLU RAJANI – MEMBER JUDICIAL
ATTENDANCE-CUM-ORDER SHEET OF THE HEARING HELD ON 20.03.2023 AT 10.30 AM**

TC/CP. Nos.	CA/IA No.	Section/ Rule	Name of Parties
CP(IB)/82/7/AMR/2022		7 of IBC	Central Bank of India Limited Vs. Sri Ananda Lakshmi Narasimha Industries India Private Limited

ORDER

Mr.V.V.S.N.Raju, Counsel for the FC present. Orders pronounced.
CP(IB)/82/7/AMR/2022 is admitted, vide separate sheets.

Sd/-
**JUSTICE TELAPROLU RAJANI
MEMBER JUDICIAL**

RSN



**NATIONAL COMPANY LAW TRIBUNAL
AMARAVATI BENCH AT MANGALAGIRI**

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CP (IB)/82/7/AMR/2022

**In the matter of a Petition under Section 7 of the Insolvency and
Bankruptcy Code, 2016 Read with Rule 4 of the Insolvency and
Bankruptcy (Application to Adjudicating Authority) Rules, 2016**

AND

**In the matter of
M/s. SRI ANANDA LAKSHMI NARASIMHA INDUSTRIES
INDIA PRIVATE LIMITED
(CIN: U01403AP2012PTC080898)**

Between:

Central Bank of India,
Registered office at Chandramukhi Building,
Nariman Point, Mumbai
Also SAM-V Branch,
By its Authorised Representative
Mr.Syed Kamal Mohinuddin,
Central Bank Building, Bank Street,
Koti, Hyderabad, Telangana -500001

... Financial Creditor

AND

Sri Ananda Lakshmi Narasimha Industries India Private Limited,
930/3A, Velivenu Road,
Samisragudem Village,
Nidadavole Mandal, AP 534302.

... Corporate Debtor

Date of Pronouncement of orders: 20.03.2023

CORAM:

Justice Telaprolu Rajani, Member Judicial.



Appearance:

For Financial Creditor : Mr. V.V.S.N.Raju, Advocate.

For Corporate Debtor : None Appeared (*Set exparte*)

ORDER

Per: Justice Telaprolu Rajani, Member Judicial

1. This petition is filed by Central Bank of India i.e., the Financial Creditor (in short FC) for initiation of Corporate Insolvency Resolution Process (CIRP) against Sri Ananda Lakshmi Narasimha Industries India Private Limited i.e., the Corporate Debtor (in short CD) for the default committed in discharging the due of Rs.33,93,23,650.15/- as on 04.08.2020 along with interest thereon at contractual rates of interest upto date of payment.
2. The facts as stated in the Synopsis are as follows:
 - i). The CD approached the FC seeking for sanction of credit facilities in the form of a Term Loan for construction of Raw and Boiled Modern Rice Mill. After examining the request and basing upon the representations of the CD and commercial viability of the project, the FC considered it favourably and advised a sanction of Term Loan for an amount of INR 12.25 Crores vide its Sanction Letter No. MCB/VIJ/2012-13 dated 06.03.2013 which was duly accepted by the CD. In furtherance of the loan transaction, the CD and



the FC also entered into a Loan Cum Hypothecation Agreement dated 13.03.2013 and Articles of Agreement dated 13.03.2013. Further, the CD also created securities in favour of the FC vide two 'Form of Guarantee for Advances and Credits Generally' dated 13.03.2013 and 16.03.2013, thereby securing a guarantee for repayment debt obligations.

- ii). The CD again approached the FC seeking for additional facilities in the nature of Cash Credit and Term Loan. Hence, the FC vide its Sanction Letter dated 28.03.2014 sanctioned Cash Credit (Hypothecation) for INR 11.50 Crores and Term Loan – II for INR 6 Crores. Thereafter, on 29.03.2014, the FC and the CD entered into three agreements i.e., Articles of Agreement, Loan Cum Hypothecation Agreement & Agreement of Hypothecation to secure Demand Cash Credit against goods. The CD also secured the facilities by mortgaging various properties and securing guarantees in favour of the FC.
- iii). Thereafter, the CD availed the said credit facilities and used them for its business purposes. The CD also executed a Link Document Cum Supplementary Agreement dated 03.03.2016 confirming the facilities sanctioned, securities provided and documents executed. However, after some time, the CD requested for release of certain immovable properties. At this stage, the FC herein vide its Sanction Letter dated 04.08.2016



agreed to the same. In this regard, the CD also provided for additional mortgage vide the Memorandum of Deposit of Title Deeds dated 17.09.2016 and further caused to be executed Form of Guarantee for Advances and Credits Generally dated September, 2016.

- iv). The CD again approached the FC seeking review cum enhancement of Credit Limits. Hence, the FC reviewed and enhanced the credit facilities vide its Sanction Letter dated 24.10.2016. In furtherance of the said sanction, on 01.11.2016, the CD executed a Demand Promissory Note, a Letter of Continuity, and an Agreement of Hypothecation to secure Demand Cash Credit against goods and further an Agreement of Hypothecation. The CD also secured the facilities by obtaining Guarantees from various individuals best described in the Form of Guarantee for Advances and Credits Generally and also another form of Guarantee for advances and credits generally dated 01.11.2016 executed by Mr. Vakalapudi Gnaneshwara Rao. Further, the entries made and maintained by the FC in relation to the Extension of Equitable Mortgage by the mortgagors.
- v). The CD availed the various credit facilities from time to time and used them for business purposes. However, the CD eventually became irregular in payment and started defaulting in servicing the debt obligations. The FC made various



requests to the CD to clear the balance and regularize the loan accounts, however, all efforts went in vain as the CD continued to default in payment. Hence, the FC was left with no other choice but to recall the facilities sanctioned by it vide its Recall Letter dated 17.03.2020 thereby requesting the CD to clear the entire dues amounting to INR 32,34,97,219.64/- within seven days. However, the CD even failed to honor that. Thus, the FC was constrained to approach the Hon'ble Debt Recovery Tribunal on 05.08.2022 vide O.A. No.261 of 2020.

- vi). Thereafter the CD on its own motion, during the pendency of the said O.A.No.261/2020, proposed a One Time Settlement Offer vide letter dated 05.11.2020 of a mere INR 10 Crores as against a huge outstanding of INR 32 Crores, which was rejected by the FC vide its Letter dated 07.11.2020. Thereafter, the CD again sent a revised OTS Letter dated 08.01.2021 for an amount of INR.12 Crores. The said proposal, being very low with respect to the debt obligations was rejected by the FC after due consideration vide its letter dated 08.01.2021. Similarly, the CD also proposed the OTS offer for INR 12 Crores and INR 14.07 Crores, vide its letters dated 27.02.2021 and 21.08.2021 respectively, which were rejected by the FC vide its letter dated 28.05.2021, 16.07.2021 and 24.08.2021 respectively and the CD again approached the FC with another OTS for INR 16 Crores dated 17.12.2021



which was rejected by the FC vide its letter dated 18.12.2021. It is needless to mention that the various OTSs proposed by the CD, were very low against the total outstanding and hence the FC was left with no other choice except to reject the same.

vii). The CD continued to default and failed in regularizing the accounts despite repeated demands and kept on delaying the repayment by proposing unreasonable OTSs and requests. In the meantime, vide order dated 04.04.2022, the DRT, Hyderabad was pleased to dispose of the O.A. No.261/2020, directing the CD to pay a sum of INR 33,93,23,650.15/- as on 04.08.2020 at applicable contractual rates of interest. Hence, in view of the decree of Hon'ble DRT-I, a fresh cause of action against the CD has arisen again and thereby leasing a fresh period of limitation from the date of the decree. It is submitted that despite the passage of the decree, the CD has failed to honour the same and has wilfully and deliberately avoided the repayment of debt.

viii). It is also pertinent to draw a reference to the decision of Hon'ble Supreme Court of India in the matter of *Dena Bank Vs. C. Shivkumar Reddy and Another* dated 04.08.2021 wherein the said Court held that *"Moreover, a judgment and/or decree for money in favour of the Financial Creditor, passed by the DRT, or any other Tribunal or Court or the issuance of a Certificate of Recovery in favour of the*



Financial Creditor, would give rise to a fresh cause of action for the Financial Creditor, to initiate proceedings under Section 7 of the IBC for initiation of the Corporate Insolvency Resolution Process, within three years from the date of the judgment and/ or decree or within three years from the date of issuance of the Certificate of Recovery, if the dues of the Corporate Debtor to the Financial Debtor, under the judgement and/or decree and/or in terms of the Certificate of Recovery, or any part thereof remained unpaid". Hence the instant petition is well in order and maintainable.

- ix). Owing to the negligence, misrepresentations, and defaults committed by the CD, the FC is on the verge of losing huge amounts of public money amounting to INR 33,93,23,650.15/- due and recoverable from the CD at contractual rates of interest with effect from 04.08.2020.
- x). The cause of action again arose on 05.11.2020, 08.01.2021, 27.05.2021, 21.08.2021 and 17.12.2021 when the CD proposed an OTS offer thereby acknowledging its liability. The cause of action, as such, is continuing and subsisting in nature, and it further arose on 04.04.2022 when the Hon'ble DRT-I, Hyderabad passed the decree in favour of the FC herein holding the CD liable to pay. Therefore, the instant application is in order and filed within 3 years from the date of cause of action. Hence, this Petition.



3. The CD is set exparte. No counter is filed. It can be seen that the debt is already established by virtue of the order passed by the Debts Recovery Tribunal, Hyderabad on 04.04.2022 which is prior to the filing of this Company Petition. Hence, there need not be any further discussion on the aspect of the debt due to the OC by the CD and the default committed by the CD which are the two aspects that would suffice to admit the Company Petition i.e., CP(IB)/82/7/AMR/2022 and order of CIRP against the CD.
4. Hence I am of the considered view that it is a fit case to admit and order initiation of Corporate Insolvency Resolution Process (CIRP) against the Corporate Debtor. The Financial Creditor has suggested one name i.e., Mr.Raghu Babu Gunturu (IBBI/IPA-002/IP-N00025/2016-2017/10053) as Insolvency Resolution Professional (IRP).

ORDER

The Company Petition is admitted. The Corporate Insolvency Resolution Process of the Corporate Debtor shall commence from this date and shall be completed within 180 days hence.

- i. Mr.Raghu Babu Gunturu (IBBI/IPA-002/IP-N00025/2016-2017/10053), having office at T-402B, Technopolis, Chikoti Gardens, Begumpet, Hyderabad-500016; e-mail: raghu@ezresolve.in; Mobile:+91 9848027782, is appointed



as the Interim Resolution Professional. No disciplinary proceeding is pending against him as per the IBBI website.

- ii. He is directed to take charge of the Corporate Debtor's management forthwith and take necessary steps in furtherance of the CIRP in terms of Sections 13(2), 15, 17, 18 and 20 of Code and Rules made thereunder.
- iii. Moratorium in respect of the Corporate Debtor is hereby declared in terms of Section 14 of the Code.
- iv. The Directors, Promoters or any other person(s) associated with the management of Corporate Debtor shall extend all assistance and cooperation to the IRP as stipulated under section 19 of the Code for effectively discharging his functions under the Code.
- v. The Registry shall communicate the order to the Financial Creditor and the Corporate Debtor forthwith.
- vi. The Financial Creditor and the Registry shall send the copy of this order to IRP for necessary compliance.

Sd/- Dated 20.03.2023

**JUSTICE TELAPROLU RAJANI
MEMBER JUDICIAL**

Swamy Naidu