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**IN THE NATIONAL COMPANY LAW TRIBUNAL  
SPECIAL BENCH – II, CHENNAI**

**CP(IB)/166(CHE)/2022**

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

*In the matter of **Sudha Siva Traders Private Limited***

**Sujana Universal Industries Limited,**  
Sai Shritha Meadows, 4<sup>th</sup> Floor,  
Plot No.345, Kakateeya Hills,  
Madhapur, Hyderabad,  
Telangana-500 081.

**Also at:**

Plot No.24, Municipal No.8-2-248/1/7/24,  
South Wing, 2<sup>nd</sup> Floor,  
Nagarjuna Hills, Punjagutta,  
Hyderabad, Telangana-500 082.  
Represented by its Authorized Representative  
Mr.Sudheer Rayachoti.

*... Operational Creditor*

-Vs-

**Sudha Siva Traders Private Limited,**  
Having its Registered Office at:  
No.602, Lakshmipuram,  
Sembarambakkam, Chennai-602 103

*... Corporate Debtor*

Order Pronounced on **17<sup>th</sup> November, 2023**

CORAM:

**SANJIV JAIN, MEMBER (JUDICIAL)  
RAVICHANDRAN RAMASAMY, MEMBER (TECHNICAL)**

Present:

*For Operational Creditor: Mr. G.R. Hari, Advocate*

*For Corporate Debtor: Mr.Rangasayee, Advocate*

**ORDER**

(Hearing conducted through VC)

This application has been under Section 9 of the Insolvency  
and Bankruptcy Code, 2016 by Sujana Universal Industries Limited

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seeking (hereinafter referred to as Operational Creditor) to initiate Corporate Insolvency Process against Sudha Siva Traders Limited (hereinafter referred to as the 'Corporate Debtor').

2. In Part-I of the application it is stated that the Operational Creditor is a Limited Company incorporated under the Companies Act, 1956.

3. Part-II of the Application shows that the Corporate Debtor is Private Limited Company incorporated under the Companies Act, 1956. The Registered Office of the Corporate Debtor is at No.602, Lakshmi Puram, Sembarambakkam, Chennai – 602 103.

4. In Part -III of the application the Operational Creditor has proposed Mrs.Mummaneni Vazra Laxmi, Insolvency Professional having Reg. No.IBBI/IPA-001/IP-P00919/2017-2018/11526 as Interim Resolution Professional.

5. In Part-IV of the application it is stated that the total amount of debt <sup>is</sup> Rs.2,62,51,967/- as on 31.03.2021.

6. In Part-V of the application the details of documents are given as proof of the aforesaid debt as under:

8.	LIST OF OTHER DOCUMENTS ATTACHED TO THIS APPLICATION IN ORDER TO PROVE THE EXISTENCE OF OPERATIONAL DEBT AND THE AMOUNT IN DEFAULT	a) Letter dated 10.04.2019. b) Accounts confirmations provided by the Corporate Debtor; c) Letters issued by EBC Bearings (India) Limited and Infiniti Metal Products India Limited d) Letters exchanged between the parties in connection with the transaction; e) Statutory notice issued by the Operational Creditor.
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7. It is stated that Operational Creditor is a listed company engaged in the business of manufacturing metal products, appliances, bearings etc. The Corporate Debtor is engaged in the trading business.

8. It is stated that the Operational Creditor since 2013 bought iron and steel goods from the Corporate Debtor. From 26.04.2016 the Operational creditor paid an advance aggregating Rs.2,62,51,967/- to the Corporate Debtor for the supply of Material.

9. It is stated that the part of the advance amount was paid to the Corporate Debtor by EBC Bearings (India) Limited and Infiniti Metal Products India Limited who were the debtors of the Operational Creditor but the Corporate Debtor failed to supply the goods. It is stated that the Corporate Debtor has admitted its liability by providing account confirmations from time to time. It is stated that despite repeated requests, the Corporate Debtor neither supplied the goods nor refunded the advance received. Therefore, the Operational Creditor issued the Demand Notice dated 16.03.2022 under Section 8 of IBC, 2016 to the Corporate Debtor. Since, there is no reply from the Corporate Debtor, the Operational Creditor preferred this application.



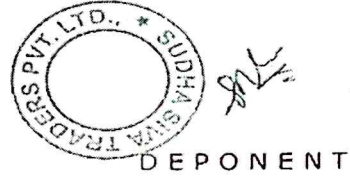
10. In the counter, the Corporate Debtor has expressly admitted its debt and default. Further, in para 10 of the Counter it is stated as follows,

10. In light of the above, we have no objection for initiation of Corporate Insolvency Resolution Process in order to have a chance for revival.

Solemnly affirmed on this the 26<sup>TH</sup> day of September, 2022.

Identified by me:

*Rajkumar*  
MS/4082/2018  
Advocate for the Corporate Debtor



11. Having heard both the parties and perused the documents on record, this Tribunal on 12.06.2023 directed the Corporate Debtor to file its audited balance sheets from 2018 to 2022. It also directed to file the independent Chartered Accountant certificate confirming the debts of the Corporate Debtor. It directed the Operational Creditor to obtain an affidavit from two creditors i.e. EBC Bearings (India) Limited and Infiniti Metal Products India Limited to confirm that have paid amounts to the Corporate Debtor.

12. Complying the above, the Corporate Debtor vide typed set dated 24.07.2023 filed an affidavit and the Chartered Accountant certificate wherein it was stated as under,

*ea*

*[Signature]*



## Balance Confirmation Certificate

This is to certify that the outstanding balance of M/s Sujana Universal Industries Limited in the books of M/s Sudha Siva Traders Private Limited, having its registered office at No. 602, Lakshmi Puram, Sembarambakkam, Poonamalle, Chennai- 600 056, are as follows

- 1) Credit Balance as on 31<sup>st</sup> March 2019 is Rs. 2,36,41,956
- 2) Credit Balance as on 31<sup>st</sup> March 2020 is Rs. 2,35,67,531
- 3) Credit Balance as on 31<sup>st</sup> March 2021 is Rs. 2,35,67,531
- 4) Credit Balance as on 31<sup>st</sup> March 2022 is Rs. 2,35,67,531

This certificate is issued based on the respective Audited Balance sheets of M/s Sudha Siva Traders Private Limited.

Thanking You

For Venkat and Rangaa LLP  
Chartered Accountants

LLPIN: AAK-5672

S. Mohan Raajan  
Partner  
M.No: 206393



Place: Chennai

Date: 06-07-2023

UDIN: 23206393BGWDRD1455

Further the Operational Creditor vide typed set dated 16.07.2023 filed an affidavit obtained from Infiniti Metal Products India Limited. Regarding EBC Bearings (India) Limited it is stated that CIRP proceedings have been initiated against this Company by the NCLT, Hyderabad Bench vide order dated 23.12.2022 in CP(IB) No.115/7/HDB/2022. For the reason, the Operational Creditor is unable to get an affidavit from EBC Bearings (India) Limited.

13. Analyzing the above facts and records, this Tribunal finds that that there is clear debt and default by the Corporate Debtor. Moreover, the Corporate Debtor has clearly admitted its debt and default. Therefore this Tribunal is left with no other option but to



initiate CIRP against the Corporate Debtor. Accordingly, we order to initiate CIRP proceedings under the Corporate Debtor.

14. The Operational Creditor has proposed the name of **Mrs.Mummaneni Vazra Laxmi** with Registration Number **[IBBI/IPA-001/IP-P00919/2017-2018/11526]** **E-mail ID:- emailtolak@gmail.com)** as the Insolvency Resolution Professional. The proposed Resolution Professional has valid AFA till 30.10.2024 and she has also submitted her consent in Form-AA. Accordingly, this Tribunal hereby appoints **Mrs.Mummaneni Vazra Laxmi** as the "Interim Resolution Professional" (IRP). The IRP appointed shall take in this regard such other and further steps as are required under the Statute, more specifically in terms of Sections 15,17,18 of the Code and file his 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.

15. As a consequence of the Application 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 the 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;

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



Sec.14 (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 the moratorium period.

Sec.14 (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.

Sec. 14 (3) The provisions of sub-section (1) shall not apply to

- (a) such transactions, agreements or other arrangements 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.

17. 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 the 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.

18. The Operational Creditor is directed to pay a sum of **Rs.2,00,000/-** (*Rupees Two Lakh Only*) to the Interim Resolution Professional upon the Interim Resolution Professional filing the necessary declaration form as required under the provisions of the Code to meet out the expenses to perform the functions assigned to him in accordance with Regulation 6 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

19. Based on the above terms, CP(IB)/166(CHE)/2022 stands **Admitted** in terms of Section 9(5) of IBC, 2016 and the moratorium shall come into effect as of this date. A copy of the Order shall be communicated to the Operational Creditor as well as to the Corporate Debtor above named by the Registry.

20. 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 is also furnished with a 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 -

**RAVICHANDRAN RAMASAMY**  
MEMBER (TECHNICAL)

- Sd -

**SANJIV JAIN**  
MEMBER (JUDICIAL)