



IN THE NATIONAL COMPANY LAW TRIBUNAL
AMARAVATI BENCH
(Through Hybrid Mode)

Item No.1
CP (IB)/45/7/AMR/2023

IN THE MATTER OF:

M/s. IndusInd Bank Ltd. ... Petitioner/
Financial Creditor

Versus

M/s. Vamsee Teja Modern Rice Mill Pvt. Ltd. ... Respondent /
Corporate Debtor

Under Section: 7 of IBC, 2016

Order delivered on 03.06.2025

CORAM:

SHRI UMESH KUMAR SHUKLA
HON'BLE MEMBER (TECHNICAL)

SHRI KISHORE VEMULAPALLI
HON'BLE MEMBER (JUDICIAL)

PRESENT:

For the Petitioner/Financial Creditor : Mr. Yahya Batatawala, Adv.
For the Respondent/Corporate Debtor: Mr. P. Balu Anil kumar, Adv.

ORDER

Orders pronounced and recorded *vide* separate sheets. The instant Petition bearing **CP (IB)/45/7/AMR/2023** filed by the Financial Creditor under Section 7 of the IBC, 2016 is **admitted**, and the IRP is appointed.

Sd/-
UMESH KUMAR SHUKLA
MEMBER (TECHNICAL)

Sd/-
KISHORE VEMULAPALLI
MEMBER (JUDICIAL)



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

*(Exercising powers of Adjudicating Authority under
the Insolvency and Bankruptcy Code, 2016)*

CP (IB)/45/7/AMR/2023

**Application 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]**

IN THE MATTER OF:

INDUSIND BANK LIMITED

(CIN: L65191PN1994PLC076333)

Secundrabad Branch, 1-10-72,

3rd Floor, Ashoka Janardhana Chambers,

Begumpet, Hyderabad-500016.

Registered Office at:

IndusInd Bank Limited,

2401 Gen. Thimmayya Road (Cantonment),

Pune-411001.

...Financial Creditor/ Applicant

Vs.

VAMSEE TEJA MODERN RICE MILL PRIVATE LIMITED

(CIN: U15122AP2012PTC080350)

Having its registered Address at:

D. No. 3-249, Koderu-Tadepalligudem

State Highway, Alamuru, Penumantra Mandal,

Andhra Pradesh=534126.

...Corporate Debtor/Respondent

Order delivered on 03.06.2025

CORAM:

HON'BLE SHRI KISHORE VEMULAPALLI, MEMBER (JUDICIAL)

HON'BLE SHRI UMESH KUMAR SHUKLA, MEMBER (TECHNICAL)

Parties/ Counsels Appearance:

For Financial Creditor / Applicant : Mr. Yahya Batatawala, Adv.

For Corporate Debtor / Respondent : Mr. Balu Anil Kumar, Adv.



ORDER

[PER: BENCH]

The instant Application has been filed on 24.08.2023 (*vide* Diary No. 6201) by **INDUSIND BANK LIMITED** (hereinafter referred to as the “**Financial Creditor**” or “**Applicant**”) under section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as the “**IBC**” or “**Code**”) read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 (hereinafter referred to as the “**IB Rules**”) seeking initiation of Corporate Insolvency Resolution Process (hereinafter referred to as the “**CIRP**”) against **VAMSEE TEJA MODERN RICE MILL PRIVATE LIMITED** (hereinafter referred to as the “**Corporate Debtor**” or “**Respondent**”), for having defaulted in payment of outstanding dues of Rs.21,21,27,292.75 /- including interest as on 31.05.2023.

2. The Corporate Debtor is a company incorporated on 16.04.2012 under the provisions of the Companies Act, 1956 with its registered office at D.No. 3-249, Koderu-Tadepalligudem State Highway, Alamuru, Penumantra Mandal, Andhra Pradesh=534126, as per the copy of the Master Data¹ of the Corporate Debtor attached with the Application. Hence, the territorial jurisdiction lies with this Adjudicating Authority.

FACTS OF THE CASE:

3. Facts of the case, as stated in the Application by the Financial Creditor, are summarised below:

- (i) The IndusInd Bank Limited bearing CIN: L65191PN1994PLC076333, Financial Creditor herein, was incorporated on 31.01.1994 having its

¹ Master data of the Corporate Debtor – Page 18 of the Application.



Regional Office at Secundrabad Branch, 1-10-72, 3rd Floor, Ashoka Janardhana Chambers, Begumpet, Hyderabad-500016 and Registered Office at 2401 Gen. Thimmayya Road (Cantonment), Pune=411001.

- (ii) The Financial Creditor had sanctioned a Cash Credit Facility of Rs.13.50 crore to the Corporate Debtor, as evidenced by the Sanction Letter dated 21.03.2018². In furtherance of this sanction, the Financial Creditor and Corporate Debtor executed the following Agreements and documents on 28.03.2018:
- a) Cross Default Declaration dated 28.03.2018³;
 - b) Demand Promissory Note dated 28.03.2018⁴;
 - c) Deed of extension of Mortgage by way of Constructive Delivery dated 28.03.2018;
 - d) Memorandum of Entry for Deposit of Title Deeds dated 28.03.2018;
 - e) Supplemental Deed of Hypothecation by the Borrower dated 28.03.2018.
- (iii) Despite of regular reminders and persistent follow-ups, the Corporate Debtor defaulted in making payment of the outstanding loan amount to the Financial Creditor. Therefore, the Corporate Debtor's account was classified as a Non-Performing Asset (hereinafter referred to as the "**NPA**") and the Financial Creditor on 08.01.2020 issued letter to the Corporate Debtor declaring its account as an NPA w.e.f. 28.11.2019. Further, notice dated 10.02.2020 was issued under Section 13(2) of the Securitisation and

² Page 66-74 – Copy of Sanction Letter dated 21.03.2018.

³ Page 104-110 – copy of Cross Default Declaration dated 28.03.2018.

⁴ Page 111-120 – Copy of Demand Promissory Note dated 28.03.2018.



Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (hereinafter referred to as the “**SARFAESI**”) demanding repayment of the outstanding dues. As on 31.05.2023, the total outstanding amount as per the Financial Creditor's records stood at Rs.21,21,27,292.75/- plus unapplied interest and other relevant charges till the date of full and final payment/ realization. Total amount of debt granted and amount claimed to in default as per Part IV of Form 1 of the Application are as follows⁵:

1.	TOTAL AMOUNT OF DEBT GRANTED DATE(S) OF DISBURSEMENT	The Corporate Debtor had availed Cash Credit Facility for an amount of Rs. 13,50,00,000/- (Rupees Thirteen Crore Fifty Lakhs only) from the Financial Creditor vide Sanction Letter dated 21/03/2018.
2.	AMOUNT CLAIMED TO BE IN DEFAULT AND THE DATE ON WHICH THE DEFAULT OCCURRED <i>(ATTACH THE WORKING FOR COMPUTATION OF AMOUNT AND DAYS OF DEFAULT IN TABULAR FORM).</i>	I. <u>AMOUNT CLAIMED TO BE IN DEFAULT</u> Rs. 21,21,27,292.75/- (Rupees Twenty One Crore Twenty One Lakhs Twenty Seven Thousand and Two Hundred and Ninety Two and Seventy Five paise only) due and payable as on 31/05/2023 plus unapplied interest and other relevant charges till the date of full and final payment/ realization. II. <u>DATE OF DEFAULT</u> The Account of the Corporate Debtor turned Non- Performing Asset (“NPA”) on 28/11/2019.

⁵ Page 5 & 6 – Part IV of the Application.



- (iv) Hence, the Financial Creditor filed this Application under Section 7 of the IBC, seeking for initiation of the CIRP against the Corporate Debtor due to its persistent defaults.

REPLY OF THE CORPORATE DEBTOR:

4. The Corporate Debtor filed its reply *vide* Dairy No.1233 dated 27.08.2024 contending to dismiss this Application in view of the following:

- (i) The Financial Creditor has suppressed various facts and omitted to mention the pending OTS proposal under consideration with the Financial Creditor to settle all the outstanding dues. The financial transactions that have undergone between the Parties with a deliberate intention to mislead this Tribunal. The Financial Creditor approached the Tribunal with unclean hands and hence the Application is liable to be dismissed.
- (ii) The Corporate Debtor had approached the Financial Creditor for availing credit facilities for its business for an amount of Rs.13,50,00,000/- (Rupees Thirteen Crores Fifty Lakhs Only) and the same was approved by the Financial Creditor *vide* its sanction letter dated 21.03.2018. Due to some unavoidable circumstances, mainly during the COVID-19 period, the Corporate Debtor failed to comply the contractual arrangements with the Financial Creditor and defaulted in making the payments. Resulting the above, the account of the Corporate Debtor was declared as NPA by the Financial Creditor on 28.11.2019, wherein, the Corporate Debtor has already addressed the Financial Creditor that they will be provided some time to settle the existing dues and requested the Financial Creditor not to take any coercive steps against them. While the matter stood thus, the



Financial Creditor informed the Corporate Debtor that their Account was declared as NPA *vide* letter dated 08.01.2020.

- (iii) The Financial Creditor has served a Demand Notice to the Corporate Debtor *vide* its notice dated 31.05.2023 demanding them to pay Rs.21,21,27,292.75 along with the applicable interests, which is illegal and arbitrary, wherein, this Corporate Debtor has already made a proposal with the Financial Creditor to restructure the account by proposing a One Time Settlement (hereinafter referred to as the “OTS”) and as per the last communication of the Financial Creditor, the said proposal is under consideration with their higher officials.
- (iv) Further, as per the Special Power of Attorney dated 16.11.2022, the powers entrusted to the said Power of Attorney holder is to recover the amount from the borrowers, whereas, the objective of the IBC is to resolve the insolvency of the Corporate Debtor. The present proceedings initiated by the Financial Creditor by using the provisions of the IBC to recover the dues are against the objective of the Code.
- (v) The present proceedings initiated by the Financial Creditor attracts Section 65 of the IBC for initiation of the proceedings with fraudulent or malicious intention and it is also barred by limitation, wherein the date of declaring the account of the Corporate Debtor as NPA is 28.11.2019 and the present proceedings initiated before this Tribunal is on 05.06.2023. In view of the above, the present Petition is time barred.
- (vi) Furthermore, the present Application is in violation of Regulation 20(1A) of the IBBI (Information Utilities) Regulations, 2017, which mandates that a



creditor shall file the information of default with an information utility (hereinafter referred to as the “**IU**”) before initiating the CIRP under section 7 of IBC.

- (vii) There is a concealment of material facts in the captioned Application. After declaring the account of the Corporate Debtor as NPA, an OTS Proposal was submitted by the Corporate Debtor with a view to restructure the loan account with the Financial Creditor. It is further submitted that the date of default mentioned in the Application is 28.11.2019 i.e. the date on which the account of this Corporate Debtor was declared as NPA.
- (viii) Further, these proceedings were initiated by the Financial Creditor through a Power of Attorney Holder, wherein a Power of Attorney is an authorization by a 'principal' to its 'agent' to do an act and such authorisation can only be of acts which are in the contemplation and knowledge of the 'principal' as on the date, when such authorisation is given. The Hon'ble NCLAT, New Delhi Bench in the matter of **Palogix Infrastructure Private Limited Vs ICICI Bank Limited**, while disposing the Company Appeal (AT) (Insol) No. 30 of 2017 held that:
- “40. In view of reasons as recorded above, while we hold that a 'Power of Attorney Holder' is not empowered to file application under section 7 of the 'I&B Code', we further hold that an authorised person has power to do so.”*
- (ix) In view of the above, the Corporate Debtor prays to dismiss this application.



REJOINDER OF THE FINANCIAL CREDITOR:

5. The Financial Creditor filed its rejoinder *vide* Dairy No.1707 dated 28.11.2024, wherein besides mentioning the facts of the Application, the Financial Creditor has further submitted the following:

- (i) The Date of Default as mentioned in the captioned Petition is 28.11.2019 (Pg. 6 Vol I of the CP), which is the date on which the Account of the Corporate Debtor turned into NPA in the books of the Financial Creditor. Thereafter, the Financial Creditor filed this Petition on 14.07.2023. The three years of period of limitation would have expired on 28.11.2022. However, in view of the Order dated 10.01.2022 passed by the Hon'ble Supreme Court of India in Suo Motu Writ Petition (C) No.3 of 2020, the period from 15.03.2020 to 28.02.2022 was excluded for the purpose of computation of period of limitation in view of the outbreak of Covid 19 Pandemic situation. Thus, the Financial Creditor has filed the captioned Petition within the limitation period.
- (ii) The Petition has been filed through a duly constituted Power of Attorney dated 16.11.2022, *vide* which the Petition filed by Mr. Kamal Kumar Jha is well within the powers granted, the relevant extracts of which are as below:

"(b) To commence proceedings by or against the Bank before any court/appellate court/ Debt Recovery Tribunal or any other Tribunal or Authority II. To do generally all such acts, deeds and things not hereinabove specifically mentioned which are necessary or requisite or expedient. For the better and more effectively doing and performing several acts, deeds and things aforesaid or incidental thereto and to sign, verify, affirm and present all such applications, Vakalatnama and documents as may be necessary or incidental in respect of or in relation to or arising out of these cases before the Competent Court".



- (iii) The Hon'ble NCLAT in Palogix Infrastructure dated 20.09.2017 held that officer delegated with power can claim to be the 'Authorised Representative' for the purpose of filing any Application under section 7 or Section 9 or Section 10 of IBC. The Hon'ble NCLAT made further observations as under:

"41. In so far as the present case is concerned, the 'Financial Creditor'-Bank has pleaded that by Board's Resolutions dated 30th May, 2002 and 30th October, 2009, the Bank authorised its officers to do needful in the legal proceedings by and against the Bank. If general authorisation is made by any 'Financial Creditor' or 'Operational Creditor' or 'Corporate Applicant' in favour of its officers to Company Appeal (AT) (Insolvency) No. 1188 of 2022 do needful in legal proceedings by and against the 'Financial Creditor'/ 'Operational Creditor'/ 'Corporate Applicant' in favour of its officer, mere use of word 'Power of Attorney', while delegating such power will not take away the authority of such officer and for all purposes it is to be treated as an 'authorisation' by the 'Financial Creditor'/ 'Operational Creditor'/ 'Corporate Applicant' in favour of its officer, which can be delegated even by designation. In such case, officer delegated with power can claim to be the 'Authorised Representative' for the purpose of filing any application under section 7 or Section 9 or Section 10 of 'I & B Code'."

- (iv) The Hon'ble NCLAT in the above case was of the opinion that general authorisation given to an officer of the Financial Creditor by means of a Power of Attorney, would not disentitle such officer to act as the authorised representative of the Financial Creditor, while filing an Application under Section 7 of the Code, merely because the authorisation was granted through a Power of Attorney and thus, the Power of Attorney holder can act as an Authorized Representative for the purpose of filing Application under Section 7 or Section 9 or Section 10 of the Code.
- (v) There are no documents annexed to the Counter Affidavit dated 02.07.2024 evidencing authorization in favour of Mr. Nukala Venkata



Satyanarayana on behalf of the Corporate Debtor. Hence, due to lack of authorization, the said Counter Affidavit ought not to be taken on record.

- (vi) There is no OTS under consideration. Further, the account of the Corporate Debtor turned NPA prior to Covid-19 Pandemic situation i.e., on 28.11.2019, therefore, the contention made by the Corporate Debtor in its Counter is misleading. Also, the Financial Creditor has duly applied and obtained a Record of Default, which is annexed at Page 227 to the Application.
- (vii) It is a well settled law that the Date of NPA can be taken as Date of Default. Moreover, the Corporate Debtor in its submissions has relied on the Order passed by the Hon'ble NCLAT, New Delhi Bench in the matter of **Milind Kashiram Jadhav Vs State Bank of India** in Company Appeal (AT) (Insolvency) No. 1589 of 2023, wherein, it is held that:

"74. The loan accounts of the Corporate Debtor were officially classified as Non-Performing Assets (NPA) on September 27, 2019, following 90 days of non-payment, thereby triggering a default event. Despite subsequent partial payments made by the borrower, the NPA status and default persisted, indicating a continuous state of default. Consistent with established judicial precedents and the specific circumstances of the case, the date of NPA classification serves as the valid "Date of Default "for initiating insolvency proceedings. Even after the NPA classification, the borrower remained in default. Consequently, September 27, 2019, the date of NPA classification, stands as the "date of default" under the Insolvency and Bankruptcy Code (IBC), superseding any subsequent events, such as the loan recall notice issued on August 18, 2020. The Adjudicating Authority's decision to admit the Bank's application for initiating Corporate Insolvency Resolution Process (CIRP) against the Company was apt and in accordance with the provisions of the IBC, there are no discernible flaws in the orders issued by the Adjudicating Authority, hence, they are upheld without any alteration. Appeal is dismissed. No costs are imposed in this matter."



(viii) The abovesaid matter went to the Hon'ble Supreme Court, and the Supreme Court upheld the Order passed by the Hon'ble NCLAT. Therefore, the Financial Creditor has rightly declared the date of NPA as the date of default.

ANALYSIS AND FINDINGS:

6. We have heard the learned counsels for the Applicant as well as the Respondent and have also perused the records. Based on the submissions made, the following issues arise for our consideration:

7. The first issue for consideration before us is ***“Whether the Application filed is within the prescribed period of limitation under the Limitation Act, 1963?”***

(i) The Corporate Debtor's account was declared as NPA on 28.11.2019, which is the date of default and if we calculate the limitation period from that date, the limitation would expire on 28.11.2022.

(ii) However, the Hon'ble Supreme Court in ***M.A. No. 21 of 2022 in MA No. 665 of 2021 in Suo Motu Writ petition (C) No. 3 of 2020 titled as “In Re: Cognizance for Extension of Limitation”***, vide order dated 10.01.2022, has excluded the period from 15.03.2020 to 28.02.2022 to calculate the limitation period, and the same is extracted below:

“5. Taking into consideration the arguments advanced by learned counsel and the impact of the surge of the virus on public health and adversities faced by litigants in the prevailing conditions, we deem it appropriate to dispose of the M.A. No. 21 of 2022 with the following directions:

I. The order dated 23.03.2020 is restored and in continuation of the subsequent orders dated 08.03.2021, 27.04.2021 and 23.09.2021, it is directed that the period from 15.03.2020 till 28.02.2022 shall stand excluded for the purposes of limitation as may be prescribed under any



general or special laws in respect of all judicial or quasi-judicial proceedings.

II. Consequently, the balance period of limitation remaining as on 03.10.2021, if any, shall become available with effect from 01.03.2022.

III. In cases where the limitation would have expired during the period between 15.03.2020 till 28.02.2022, notwithstanding the actual balance period of limitation remaining, all persons shall have a limitation period of 90 days from 01.03.2022. In the event the actual balance period of limitation remaining, with effect from 01.03.2022 is greater than 90 days, that longer period shall apply.

IV. It is further clarified that the period from 15.03.2020 till 28.02.2022 shall also stand excluded in computing the periods prescribed under Sections 23 (4) and 29A of the Arbitration and Conciliation Act, 1996, Section 12A of the Commercial Courts Act, 2015 and provisos (b) and (c) of Section 138 of the Negotiable Instruments Act, 1881 and any other laws, which prescribe period(s) of limitation for instituting proceedings, outer limits (within which the court or tribunal can condone delay) and termination of proceedings.”

(iii) In accordance with the above order of the Hon'ble Supreme Court, the revised limitation period would expire on 13.11.2024, as shown in Table below:

Description	Date/ duration	Remarks
NPA Declaration date	28.11.2019	Start date of limitation period
Normal Limitation Period	3 years	
Limitation Period ending on	28.11.2022	28.11.2019 + years
Exclusion period as per Supreme Court order dated 10.01.2022	715 days	Period from 15.03.2020 to 28.02.2022
Revised Limitation Period ending on	13.11.2024	28.11.2022 + 715 days

(iv) The present application has been e-filed on 14.07.2023 and physically filed before the Registry on 24.08.2023, which is well within the limitation period.

8. The second issue for consideration before us is **“whether the Application is maintainable in light of the authorization given to the Power of Attorney holder”?**



- (i) Upon examining the Specific Power of Attorney dated 16.11.2022⁶, it is evident that it provides comprehensive authority to the holder to initiate and peruse the proceedings, including filing petitions. **Clause I(b)** of the said Power of Attorney dated 16.11.2022, specifically provides as under:

“To do, execute transacted and perform alone or singly and without joining any other Attorney or officer of the Bank the following acts, at any place or places:-

a).....

b) To commence proceedings by or against the Bank before any court/appellate court/Debt Recovery Tribunal or any other Tribunal or Authority.”

- (ii) Further, **Clause II** of the Specific Power of Attorney provides as under:

“To do generally all such acts, deeds and things not hereinabove specifically mentioned, which are necessary or requisite or expedient for the better and more effectively doing and performing the several acts, deeds and things aforesaid or incidental thereto and to sign, verify, affirm and present all such applications, Vakalatnama and documents as may be necessary or incidental in respect of or in relation to or arising out of these cases before the Competent Court.”

- (iii) Furthermore, as per Clause IV of the Specific Power of Attorney dt.16.11.2022, the Power of Attorney is also valid for a period of three years from the date of issuance and can be renewed for further period. However, the present Application is filed by the Power of Attorney holder before this Adjudicating Authority on 24.08.2023.

“This power of Attorney shall be valid for a period of three (3) years from the date of issuance and can be renewed for further period, as per exigencies and at the sole discretion of the Bank.”

⁶ Page 15-17 – Copy of the Power of Attorney dated 16.11.2022 authorizing Mr. Kamal Kumar Jah.



- (iv) Therefore, this Application has been presented through a duly Authorized Representative of the Financial Creditor valid, and the contention of the Corporate Debtor is not valid.

9. The third issue for consideration before us is ***“Whether there is financial debt and defaults in repayment thereof, when it became due and payable”***

- (i) Section 7 of the Code allows the Financial Creditor to initiate CIRP by establishing the existence of a financial debt and the occurrence of defaults in repayment thereof, when it becomes due and payable.
- (ii) In the present case, the Financial Creditor has granted the loan to the Corporate Debtor and the Corporate Debtor executed the various documents on 23.08.2018, including the Sanction letter issued by the Financial Creditor, Demand Promissory Note, Deed of Extension of Mortgage, and Supplemental Deed of Hypothecation, evidencing the financial arrangement between the Parties.
- (iii) The Corporate Debtor's account was declared as NPA on 28.11.2019. The Financial Creditor also issued multiple notices, including the NPA Classification Notice dated 08.01.2020 and SARFAESI Demand Notice dated 10.02.2020 to the Corporate Debtor demanding the loan repayment.
- (iv) Additionally, the Corporate Debtor in its counter affidavit dated 27.08.2024 filed *vide* Dairy No.1233, implicitly admitted its liability by stating that they have offered an OTS proposal to the Financial Creditor, which further



substantiates the existence of the 'financial debt' and default on part of the Corporate Debtor⁷. Relevant extract of the same is given hereunder:

4. Due to some unavoidable circumstances mainly during the COVID-19 period, the Corporate Debtor failed to comply the contractual arrangements with the financial creditor and defaulted in making the payments. Resulting the above the account of the corporate debtor was declared as NPA by the petitioner financial creditor on 28.11.2020 wherein the corporate debtor has already addressed the financial creditor that they will be provided some time to settle the existing dues and requested the bank to not to take any coercive steps against them. While the matter stood thus the Financial Creditor informed this corporate debtor that their account was declared as NPA vide letter dated 08.01.2020.
5. It is very pertinent to mention here that, the Financial Creditor has served a demand notice to the corporate debtor vide its notice dated 31.05.2023 demanding the corporate debtor to pay **Rs.21,21,27,292.75** along with the applicable interests which is illegal and arbitrary wherein this Corporate Debtor has already made a proposal with the financial creditor to restructure the account by proposing a One Time Settlement and as per the last communication of the financial creditor the said proposal is under consideration with their Higher officials.

- (v) Further, the outstanding financial debt is of more than rupees one crore, which meets the threshold limit as per Section 4 of the Code and the Application is also filed within the three years limitation period. Therefore, the Application meets the essential requirement of debt and default.

10. However, before admission, this Adjudicating Authority has to satisfy that the application is complete and there are no disciplinary proceedings pending against the proposed resolution professional (hereinafter referred to as the "RP"). Further, Rule 4 of the IB Rules prescribes the procedural requirements, including the format and supporting documents required for filing such an Application. The Hon'ble Supreme Court in the case of **Innoventive Industries Limited v. ICICI Bank Limited**, has discussed extensively the

⁷ Page 2 of the Counter Affidavit dated 27.08.2024.



scope of the Adjudicating Authority under Section 7 of the IBC, which is limited to assessing the records provided by the Financial Creditor to satisfy itself that the default has occurred:

“28. When it comes to a financial creditor triggering the process, Section 7 becomes relevant. Under the explanation to Section 7(1), a default is in respect of a financial debt owed to any financial creditor of the corporate debtor – it need not be a debt owed to the applicant financial creditor. Under Section 7(2), an application is to be made under sub-section (1) in such form and manner as is prescribed, which takes us to the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016. Under Rule 4, the application is made by a financial creditor in Form 1 accompanied by documents and records required therein. Form 1 is a detailed form in 5 parts, which requires particulars of the applicant in Part I, particulars of the corporate debtor in Part II, particulars of the proposed interim resolution professional in part III, particulars of the financial debt in part IV and documents, records and evidence of default in part V. Under Rule 4(3), the applicant is to dispatch a copy of the application filed with the adjudicating authority by registered post or speed post to the registered office of the corporate debtor. The speed, within which the adjudicating authority is to ascertain the existence of a default from the records of the information utility or on the basis of evidence furnished by the financial creditor, is important. This it must do within 14 days of the receipt of the application. It is at the stage of Section 7(5), where the adjudicating authority is to be satisfied that a default has occurred, that the corporate debtor is entitled to point out that a default has not occurred in the sense that the “debt”, which may also include a disputed claim, is not due. A debt may not be due if it is not payable in law or in fact. The moment the adjudicating authority is satisfied that a default has occurred, the application must be admitted unless it is incomplete, in which case it may give notice to the applicant to rectify the defect within 7 days of receipt of a notice from the adjudicating authority. Under sub-section (7), the adjudicating authority shall then communicate the order passed to the financial creditor and corporate debtor within 7 days of admission or rejection of such application, as the case may be.

30. On the other hand, as we have seen, 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.”

11. We have gone through the contents of the Application filed by the Financial Creditor and found that the same is complete. The Financial Creditor has proposed the name of Mr. Kambhammettu Sri Vamsi Registration No. IBBI/IPA-001/ip-Poo664/2017-2018/11141, Address: Plot No. A-85, Flat No. DX-4, Sri Varasiddhi Vivas, Road No. 11, Opposite Sai Baba Temple, Jubilee Hills, Hyderabad, Telangana-500033, email: casrivamsi@gmail.com, as the Interim Resolution Professional (hereinafter referred to as the “IRP”) in the matter. From the records placed before this Adjudicating Authority, it is found that the Authorisation for Assignment (AFA) of the proposed IRP was valid up to 18.12.2023. However, the website he IBBI website (accessed on 30.05.2025) shows that proposed IRP holds the valid AFA upto 31.12.2025 as shown below:

Name of the IP	Mr. Kambhammettu Sri Vamsi
Registration no	IBBI/IPA-001/IP-P00664/2017-2018/11141
Date of Registration	09-Oct-17
Member of IPA	Indian Institute of Insolvency Professionals of ICAI
Member of IPE	Stellar Insolvency Professionals LLP
Email id	casrivamsi[at]gmail[dot]com
Address	Plot No. A-85, Flat No. DX-4, Sri Varasiddhi Nivas, Road No. 11, Opposite Sai Baba Temple ,Jubilee Hills ,Hyderabad,Telangana ,500033
Have Valid AFA	Yes
AFA Certificate No.	AA1/11141/02/311225/107868
AFA Valid Upto	31-Dec-25
Total CPE Earned	84
Total Assignments	18

12. As a sequel to the discussion above, the present section 7 Application bearing CP (IB)/45/7/AMR/2023 filed by the Financial Creditor under section 7 of the Code for initiating CIRP against the Corporate Debtor VAMSEE TEJA MODERN RICE MILL



PRIVATE LIMITED (CIN: U15122AP2012PTC080350), is hereby admitted and accordingly, the Moratorium is declared in terms of Section 14 of the Code:

- (i) Moratorium under section 14 (1) for prohibiting 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 judgement, 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 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 Corporate Debtor.
- (ii) 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, permit, registration, quota, concession, clearances or a similar grant or right during the moratorium period;



- (iii) The provisions of sub-section of section 14(1) 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; and also to a surety in a contract of guarantee to a corporate debtor.
- (iv) 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, 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.
- (v) The order of moratorium shall have effect from the date of this order till the completion of the CIRP or until this Bench approves the resolution plan under sub-section (1) of Section 31 or passes an order for liquidation of the Corporate Debtor under Section 33 as the case may be.

13. We also appoint Mr. Kambhammettu Sri Vamsi Registration No. IBBI/IPA-001/ip-Poo664/2017-2018/11141 as IRP, with the following directions: -

- (i) The term of appointment of Mr. Kambhammettu Sri Vamsi shall be in accordance with the provisions of Section 16(5) of the Code, subject to his written consent to be filed within 7 days of this order;
- (ii) In terms of Section 17 of the Code, from the date of this appointment, the powers of the Board of Directors shall stand suspended and the management of the affairs shall vest with the IRP and the officers and the managers of the Corporate Debtor shall report to the IRP, who shall be enjoined to exercise all the powers, as are vested with the IRP and strictly



perform all the duties as are enjoined on the IRP under Section 18 and other relevant provisions of the Code, including taking control and custody of the assets, over which the Corporate Debtor has ownership rights recorded in the balance sheet of the Corporate Debtor, etc. as provided in Section 18(1)(f) of the Code. The IRP is directed to prepare a complete list of the inventory of assets of the Corporate Debtor;

- (iii) The IRP shall strictly act in accordance with the Code, all the rules framed thereunder by the Board or the Central Government and in accordance with the Code of Conduct governing his profession and as an Insolvency Professional with high standards of ethics and moral;
- (iv) The IRP shall cause a public announcement within three days as contemplated under Regulation 6 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 of the initiation of the CIRP in terms of Section 13(1)(b) read with Section 15 of the Code calling for the submission of claims against Corporate Debtor;
- (v) The IRP/RP shall prepare the Audited Financial Statements as on date of the CIRP and shall submit before the CoC for consideration.
- (vi) The IRP/RP shall also ensure that all the assets appearing in the Financial Statements on the CIRP date have been considered in the valuation report. The IRP/RP shall send individual communication through post or electronic means along with a copy of public announcement to all the creditors as per last available books of accounts/ financial statements on the CIRP date of



Corporate Debtor as prescribed under Regulation 6A of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

- (vii) The Corporate Debtor, its Directors, personnel and the persons associated with the management shall extend all cooperation to the IRP in managing the affairs of the Corporate Debtor as a going concern and extend all cooperation in accessing books and records as well as assets of the Corporate Debtor;
- (viii) The Suspended Board of Directors is directed to give complete access to the Books of Accounts of the Corporate Debtor maintained under Section 128 of the Companies Act. In case, the books are maintained in the electronic mode, the Suspended Board of Directors are to share with the Resolution Professional all the information regarding Maintaining the Backup and regarding Service Provider kept under Rule 3(5) and Rule 3(6) of the Companies Accounts Rules, 2014 respectively as effective from 11.08.2022, especially the name of the service provider, the internet protocol of the Service Provider and its location, and also address of the location of the Books of Accounts maintained in the cloud. In case accounting software for maintaining the books of accounts is used by the Corporate Debtor, then IRP/ RP is to check that the audit trail in the same is not disabled as required under the notification dated 24.03.2021 of the Ministry of Corporate Affairs. A reference is made to the provisions of Section 128(5) of the Companies Act 2013, whereby every company should maintain its books of accounts for not less than eight financial years immediately preceding a financial year. Minutes and statutory records are



the principal documents of the company that should be maintained and preserved since inception.

- (ix) In view of the above mandatory provisions, the suspended directors of the board will ensure that the books of accounts for the eight previous financial years preceding the date of this order be made available to the IRP/ RP within 15 days of the initiation of the CIRP order. The statutory auditor is also directed to share the records maintained by him in the course of the audit of the accounts of the Corporate Debtor for the period of three years prior to the date of initiation of this CIRP order within the same period of 15 days.
- (x) In case of any non-cooperation by the Suspended Board of Directors or the statutory auditors, the IRP/RP may take the help of the police authorities to enforce this order. The concerned police authorities are directed to extend help to the IRP/ RP in implementing this order for retrieval of relevant information from the systems of the Corporate Debtor, the IRP/ RP may take the assistance of Digital Forensic Experts empanelled with this Bench for this purpose. The Suspended Board of Directors is also directed to hand over all user IDs and passwords relating to the Corporate Debtor, particularly for government portals, for various compliances. The IRP is also directed to make a specific mention of non-compliance, if any, in this regard in his status report filed before this Adjudicating Authority immediately after a month of the initiation of the CIRP.
- (xi) The IRP/RP is directed to approach the Government Departments, Banks, Corporate Bodies and other entities with request for information/



documents available with those authorities/ institutions/ others pertaining to the Corporate Debtor, which would be relevant in the CIRP. The Government Departments, Banks, Corporate Bodies and other entities are directed to render the necessary information and cooperation to the IRP/RP to enable him to conduct the CIRP as per law.

- (xii) The IRP shall, after collation of all the claims received against the Corporate Debtor and the determination of the operational position of the Corporate Debtor constitute a Committee of Creditors and shall file a report, certifying constitution of the Committee to this Adjudicating Authority on or before the expiry of thirty days from the date of his appointment, and shall convene first meeting of the Committee within seven days of filing the report of constitution of the Committee;
- (xiii) The IRP shall also serve a copy of this order to all relevant statutory departments such as Income Tax, GST (Centre and State), Provident Fund authorities, trade unions, and employee associations to inform them about the commencement of CIRP.
- (xiv) The IRP is directed to send a regular progress report to this Adjudicating Authority every fortnight.

14. The Financial Creditor is directed to deposit Rs.4,00,000/- (Rupees Four Lakhs only) with the IRP to meet out the expense to perform the functions assigned to him in accordance with Regulation 6 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Person) Regulations, 2016. The amount, however, will be subject to adjustment by the Committee of Creditors as to be duly accounted for by IRP and shall be paid back to the Financial Creditor.



15. A copy of this Order shall immediately be communicated to the Financial Creditor, the Corporate Debtor, IBBI, and the IRP named above by the Court Officer/ Registry of this Adjudicating Authority

Accordingly, CP (IB)/45/7/AMR/2023 stands admitted.

Sd/-
(Umesh Kumar Shukla)
Member (Technical)

Sd/-
(Kishore Vemulapalli)
Member (Judicial)

Chandu