



S.No.3

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – 1
VC AND PHYSICAL (HYBRID) MODE
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
01-10-2024 AT 10:30 AM**

CP (IB) No. 1/7/HDB/2024
u/s. 7 of IBC, 2016

IN THE MATTER OF:

M/s. MSRM International Trading Private Limited **...Financial Creditor**

AND

M/s. TAAZA International Limited **...Corporate Debtor**

C O R A M:-

**DR. VENKATA RAMAKRISHNA BADARINATH NANDULA, HON'BLE MEMBER (JUDICIAL)
SH. CHARAN SINGH, HON'BLE MEMBER (TECHNICAL)**

ORDER

Orders pronounced. In the result, **this Company Petition is allowed**. CIRP is initiated against the CD and Moratorium is imposed, and IRP is appointed as per the terms of the order.

Sd/-
MEMBER (T)

Sd/-
MEMBER (J)



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

CP No. 1/7/HDB/2024

U/s. 7 of the Insolvency and Bankruptcy
Code, 2016 r/w rule 4 of Insolvency and
Bankruptcy (Application to
Adjudicating Authority) rules, 2016.

IN THE MATTER OF M/S TAAZA INTERNATIONAL LIMITED

Between:

M/s MSMR International Trading Private Limited
Reg office at H.no. 5-80, Plot no. 2B,
Peda Amberpet, Hayathnagar, Hyderabad- 501105
Rep by its Authorized Signatory
Mr. Pabbathi Badari Narayana Murthy (Director)

**....Petitioner/
Financial Creditor**

Versus

M/s Taaza International Limited
Reg Office at 83, Panchasheel Enclave,
Yapral, Hyderabad- 500087
Rep by its Authorized Signatory
Mr. P. Ravinder Rao (Managing Director)

**...Respondent/
Corporate Debtor**

Date of Order: 01.10.2024

Corum:

**DR. VENKATA RAMAKRISHNA BADARINATH NANDULA
HON'BLE MEMBER (JUDICIAL)**

**SHRI CHARAN SINGH
HON'BLE MEMBER (TECHNICAL)**



Appearance:

For Petitioner : Mr. Harsh Chowdhary, Advocate

For Respondent : Mr. Amir Bavani, Advocate

PER BENCH

ORDER

I. This Company Petition is filed under section 7 of Insolvency and Bankruptcy Code, 2016, by M/s MSMR International Trading Private Limited, herein after, referred to as the Petitioner/Financial Creditor, to initiate Corporate Insolvency Resolution Process (CIRP) against M/s Taaza International Limited, herein after, referred to as Respondent/Corporate debtor, alleging non-payment of an amount of Rs.4,76,25,225/- claimed as due and payable by the respondent/corporate debtor, by appointing an interim resolution professional and to declare moratorium in terms of Section 14 of the Code.



II. The averments in the Petition in brief are;

(i) That the Financial Creditor is into the business of retail trading, marketing and distribution of goods. That at the behest of the Corporate Debtor, the financial creditor and the corporate debtor executed a Loan Agreement dated 01.07.2018, to extend financial assistance amounting to Rs. 2,50,00,000/- to the Corporate Debtor for the purpose of facilitating its day-to-day business operations. Pursuant to the terms of the agreement, the Corporate Debtor undertook to repay the loan amount, along with interest computed at a rate of 12% per annum, within a maximum duration of 48 months, commencing from 01.01.2023. It is further averred that any accruing interest remaining outstanding on the final repayment date shall be settled on the same date, and any unpaid instalment shall continue to accrue interest at the rate of 12% until the completion of the last instalment.

(ii) It is averred that the Financial Creditor consented to disbursing the agreed loan amount, commencing from 01.08.2018 in accordance with the Corporate Debtor's requirements. Pursuant to the stipulations outlined in the



Loan Agreement, the Financial Creditor made net payments totalling to an amount of Rs. 2,49,89,625/- on various occasions. It is further averred that the payments disbursed by the financial creditor were duly acknowledged by the Corporate Debtor.

(iii) It is averred that in accordance with the terms of the Agreement, the Corporate Debtor was to settle a total amount of Rs. 4,39,85,887/-, inclusive of accrued interest up to 31.12.2022. This amount was intended to be repaid within a span of 48 monthly installments, commencing from 01.01.2023, each instalment amounting to Rs. 9,16,373/- inclusive of interest on the outstanding balance. However, the Corporate Debtor failed to adhere to the aforementioned repayment schedule even for a single month, resulting in default as on 31.01.2023 onwards. That the Corporate Debtor persistently defaulted over the preceding eight (8) months, spanning from 31.01.2023 to 31.08.2023, accumulating to a total sum of Rs. 73,30,981/-. This amount encompasses both the outstanding installment commitments and accrued interest on the remaining balance, as detailed below:



Period/Month	Instalment Rs.	Interest on overdue	Total Due Rs.
Jan 2023	9,16,373	4,48,295	13,64,668
Feb 2023	9,16,373	4,09,038	13,25,411
Mar 2023	9,16,373	4,57,032	13,73,405
April 2023	9,16,373	4,46,797	13,63,170
May 2023	9,16,373	4,66,244	13,82,617
June 2023	9,16,373	4,55,802	13,72,175
July 2023	9,16,373	4,75,641	13,92,014
Aug 2023	9,16,373	4,80,489	13,96,862
Total Amount of defaulted due	73,30,981	36,39,338	1,09,70,319

It is averred that the Corporate Debtor, by failing to adhere to the agreed-upon repayment schedule, left the Financial Creditor with no recourse but to issue a notice on 30.09.2023, demanding payment totalling Rs.4,76,25,225/-. Despite acknowledging receipt of the notice, the Corporate Debtor neither settled the outstanding amount nor furnished a response. This inaction on the part of the Corporate Debtor constituted a default in meeting its obligations regarding the repayment of the loan amount.



(iv) According to the petitioner as on 31.08.2023, the Corporate Debtor is obligated to pay a total amount of Rs. 4,76,25,225/- and the said sum comprises the principal amount of Rs. 2,49,89,625/- and accrued interest totalling Rs. 2,26,35,600/-, calculated at a rate of 12% per annum from 21.08.2018 until 31.08.2023. In light of the Corporate Debtor's failure to repay the dues owed to the Financial Creditor, the present petition is filed for initiation of CIRP against the Corporate Debtor.

III. Brief of averments in the reply affidavit:

(i) The Corporate Debtor contends that the company petition is misconceived and devoid of merits. Stating the said it is averred that the Corporate Debtor availed a loan facility for an amount of Rs. 2,50,00,000/- from the Financial Creditor vide Loan Agreement (“Agreement”) dated 01.07.2018, the said Agreement remained unregistered. The Corporate Debtor claimed that this non-registration rendered the agreement legally unenforceable.



(ii) It is averred that as per the Agreement, repayment timeline beings from 01.01.2023 and the repayment should be done in instalments in a period of 48 months which is till January, 2027. It is further averred that the repayment timeline is still running and the corporate debtor has time to repay the debt and in view of the running repayment timeline the filing of the company petition makes it premature and is filed with an intention to push the Corporate Debtor into CIRP.

(iii) It is averred that the Financial Creditor has neither claimed that the repayment period was concluded nor that there was no remedial interest rate provided. Furthermore, the Corporate Debtor is temporarily unable to meet its legal obligations due to financial constraints, which should not serve as a basis for initiating CIRP.

(iv) It is averred that the claim by the financial creditor that a demand notice dated 30.09.2023 was issued to the corporate debtor, who failed to respond and has not paid the loan amount is preposterous in nature. It is further averred that financial creditor has not substantiated that the said notice was delivered to the corporate debtor. In fact, the



demand notice was never received by the corporate debtor, which is a violation of Clause 9 of the Loan Agreement.

(v) It is averred that the company petition lacks the financial creditor's stamp/seal. Due to this omission, the company petition holds no authenticity and should not be considered as having been filed by the financial creditor. Additionally, the signature of the authorized representative on the company petition does not match the signature on the board resolution, rendering the company petition obnoxious and frivolous.

(vi) It is averred that the financial creditor has failed to place any bank statements substantiating the debt allegedly due and payable by the corporate debtor. Reliance also has been placed on the decision of the Hon'ble Supreme Court in Vidarbha Industries Power Ltd. vs Axis Bank Ltd., (2022) 8 SCC 352.

IV. The Financial Creditor has filed Written Submissions on 27.02.2024 and 24.07.2024. The Corporate Debtor has filed Written Submissions on 26.06.2024. All these Written



Submissions reiterate what has been discussed in the preceding paragraphs.

V. In the light of the contentions as aforementioned, the point that emerges for our consideration is;

Point

Whether a financial debt exceeding rupees one crore due and payable by the corporate debtor exists? if so, whether the corporate debtor has defaulted in its payment?

VI. We have heard Mr. Harsh Chowdhary, learned counsel for Financial Creditor and Mr. Amir Bavani, learned counsel for corporate debtor. Pursued the record.

The Submissions:

VII. According to the Learned Counsel for the Petitioner, on the request of the Respondent/Corporate Debtor, a Loan Agreement dated 01.07.2018 has been entered between the Petitioner and the Respondent whereunder it was inter-alia, agreed that the Petitioner shall extend loan for a sum of Rs.2,50,00,000/- (Rupees two crore fifty lakhs) to the Respondent for its business operations



repayable with interest at 12% per annum within a period of 48 months effective from 01.01.2023. Learned Counsel, further submits that a sum of Rs.2,49,89,625/- has been disbursed in favor of the Respondent and the same has been duly acknowledged. It is the further contention of the Learned Counsel that the Respondent had committed breach of terms relating to the repayment of the aforementioned loan as not even a single installment amount has been paid. Therefore, as on 31.01.2023, the Respondent become liable to pay a sum of Rs.4,39,85,887/-.

VIII. Learned Counsel further submits that in view of the default in repayment of the loan by the Respondent, a demand notice dated 30.09.2023 demanding the Respondent to pay the outstanding sum of Rs.4,76,25,225/- has been issued to the Respondent and despite service of the said notice on the Respondent, the Respondent did not comply the terms of the said notice. Therefore, the present application is filed.

IX. Learned Counsel also placed reliance on the judgment dated 31.08.2017 in Civil Appeals No. 8337-8338 of 2017



of the Hon'ble Supreme Court in *Innoventive Industries Vs. ICICI Bank Ltd.*, wherein it was held as follows:

“30. 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.”

and contended that in the case on hand the *existence* of financial debt of a sum over Rs. One Crore due and payable by the Respondent besides its default, has been categorically established, as such the Petition as filed needs to be allowed in the interest of justice by ordering initiation of CIRP against the Respondent.

X. Per contra, Learned Counsel for the Respondent, while refuting the submissions as made by the Learned Counsel for the Petitioner, would contend that the Petition is thoroughly misconceived, devoid of merits hence, the same is liable to be rejected. Learned Counsel without disputing the Agreement dated 01.07.2018 whereunder the Petitioner had claimed to have lent a sum of Rs.2,50,00,000/- as per



the terms and conditions mentioned therein, strongly contends that since the said Agreement is unregistered, the same unenforceable. In so far as, plea of existence of ‘debt’ and its ‘default’ is concerned, learned Counsel contends that since the repayment timelines commencing on 01.01.2023 would eventually end after 48 months i.e., in January, 2027 till the completion of 48 months period, the question of repayment of the loan does not arise as such as on the date of alleged demand or on the date of filing the present Petition there is neither a ‘debt’ of its ‘default’ in existence . Therefore, according to the Learned Counsel the plea of Company petition is *pre mature* and unsustainable, hence liable to be dismissed.

XI. Insofar as the demand notice dated 30.09.2023 said to have been issued by the Petitioner to the Respondent is concerned, learned Counsel contends that the Respondent never received any such notice. Therefore, the plea that the demand notice dated 30.09.2023 have been issued to the respondent is unfounded and baseless. Lastly, the Learned Counsel would contend that since the Company Petition did



not bear any stamp/seal of the Financial Creditor on all the pages, the Petition is bound to fail.

Our analysis & findings

XII. Having heard the Learned Counsels for both sides and on perusal of the reply/counter filed by the Respondent, we are of the firm view that the execution of the loan agreement dated 01.07.2018 is not in dispute. We also found that, it is not the case of the Respondent that the respondent did not receive the sum of Rs.2,50,00,000/- in terms of the aforesaid loan agreement, as the only contention of the Respondent seems to be that, since the repayment period spreads over 48 months till conclusion of the 48 months, the repayment process does not commence consequently, default in repayment of the said amount will not arise.

XIII. We have carefully examined this plea in the light of the averments of the agreement and found the same fully unsustainable and untenable as the following clauses in the agreement,



“4. The Borrower hereby agrees that the borrower shall repay the loan of Rs.2,50,00,000/- (Rupees Two Crore Fifty Lakhs only) and to pay further revised amount of loan if any accepted within maximum period of 48 months commencing from 1st January, 2023.

5. It is hereby further agreed that Borrower shall pay interest on the principal amount of loan outstanding from time to time at the interest of 12% per annum. Provided that any interest accrued and remaining outstanding on the final Repayment Date shall be paid on that date and the unpaid instalment amounts will continues to be changed interest at the rate of 12% till completion of the last instalment.”

A bare perusal of these clauses leaves no doubt that the sum of Rs.2,50,00,000/- and any further revised amount of loan if any executed, shall be paid *within maximum period of 48 months commencing from 01.01.2023*, and any interest accrued and remaining outstanding on the final Repayment Date shall be paid on that date and the unpaid instalment amounts will continues to be changed interest at the rate of 12% till completion of the last instalment.

XIV. Thus, the intention of the parties to the above agreement which can be gathered from the very document itself, that parties have agreed that the borrower shall pay the sum advanced under the said agreement together with



interest at the rate of 12% till completion of the last instalment with in a maximum period of 48 months commencing from *01.01.2023 and* not wait till the end of the 48th month. Therefore, the said contention is hereby rejected.

XV. Though the Petitioner has contended that it had sent a notice dated 30.09.2023 demanding payment of outstanding amount, the receipt of which since denied by the Respondent, the *burden* is on the Petitioner to establish due service of the same. But the Petitioner has not placed any record before us substantiating its plea that a demand notice dated 30.09.2023 has been served on the Respondent. We therefore reject the plea of the Petitioner that the demand notice dated 30.09.2023 has been served on the Respondent. However, it is to be noted that unlike, in a Petition under section 9 of Insolvency and Bankruptcy Code, 2016, prior service of demand notice on the corporate debtor, is not necessary in Petition filed under section 7 of IB Code. So much so, mere absence of proof of issuance of service of demand notice on the Respondent is no ground to reject the Petition.



XVI. In so far as submission of the Learned Counsel of the Respondent that the Company Petition is though signed by the representative of the Petitioner Company in the absence of stamp/seal on every page of the Company Petition the Petition is not maintainable, the respondent is unable to show any rule which mandates affixing company seal on every page of the petition. Therefore, the said plea shall fail.

XVII. Therefore, in the light of our discussion we are satisfied that the company petitioner has established the *existence* of financial debt of a sum over Rs. One Crore due and payable by the Respondent, besides its default. We also found that the present petition is in order. Hence the company petition is hereby allowed.

XVIII. The Adjudicating Authority, therefore, admits this Petition under Section 7 of I&B Code, 2016, declaring moratorium for the purposes referred to in Section 14 of the Code, with following directions:

(A) Corporate Debtor, M/s Taaza International Limited is admitted in Corporate Insolvency Resolution Process



under section 7 of the Insolvency & Bankruptcy Code, 2016.

- (B) The Bench hereby prohibits the institution of suits or continuation of pending suits or proceedings against the Corporate Debtor including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority; transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein; any action to foreclose, recover or enforce any security interest created by the Corporate Debtor in respect of its property including any action under Securitization and Reconstruction of Financial Assets and Enforcement of Security interest Act, 2002 (54 of 2002); the recovery of any property by an owner or lessor where such property is occupied by or in possession of the corporate Debtor.
- (C) That the supply of essential goods or services to the Corporate Debtor, if continuing, shall not be terminated or suspended or interrupted during moratorium period.



- (D) 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.
- (E) That the provisions of subsection (1) of Section 14 of the I&B Code, 2016 shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.
- (F) That the order of **moratorium** shall have effect **from the date of this order** till the completion of the Corporate Insolvency Resolution Process or until this Bench approves the Resolution Plan under Sub-Section (1) of Section 31 of the I&B Code, 2016 or passes an



order for liquidation of Corporate Debtor under Section 33 of the I&B Code, 2016, whichever is earlier.

- (G) That the public announcement of initiation of Corporate Insolvency Resolution Process shall be made immediately as prescribed under section 13 of Insolvency and Bankruptcy Code, 2016.
- (H) That this Bench hereby appoints **Shri Chinna Gurappa**, having Registration No.IBBI/IPA-003/ IP-N00261/2020-2021/13035 as Interim Resolution Professional, whose contact details are:

e-mail ID: c_gurappa[at]rediffmail[dot]com

Address: Flat No. E1, Plot No.45, Surya Residency, Siddartha Nagar, Vengalrao Nagar Post ,Near ICICI Bank Limited, Kalyan Nagar Branch. Hyderabad, Telangana-500038

as Interim Resolution Professional to carry the functions as mentioned under the Insolvency & Bankruptcy Code.

- (I) Proposed IRP has filed Form-2 dated 15.12.2023. His Authorization for Assignment is valid till 30.06.2025.



This information is available in IBBI Website. Thus, there is compliance of Regulation 7A of IBBI (Insolvency Professionals) Regulations, 2016, as amended. Therefore, the above professional is fit to be appointed as IRP since the relevant provision is complied with.

(J) The Registry is directed to furnish certified copy of this order to the parties as per Rule 50 of the NCLT Rules, 2016.

(K) The petitioner is directed to communicate this order to the proposed Interim Resolution Professional.

XXIX Registry of this Tribunal is directed to send a copy of this order to the Registrar of Companies, Hyderabad for marking appropriate remarks against the Corporate Debtor on website of Ministry of Corporate Affairs as being under Corporate Insolvency Resolution Process.

Accordingly, this Petition is admitted.

SD/-
CHARAN SINGH
MEMBER (TECHNICAL)

SD/-
DR. VENKATA RAMAKRISHNA BADARINATH NANDULA
MEMBER (JUDICIAL)

bhargavi/sridher