



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

Item No.1
CP (IB)/30/7/AMR/2025

IN THE MATTER OF:

ASREC (India) Ltd.

... Petitioner/
Financial Creditor

Versus

Visakha Prime Properties Constructions Ltd.

... Respondent/
Corporate Debtor

Under Section: 7 of IBC, 2016

Order delivered on 04.03.2026

CORAM:

SHRI UMESH KUMAR SHUKLA
HON'BLE MEMBER (TECHNICAL)

SHRI KISHORE VEMULAPALLI
HON'BLE MEMBER (JUDICIAL)

PRESENT:

For the Financial Creditor : Mr. V.S. Sharma Kollapudi, Adv.

For the Corporate Debtor : Mr. Arnav Siddigari, Adv.

ORDER

Order pronounced and recorded *vide* separate sheets. The Petition bearing **CP (IB)/30/7/AMR/2025** 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)/30/7/AMR/2025

**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:

M/s ASREC (India) Ltd.

Unit Nos. 201, 200A, 202 & 200B, Ground Floor,
Building No. 2, Solitaire Corporate Park,
Andher (E), Andheri Kurla Road,
Mumbai-400059, Maharashtra.

..... **Financial Creditor**

AND

M/s Visakha Prime Properties Constructions Limited

CIN: U45200AP1995PLC021225
Flat No.17, Lakshmi Apartments,
Bearing D. No.7-1-44/17, Kirlampudi Layout,
Visakhapatnam-530017, Andhra Pradesh.

..... **Corporate Debtor**

Order delivered on: 04.03.2026

**CORAM: HON'BLE SHRI KISHORE VEMULAPALLI, MEMBER (JUDICIAL)
HON'BLE SHRI UMESH KUMAR SHUKLA, MEMBER (TECHNICAL)**

PARTIES/COUNSELS APPEARANCE:

For the Financial Creditor : Mr. V.S. Sharma Kollapudi, Advocate.
For the Corporate Debtor : Mr. Arnav Siddigari, Advocate.

ORDER
PER: BENCH

The instant Petition bearing no., CP (IB)/30/7/AMR/2025 (hereinafter referred to as the "**CP 30/2025**" or the "**Petition**") has been e-filed on 08.07.2025 and physically



filed on 11.07.2025 (vide Diary No.1349) by M/s ASREC (India) Limited (hereinafter referred to as the “**ASREC**” or the “**Financial Creditor**”) under section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as the “**IBC**” or the “**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 M/s Visakha Prime Properties Constructions Limited (hereinafter referred to as the “**Corporate Debtor**”) for default in repayment of dues of Rs.55,84,83,415.16 (Rupees Fifty Five Crores Eighty Four Lakhs Eighty Three Thousand Four Hundred Fifteen and Sixteen Paise) as on 31.03.2025 along with future interest at the contractual rate of 18.87% per annum from 01.04.2025 compounded quarterly till realization.

2. The Corporate Debtor is a Company with its registered office at Flat No. 17, Lakshmi Apartments, Kirlampudi Layout, Visakhapatnam, Andhra Pradesh as per the copy of Master Data of the Corporate Debtor annexed with the Petition. Therefore, the subject matter of this Petition is under the territorial jurisdiction of this Adjudicating Authority.

FACTS OF THE CASE:

3. The facts of the case, as stated in the Petition, are summarised below:
- (i) The ASREC is the assignee of the debt originally advanced by the UCO Bank (Assignor) by virtue of an Assignment Agreement dated 31.03.2008.
 - (ii) On 09.06.1998, the UCO Bank sanctioned a term loan of Rs.75,00,000/- to the Corporate Debtor. The said loan was secured by an equitable mortgage of immovable properties situated at Dondaparthi Junction,



Visakhapatnam, created by way of deposit of title deeds. The facility was further secured by the hypothecation of construction materials, plant & machinery, personal guarantees of the directors & promoters, and duly executed loan documents including the loan agreement, demand promissory note, and supporting letters.

- (iii) Subsequently, the Corporate Debtor defaulted in repayment of the debt and the loan account was declared as a Non-Performing Asset (hereinafter referred to as the “**NPA**”) on 30.06.2002 by the UCO Bank. Thereafter, the UCO Bank initiated recovery proceedings by filing Original Application bearing no. 36/2003 (hereinafter referred to as the “**OA 36/2003**” or the “**OA**”) before the Hon’ble Debts Recovery Tribunal, Visakhapatnam (hereinafter referred to as the “**DRT**”), for recovery of its dues along with contractual interest. During the pendency of the said OA, the Financial Creditor, ASREC, continued the proceedings as assignee of the UCO Bank and actively pursued the matter before the Hon’ble DRT.
- (iv) However, due to delays in adjudication, the Financial Creditor filed a Company Petition bearing no. CP(IB)/82/7/AMR/2020 (hereinafter referred to as the “**CP 82/2020**”) before this Adjudicating Authority on 27.06.2020 under Section 7 of the IBC for initiation of CIRP against the Corporate Debtor, which was dismissed vide this Adjudicating Authority Order dated 06.12.2021, on the ground of the OA still pending adjudication before the Hon’ble DRT, with the liberty to the Financial Creditor to file a fresh Petition, if an order/ judgment in its favour is passed by the Hon’ble DRT.
- (v) After prolonged litigation, the Hon’ble DRT disposed of the OA 36/2003 in favour of the Financial Creditor and passed a final order on 03.08.2024,



allowing the claim and directing the Corporate Debtor & the guarantors to pay the outstanding dues. Pursuant to the said decree/ order, the Financial Creditor computed the outstanding liability of the Corporate Debtor as on 31.03.2025 at Rs.55,84,83,415.16, along with future interest at the contractual rate of 18.87% per annum compounded quarterly from 01.04.2025 till realization.

- (vi) In accordance with the liberty granted by this Adjudicating Authority vide Order dated 06.12.2021 and upon adjudication of the claim/ debt by the Hon'ble DRT, the Financial Creditor has filed the present Petition under Section 7 of the IBC, placing reliance on the DRT decree and other documentary evidence.
- (vii) The default is well established and substantiated through the Hon'ble DRT's order dated 03.08.2024, original loan documents, security agreements, assignment deed from the UCO Bank to the ASREC, bank ledgers, acknowledgments of debt, Registrar of Companies charge documents, and proof of mortgage & hypothecation over the assets of the Corporate Debtor.
- (viii) The Petition is compliant with the procedural requirements of the IBC and is supported by the Form-1, written communication of the Interim Resolution Professional (hereinafter referred to as the "**IRP**") in Form-2, and proof of service.
- (ix) As per the Part IV of the Form-1, the amount claimed to be in default is shown as Rs.55,84,83,415. The relevant extract of the Part IV of the Form-1 is reproduced below:



2.	<p>AMOUNT CLAIMED TO BE IN DEFAULT AND THE DATE ON WHICH THE DEFAULT OCCURRED (ATTACH THE WORKINGS FOR COMPUTATION OF AMOUNT AND DAYS OF DEFAULT IN TABULAR FORM)</p>	<p>Outstanding Dues: Rs. 55,84,83,415.16 (Rupees Fifty Five Crores Eighty Four Lakhs Eighty Three Thousand Four Hundred Fifteen and Sixteen Paise) plus 18.87% interest compounded quarterly from 01st April 2025 till the date of full and final realization.</p> <p>As on 31/03//2025 (calculated as per the Order of Hon'ble Debt Recovery Tribunal, Visakhapatnam dated 03.08.2024)-Annexure I (r)</p> <p>Total dues Rs. 55,84,83,415.16 (Rupees Fifty Five Crores Eighty Four Lakhs Eighty Three Thousand Four Hundred Fifteen and Sixteen Paise) as on 31/03/2025 along with future interest at contractual rates 18.87% from 01/04/2025 compounded quarterly till payment or realization together with all costs and charges.</p> <p>Date of NPA: 30/06/2002</p> <p>Statement of Account / Ledger of the Applicant along with supporting affidavit is hereto annexed as Annexure - I (f). Latest Statement of Dues as on 31.03.2025 is filed as Annexure – I (y)</p>
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- (x) The Financial Creditor has stated to have enclosed the following documents along with the Petition:
- (a) Copy of authorization letter given by the Financial Creditor in favour of the authorized signatory dated 27.05.2021;
 - (b) Copy of Company Master Data from the MCA Website, Memorandum of Association and Articles of Association of the Corporate Debtor;



- (c) Guarantee Agreement between the UCO Bank and guarantors i.e. C. Raghuram Prasad, C. Shobha Raghu Ram and Sri J. Jagan Mohan Rao dated 09.06.1998;
- (d) Guarantee Agreement between the UCO bank and guarantors i.e. Smt. G.V. Vijayalakshmi, Sri Godi Venkata Jagadish, Sri G. Satish and Smt. AVL Pratibha dated 09.06.1998;
- (e) Guarantee Agreement between the UCO Bank and guarantors i.e. K. Satya Prasad Rao and K. Satyavathi dated 09.06.1998;
- (f) Statement of account/ ledger of the Financial Creditor along with supporting affidavit dated 09.11.2002;
- (g) Agreement to sell with power of attorney vide Doc. No. 863/1997 dated 31.07.1997;
- (h) Agreement for construction and development of property dated 07.08.1997;
- (i) Agreement to sell with power of attorney vide Doc. No. 873/1997 dated 24.07.1997;
- (j) Agreement for construction and development of property dated 25.07.1997;
- (k) Deed of hypothecation of goods dated 09.06.1998;
- (l) Deed of hypothecation of plant and machinery as additional security dated 09.06.1998;
- (m) Letter confirming the deposit of title deeds dated 30.05.1998;
- (n) Letter confirming the deposit of title deeds dated 04.06.1998;
- (o) Letter confirming the deposit of title deeds dated 04.06.1998;



- (p) Assignment deed dated 31.03.2008 between the UCO Bank and the Financial Creditor herein;
- (q) Copy of certificate of registration of charge issued by ROC, Hyderabad dated 09.06.1998 and subsequently modified on 31.03.2008;
- (r) Final Order of Hon'ble DRT in OA 36/2003 dated 03.08.2024;
- (s) Final Orders in WP No. 12867/2018 passed by Hon'ble High Court along with case status dated 20.11.2019;
- (t) Demand promissory note for an amount of Rs.75,00,000/- dated 09.06.1998;
- (u) Letter of waiver of presentment demand promissory note dated 09.06.1998;
- (v) Agreement relating to term loan dated 09.06.1998;
- (w) Letter sent to the Managing Director of the Corporate Debtor by the UCO Bank requesting to repay the dues dated 23.10.2000;
- (x) Copy of acknowledgement of debt dated 09.04.2001;
- (y) Statement of account of the Corporate Debtor showing outstanding dues as on 31.03.2025 dated 31.03.2025;
- (z) Daily Order in IA No. 1533 of 2022 in OA 36 of 2003 dated 04.05.2023 passed by Hon'ble DRT impleading the legal heirs of the Managing Director of the Corporate Debtor in the OA;
- (aa) Final Order dated 06.12.2021 passed by this Adjudicating Authority in CP (IB) No. 82/2020.

4. This Adjudicating Authority, vide its Order dated 19.08.2025, directed the Registry to issue notice to the Corporate Debtor and granted two weeks' time to file



the Counter. During the course of hearing dated 26.09.2025, Mr. Aruva Karthik, Advocate appearing on behalf of the Corporate Debtor was granted two weeks' time to file the Vakalat and Counter. Subsequently, Mr. Aruva Karthik vide Diary No.2048 dated 14.10.2025, filed the Vakalath on behalf of the Corporate Debtor.

5. During the course of hearing dated 17.10.2025, Ms. Anjali Reddy Areti, Proxy Counsel appearing on behalf of the Mr. Aruva Karthik, Counsel for the Corporate Debtor was granted an adjournment on the ground of demise of the mother of the arguing Counsel. During the course of hearing dated 28.10.2025, the Counsel for the Corporate Debtor stated that Counter has been e-filed online, and sought a week's time to file physical copy of the counter.

6. During the hearing dated 10.11.2025, the Counsel for the Corporate Debtor submitted that he has e-filed the Counter, and as some of the documents were not legible, the Registry has returned the same as defective. However, it was observed that the Corporate Debtor has failed to file the legible neat copies, and therefore, the right of the Corporate Debtor to file the Counter was forfeited vide this Adjudicating Authority Order dated 10.11.2025.

7. Subsequent to the above order, the Corporate Debtor vide Diary No.2295 dated 13.11.2025 filed an Interlocutory Application bearing no. IA(IBC)/385/2025 (hereinafter referred to as the "**IA 385/2025**" or the "**IA**") under Section 60(5) of the Code and Rule 11 of the National Company Law Tribunal Rules, 2016 (hereinafter referred to as the "**NCLT Rules**") seeking to set aside the Order dated 10.11.2025 and to grant an opportunity to file the Counter in this Petition.



8. During the hearing dated 17.11.2025, the Financial Creditor was granted one week's time to clarify the date of default committed by the Corporate Debtor with respect to the loan agreement for the purpose of filing this Petition.

9. Pursuant to the Order dated 17.11.2025, the Financial Creditor, vide Diary No.2345 dated 24.11.2025, filed Memo stating that the Corporate Debtor was sanctioned a term loan of Rs.75,00,000/- on 16.05.1998 and the loan documents were executed on 09.06.1998. As per the term loan agreement (Pages 252-256 of the Petition), the facility was repayable in eight instalments of Rs.9,37,500/- each commencing from 30.06.1999, with the final instalment due by March 2001. While certain interest payments were made between 1998 and 2000, there remained a shortfall of Rs.20,000/- as of March 2000. The first instalment due on 30.06.1999 was not paid, and therefore, the said date is treated as the date of default, being the point when the instalment became due and remained unpaid. Despite such default, the account was not classified as NPA until 30.06.2002 due to continued representations by the Corporate Debtor. The computation of dues and payment history (annexed as Annexure-1 to the Memo) read with RBI's NPA classification norms and the recall notice dated 20.02.2002 (annexed as Annexure-2 to the Memo), substantiate the default and liability. Accordingly, 30.06.1999 be considered as the date of default for the purpose of the Section 7 proceedings.

10. During the next hearing dated 19.11.2025, the Corporate Debtor in IA 385/2025 stated that defects raised by the Registry in the Counter have been rectified. Considering the above submissions, the Registry was directed to take on record the Counter of the Corporate Debtor in this Petition, subject to payment of costs of Rs.25,000/- to be deposited by the Corporate Debtor in the 'Prime Minister's National Relief Fund' and file proof of payment thereto along with fresh copy of the Counter.



Accordingly, IA 385/2025 was allowed and disposed of vide Order dated 19.11.2025 of this Adjudicating Authority.

11. Pursuant to the aforesaid Order dated 19.11.2025, the Corporate Debtor vide Diary No.2338 dated 21.11.2025, filed Compliance Memo enclosing the proof of payment of costs and vide Diary No.2339 dated 21.11.2025, filed its Counter Affidavit.

COUNTER BY CORPORATE DEBTOR:

12. The contentions made by the Corporate Debtor un the Counter Affidavit are summarised as under:

- (i) The Corporate Debtor is engaged in the business of constructions and civil engineering. In 1998, the Corporate Debtor availed a term loan of Rs.75,00,000/- from the UCO Bank for development of a residential-cum-commercial project at Dondaparthi, Visakhapatnam. The project commenced with substantial promoter investment, however, severe cyclonic conditions, escalation in construction costs, and, most critically, the UCO Bank's delayed & irregular disbursement of sanctioned funds caused serious cash-flow disruptions beyond the Corporate Debtor's control.
- (ii) Despite these difficulties, the Corporate Debtor consistently communicated its constraints to the UCO Bank and sought restructuring of the repayment schedule, additional support, and permission to sell completed units to clear dues. Although the UCO Bank initially permitted sale of certain units, it later delayed and obstructed issuance of NOCs and approvals, depriving the Corporate Debtor of a viable repayment mechanism and contributing to deterioration of the account.



- (iii) While restructuring discussions were ongoing, the UCO Bank issued SARFAESI notices and filed OA 36/2003 before the Hon'ble DRT. The Corporate Debtor, under protest, complied with settlement terms and paid Rs.20 lakhs upfront under a One Time Settlement (hereinafter referred to as the "**OTS**") in 2004, duly recorded by the Hon'ble DRT. However, the UCO Bank withdrew from the OTS, failed to cooperate with completion of construction, and ignored the Hon'ble High Court's directions in W.P. No. 21415 of 2002 to facilitate sale of units.
- (iv) In 2008, the debt was assigned to the ASREC, which continued coercive recovery. Thus, the alleged default is a direct result of the UCO Bank's own breaches and non-cooperation. The Hon'ble DRT's recovery order dated 03.08.2024 is under challenge before the Hon'ble Debt Recovery Appellate Tribunal, Kolkata (hereinafter referred to as the "**DRAT, Kolkata**"), and the alleged dues remain seriously disputed. The copy of Appeal Dy. No. 1046 of 2024 has been annexed as Annexure-2 of the Counter.
- (v) The present Petition is not maintainable either in law or on facts. The Financial Creditor seeks to initiate the CIRP solely on the basis of order dated 03.08.2024 passed by the Hon'ble DRT in OA 36/2003. The said order has neither attained finality nor crystallised any liability, as it is under challenge in a statutory appeal before the Hon'ble DRAT, Kolkata under section 20 of the Recovery of Debts and Bankruptcy Act, 1993 (hereinafter referred to as the "**RDB Act**"). In view of the pending appellate scrutiny, the alleged liability remains sub-judice/ disputed and cannot form the basis for invoking the extraordinary remedy under the Code.



- (vi) The Financial Creditor has failed to produce any independent and conclusive record of default as required under Section 7 and the Rules framed thereunder. No acknowledgment of debt, undisputed contractual liability, or authenticated default record from an information utility has been placed on record. The Petition rests entirely on a contested recovery decree, which cannot substitute the requirement of proving an unequivocal and subsisting default. The alleged dues exceeding Rs.55.84 crores are also highly inflated, having been computed through retrospective and compounded interest over decades without accounting for sale proceeds realised from project units.
- (vii) The present proceedings are in substance a recovery strategy, as the Financial Creditor is simultaneously pursuing remedies under the RDB Act on the very same decree, and initiation of parallel insolvency proceedings amounts to forum shopping and abuse of process. An earlier Section 7 Petition filed by the same Financial Creditor was dismissed on 06.12.2021 as time-barred, with limited liberty to proceed only after a final decree of the Hon'ble DRT.
- (viii) The present Petition is premature, barred by limitation, and unsupported by the proof of a legally enforceable and crystallised financial debt. A recovery order passed under the RDB Act, by itself, does not constitute an established default within the meaning of the Code. For initiation of CIRP, the Financial Creditor must demonstrate the existence of a clear and undisputed debt due and payable as on the date of filing. In the present case, the alleged liability is founded entirely upon a Hon'ble DRT order, which is presently under challenge before the Hon'ble DRAT, Kolkata. A



disputed decree cannot constitute a valid foundation for admission of a Section 7 Petition.

- (ix) The alleged loan transaction pertains to 1998 and the account was declared NPA in 2002. The purported default thus, relates to a period more than two decades prior to the filing of the present proceedings in 2025. In the absence of any legally cognisable acknowledgment within the prescribed limitation period, the claim is patently barred under Article 137 of the Limitation Act. Any alleged acknowledgments relied upon are themselves disputed and cannot revive an extinguished claim. The Financial Creditor is attempting to circumvent the bar of limitation by resorting to the IBC, which cannot be used to revive the stale or time-barred debts.
- (x) The alleged outstanding amount of Rs.55.84 crores is also seriously disputed. Disputes persist as to the quantum, rate of interest, mode of computation, and treatment of mortgage-backed realisations, and the alleged debt is neither admitted nor crystallised.
- (xi) The Corporate Debtor being a solvent and financially sound company, with assets exceeding liabilities and sufficient working capital to meet its obligations, continues its business operations without interruption and is not in the financial distress. The Hon'ble Supreme Court in ***Mobilox Innovations Pvt. Ltd. v. Kirusa Software Pvt. Ltd., (2018) 1 SCC 353***, has categorically held that the IBC is not a substitute for a recovery forum. The present Petition is filed on incorrect premises and to pressurize the Corporate Debtor, hence it constitutes misuse of the insolvency process and deserves to be dismissed with costs.



13. During the hearing dated 26.11.2025, the Financial Creditor sought and was granted two days' time to file a Memo on the aspect of limitation from the date of default, which is stated to be 30.06.1999, till the date of filing this Petition in a tabular form along with judgments, if any.

14. Pursuant to the order dated 26.11.2025, the Financial Creditor vide Diary No.2411 dated 02.12.2025, filed a Memo stating as under:

- (i) The various events significant for computation of the limitation period are as under:

Particulars / Event	Date of the Event	Remarks	Extended Limitation Period
Default of payment of First Installment of Rs.9,37,500/-	30.06.1999	As per the Loan Agreement dated 09.06.1998 (Annexure- I(v) at page Nos. 252 to 256 of the CP) the first installment was due for payment on 30.06.1999 which the respondent failed to pay. Hence it is the date of default of loan.	30.06.2002
Payment of interest	30.06.1999	Respondent paid Rs. 3,60,000/- towards servicing of interest for the earlier period.	30.06.2002
Payment of Interest	15.03.2000	Respondent paid 1,33,000/- towards interest arrears.	15.03.2003
Payment of Interest	15.03.2000	Respondent paid 6,96,800/- towards interest arrears.	15.03.2003
Payment of Interest	30.03.2000	Respondent paid 2,02,290/- towards interest arrears.	30.03.2003
Acknowledgement of Debt	09.04.2001	The Respondent has acknowledged the debt. Kindly refer to page no 258 of the CP (Vol 2)	09.04.2004
Payment of Interest	25.07.2001	Respondent paid 1,75,000/- towards interest arrears.	25.07.2004
Payment of Interest	28.07.2001	Respondent paid 50,000/- towards interest arrears.	28.07.2004
Payment of Interest	11.08.2001	Respondent paid 29,300/- towards interest arrears.	11.08.2004
Payment of Interest	25.08.2001	Respondent paid 25,780/- towards interest arrears.	25.08.2004
Payment of Interest	23.10.2001	Respondent paid 1,70,000/- towards interest arrears.	23.10.2004
Payment of Interest	05.02.2002	Respondent paid 4,22,875/- towards interest arrears.	05.02.2005
Filing of OA No. 36/2003 before DRT Visakhapatnam	07.03.2003	An application was filed before the DRT, Visakhapatnam, which was well within the limitation period of 3 years.	—
Filing of CP(IB) No. 82/7/AMR/2020	02.06.2020	Prior to filing of the present petition, the FC preferred a Company Petition u/s. 7 of IBC, before this Bench. However, it was dismissed on the ground that the matter is pending for adjudication before DRT. Vide para no 12 of the order (page no 268 of CP-Vol 2) Liberty was granted for filing a fresh application, after the decree or judgement of the DRT is passed in OA 36/2003 if such right accrues to the applicant.	—
Decree of DRT, Visakhapatnam in OA 36/2003.	03.08.2024	DRT-Visakhapatnam has decreed OA 36/2003 in favour of the Financial Creditor herein, thereby accruing the right to file fresh application U/s 7 of Insolvency and Bankruptcy Code, 2016 in favour of the FC. <i>*Supreme Court held in case of Kotak Mahindra Bank Limited vs. A Balkrishnan & anr. 2022 9 SCC 186, that DRT decree gives rise to fresh cause for filing Section 7 application under IBC within a period of 3 years from the date of decree.*</i>	03.08.2027*



- (ii) The Hon'ble Supreme Court in its Order dated 30.05.2022 in the case of ***Kotak Mahindra Bank Limited vs. A. Balakrishnan & Anr., (2022) 9 SCC 186***, (Three Judge Bench) (annexed as Annexure-2 with the Memo) held that a recovery certificate issued under the RDB Act would qualify as a "financial debt" under the Code and give rise to a fresh cause of action under Section 7 of the IBC. This judgment also upheld an earlier decision of a two-judge Bench of the Hon'ble Supreme Court in the case of ***Dena Bank (now Bank of Baroda) vs. C Shivakumar Reddy & Anr., (2021) 10 SCC 330***, which *inter alia* held that a fresh period of limitation would accrue for an application under Section 7 of IBC from the date of a recovery certificate. The relevant extract of the Judgement rendered by the Hon'ble Apex Court in ***Kotak Mahindra Bank Limited vs. A. Balakrishnan & Anr. (supra)*** is cited below:

"84. To conclude, we hold that a liability in respect of a claim arising out of a Recovery Certificate would 'be a "financial debt" within the meaning of clause (8) of Section 5 of the IBC. Consequently, the holder of the Recovery Certificate would be a financial creditor within the meaning of clause (7) of Section 5 of the IBC. As such, the holder of such a certificate would be entitled to initiate CIRP, if initiated within a period of three years from the date of issuance of the Recovery Certificate.

85. We further find that the view taken by the two Judge Bench of this Court in the case of Dena Bank (supra) is correct in law and we affirm the same. We further find that in the facts of the present case, the application under Section 7 of the IBC was filed within a period of three years from the date, on which the Recovery Certificate was issued. As such, the application under Section 7 of the IBC was within limitation and the learned NCLAT has erred in holding that it is barred by limitation."

- (iii) Thus, considering the Hon'ble DRT Order dated 03.08.2024 under Section 19(20) read with Section 19(22) of RDB Act and the Recovery Certificate issued vide RC 698/2024 (case status annexed as Annexure-3 with the Memo) and Hon'ble Supreme Court's Judgement mentioned supra, the present Petition e-filed on 08.07.2025 is well within the limitation period.



15. Subsequently, the Financial Creditor vide Diary No. 24 dated 05.01.2026, also filed another Memo enclosing therewith as Annexure-1, the copy of Recovery Certificate dated 19.10.2024 in RC No. 698/2024 in OA 36/2003, stating that since as on the date of filing of the Memo dated 02.12.2025, they could not get the copy of the Recovery Certificate from the Hon'ble DRT, as it was delivered only on 03.12.2025. It is further stated in the Memo, that this Petition is well within the limitation period, as the Recovery Certificate is dated 19.10.2024 and the Petition is e-filed on 08.07.2025.

ANALYSIS AND FINDINGS:

16. We have heard the submissions of the Counsels for the Financial Creditor and Corporate Debtor and also perused the records carefully.

17. The Corporate Debtor has contended that as the loan account was declared NPA in 2002 and there is no acknowledgement of debt within the prescribed limitation period, the Petition is barred by limitation. The Financial Creditor relying on the judgment of the Hon'ble Supreme Court in the matter of ***Kotak Mahindra Bank Limited vs. A. Balakrishnan & Anr. (supra)*** and ***Dena Bank (now Bank of Baroda) vs. C Shivakumar Reddy & Anr. (supra)*** has submitted that a Recovery Certificate would give a fresh cause of action under Section 7 of the IBC. Therefore, the first issue for consideration before us is ***“Whether the Petition is filed with the limitation period.”***

- (i) We note that the Hon'ble NCLAT in the matter of ***Virigineni Anjaiah vs. Pridhvi Asset Reconstruction and Securitization Company Ltd. & Anr.***, in ***Company Appeal (AT) (CH) (Ins) No.224/2022***, after referring to the aforesaid two judgments relied upon by the Financial Creditor and several other judgments, has decided on 02.05.2024 that section 7 Petition



is not barred by limitation, if the date of filing is within the 3 years of the date of decree and date of issue of Recovery Certificate. The relevant extracts of the above judgment is reproduced below:

*“16. With regards to point 13 (c) the Appellant vehemently argues that the debt was classified as NPA on 31.10.2015 and 3 year limitation period expired on 31.10.2018 and during this period he has not acknowledged the debt and that as per decisions of **Hon’ble Supreme Court in the matter of Hargovind Bhai Dave Vs Asset Reconstruction Company (India) Ltd. (Civil Appeal No.4952/2019)** and in the matter of **BK Educational Services Pvt. Ltd. Vs Parag Gupta & Associates (2019) 11 SCC 6333**, the filing of application under section 7 of IBC on 24.10.2021 is clearly barred by limitation of 3 years. The Respondent does not dispute these proceedings: he merely states that the position with respect to limitation has evolved over time and has reached a finality with the Judgment rendered by **Hon’ble Supreme Court in the matter of Dena Bank (now Bank of Baroda) Vs C. Sivakumar Reddy and Anr. and Kotak Mahindra Bank Ltd. Vs A. Balakrishnan**. It is seen that AA / NCLT has also relied on the Judgment in respect of **Dena Bank Vs C. Sivakumar Reddy** to come to the conclusion that the section 7 application in the instant case is not barred by limitation. Hon’ble Supreme Court in the said Judgment (**Dena Bank Vs C. Sivakumar Reddy & Anr.) Civil Appeal No.1650/2020** has categorically held that:*

“135. ... The judgment and order/ decree of the DRT and the Recovery Certificate gave a fresh cause of action to the Appellant Bank to initiate a petition under Section 7 of the IBC.”

“143. 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 issuance of the Certificate of Recovery, if the dues of the Corporate Debtor to the Financial Debtor, under the judgment and/or decree and/or in terms of the Certificate of Recovery, or any part thereof remained unpaid.”

*This has been affirmed by the decision of 3-member Bench of Hon’ble Supreme Court in the case of **Kotak Mahindra Bank Ltd. Vs A. Balakrishnan** in following words:*

Kotak Mahindra Bank Limited (Supra):

“84. To conclude, we hold that a liability in respect of a claim arising out of a Recovery Certificate would be a “financial debt” within the meaning of clause (8) of section 5 of the IBC. Consequently, the holder of the Recovery Certificate would be a financial creditor within the meaning of clause (7) of Section 5 of the IBC. As such, the holder of such certificate would be entitled to initiate the CIRP, if initiated within a period of three years from the date of issuance of the Recovery Certificate.

85. We further find that the view taken by the two-Judge Bench of this Court in the case of Dena Bank (supra) is correct in law and we affirm the same. We further find that in the facts of the present case, the application under Section 7 of the IBC was filed within a period of three years from the date on which the Recovery Certificate was issued. As such, the application under section 7 of the IBC was within limitation and the learned NCLAT has erred in holding that it is barred by limitation.”

This being the correct position in law, the section 7 application of FC/ Respondent is clearly not barred by limitation as date of filing is 24.10.2021 which is within the 3 years of the date of decree (19.02.2019) and of date of issue of Recovery Certificate (19.07.2019).”

- (ii) In the present case, the Hon’ble DRT vide its order dated 03.08.2024 allowed the OA 36/2003 with cost of Rs.1,15,56,435/- to the Financial Creditor together with future interest @ 18.87% compounded quarterly rests from the date of application till the date of full and final realization minus Rs.20 lakhs to be recovered from the Defendants which includes the Corporate Debtor herein and directed to issue the Recovery Certificate. The relevant extracts of the Hon’ble DRT order dated 03.08.2024 are reproduced below:

18) In the result, the OA is allowed on contest with costs against D1, D3 to D10 for recovery of an amount of Rs.1,15,56,435/- to the applicant FI together with future interest @18.87% compounded quarterly rests from the date of application till the date of full and final realization minus Rs.20,00,000/- (as per PS recorded on 20.06.2017) to be recovered from the Defendants No.1, 3 to 10 jointly and severally and/or otherwise by sale of schedule mentioned properties including the mortgaged/hypothecated properties. D9, D24 to D26 who are LRs of Deceased D2 are liable to pay to the extent of properties lying in their hands out of the estate of Deceased borrower - D2. D11 to D23 who are added because of Defendant No.2 sold the mortgaged property to them and they are no way concerned with loan transaction with FI and the OA against these defendants 11 to 23 are dismissed without costs.

Accordingly, issue Recovery Certificate. All connected IAs if any are closed. Let the copy of order be made available to the parties as per rule.



- (iii) In terms of above order of the Hon'ble DRT, the Presiding Officer of the Hon'ble DRT issued the Recovery Certificate dated 19.10.2024 for recovery of the debt amounting to Rs.58,31,95,399.70 due to the Financial Creditor from the Certificate Debtors, which includes the Corporate Debtor herein. The aforesaid Recovery Certificate is reproduced below:

FORM NO. 9
[See Regulation 24(1)]

DEBTS RECOVERY TRIBUNAL VISAKHAPATNAM
Ground & 1st Floor, 31-31-21, Sai Baba Street, Narayan Bhawan, Dabagardens, Visakhapatnam- 530020

RECOVERY CERTIFICATE UNDER SECTION 19(7) READ WITH SECTION 19(22) OF THE RECOVERY OF DEBTS & BANKRUPTCY ACT, 1993, AS AMENDED FROM TIME TO TIME.

RC No. 698/2024
IN
Case No: OA/36/2003

In the Matter of:
(CH- 1) ASREC LTD
Solitaire Corporate Park, Building NO 2, Unit No
201, D 202 Ground Floor, Andheri East, Mumbai
Mumbai ,MAHARASHTRA

Applicant(s)

----- Versus -----

To,
(CD- 1) VISAKHA PRIME PROPERTIES
CONSTRUCTION LTD, REP BY ITS
CHAIRMAN, AND MANAGING DIRECTOR,
D No. 43-36-12 Railway Station Road,
Dondaparty, Visakhapatnam
Visakhapatnam ,ANDHRA PRADESH

Defendant(s)

(CD- 2) C.RAGHURAM (DIED).

(CD- 3) SMT. G.VENKATA VIJAYALAKSHMI
W/O G. RAMACHANDRA RAO. R/AT FLAT
NO. 16&AMP;AMP;17, LAKSHMI
APARTMENTS, KIRLAMPOUDI LAYOUT,
VISAKHAPATNAM.
VISAKHAPATNAM ,ANDHRA PRADESH

(CD- 4) SRI. G. VENKATA JAGADISH
S/O G. RAMACHANDRA RAO. R/AT FLAT
NO.
16&AMP;AMP;AMP;AMP;AMP;AMP;AMP;17,
LAKSHMI APARTMENTS, KIRLAMPOUDI
LAYOUT, VISAKHAPATNAM.
VISAKHAPATNAM ,ANDHRA PRADESH

(CD- 5) SRI. G. SATISH
S/O G. RAMACHANDRA RAO. R/AT FLAT
NO.
16&AMP;AMP;AMP;AMP;AMP;AMP;AMP;17,
LAKSHMI APARTMENTS, KIRLAMPOUDI
LAYOUT, VISAKHAPATNAM.
VISAKHAPATNAM ,ANDHRA PRADESH

(CD- 6) SMT. AVL PRATHIBA
W/O A. VENKATESWARA RAO, G.
RAMACHANDRA RAO. R/AT FLAT NO.
16&AMP;AMP;AMP;AMP;AMP;AMP;AMP;17,
LAKSHMI APARTMENTS, KIRLAMPOUDI
LAYOUT, VISAKHAPATNAM.
VISAKHAPATNAM ,ANDHRA PRADESH

(CD- 7) SMT. K.SATYAVATHI
W/O, K.SATYA PRASADA RAO, R/AT FLAT
NO. SUJATHANAGAR,
CHINAMUSHIDIVADA, VISAKHAPATNAM.
VISAKHAPATNAM ,ANDHRA PRADESH

(CD- 8) SRI. K. SATYA PRASADA RAO
S/O K.SATYA PRASADA RAO, R/AT FLAT
NO. SUJATHANAGAR,
CHINAMUSHIDIVADA, VISAKHAPATNAM.
VISAKHAPATNAM ,ANDHRA PRADESH

(CD- 9) SMT. C. SHOBA RAGHURAM, (LR
OF DECEASED D2)
W/O C.RAGHURAM, DIRECTOR OF THE D1,
R/AT FLAT, NO.17, , LAKSHMI
APARTMENTS, KIRLAMPOUDI LAYOUT,
VISAKHAPATNAM.
VISAKHAPATNAM ,ANDHRA PRADESH

(CD- 10) SRI J.JAGANMOHAN RAO,
DIRECTOR OF THE D1, R/AT FLAT, NO.17, ,
LAKSHMI APARTMENTS, KIRLAMPOUDI
LAYOUT, VISAKHAPATNAM.
VISAKHAPATNAM ,ANDHRA PRADESH

(CD- 11) MRS. JAHNAVI,(LR OF DECEASED
D2)
D/O LATE MR. C.RAGHURAM, R/AT D.NO.
48-36-12, RAILWAY STATION ROAD,
DONDAPARTHI, VISAKHAPATNAM-530016.
VISAKHAPATNAM ,ANDHRA PRADESH

(CD- 12) MRS. JWALANTI, (LR OF
DECEASED D2)
D/O LATE MR. C.RAGHURAM, R/AT D.NO.
48-36-12, RAILWAY STATION ROAD,
DONDAPARTHI, VISAKHAPATNAM-530016.
VISAKHAPATNAM ,ANDHRA PRADESH

(CD- 13) MRS. JANISHYATI, (LR OF
DECEASED D2)
D/O LATE MR. C.RAGHURAM, R/AT D.NO.
48-36-12, RAILWAY STATION ROAD,
DONDAPARTHI, VISAKHAPATNAM-530016.
VISAKHAPATNAM ,ANDHRA PRADESH

Recovery Certificate for Rs 11556435.00 [Rupees One Crore Fifteen Lakhs Fifty Six Thousands Four Hundred Thirty Five Only]

Sr.no	CH Name	Int. Type/Mode	Int. Rate	Effective Date	Order Date	Amount(Rs.)	Interest (as on Order Date)	RC Amount(Rs.)	Remark
1	ASREC LTD	Compound Interest (Quarterly)	18.87	07/03/2003	03/08/2024	11556435	571638964.7	583195399.7	


In terms of final order dated 03/08/2024 passed by this Tribunal in the above mentioned case, it is ordered that the Applicant Certificate Holder Bank is entitled to recover a sum of Rs. 11556435.00 along with cost, expenses and interest from the 07/03/2003 i.e. date of filing / with effective date of the OA/36/2003 and future interest from order date till the date of realisation in full, jointly or severally from the Certificate Debtors, hereinafter referred to as:-



Sr.no.	CD Name	Loan Type	Int. Type/Mode	Int. Rate	Effective Date	Order Date	Amount(Rs.)	Liability Type	Interest (as on Order Date)	RC Amount(Rs.)	Remark
1	VISAKHA PRIME PROPERTIES CONSTRUCTION LTD, REP.BY ITS CHAIRMAN,AND MANAGING DIRECTOR,		Compound Interest (Quarterly)	18.87	07/03/2003	03/08/2024	11556435	Jointly And Severally	571638964.7	583195399.7	
2	C.RAGHURAM (DIED).		Compound Interest (Quarterly)	0	07/03/2003	03/08/2024			Interest As on Order Date		
3	SMT. G.VENKATA VIJAYALAKSHMI		Compound Interest (Quarterly)	18.87	07/03/2003	03/08/2024	11556435	Jointly And Severally	571638964.7	583195399.7	
4	SRI. G. VENKATA JAGADISH		Compound Interest (Quarterly)	18.87	07/03/2003	03/08/2024	11556435	Jointly And Severally	571638964.7	583195399.7	
5	SRI. G. SATISH		Compound Interest (Quarterly)	18.87	07/03/2003	03/08/2024	11556435	Jointly And Severally	571638964.7	583195399.7	
6	SMT. AVL PRATHIBA		Compound Interest (Quarterly)	18.87	07/03/2003	03/08/2024	11556435	Jointly And Severally	571638964.7	583195399.7	
7	SMT. K.SATYAVATHI		Compound Interest (Quarterly)	18.87	07/03/2003	03/08/2024	11556435	Jointly And Severally	571638964.7	583195399.7	
8	SRI. K. SATYA PRASADA RAO		Compound Interest (Quarterly)	18.87	07/03/2003	03/08/2024	11556435	Jointly And Severally	571638964.7	583195399.7	
9	SMT. C. SHOBA RAGHURAM, (LR OF DECEASED D2)		Compound Interest (Quarterly)	18.87	07/03/2003	03/08/2024	11556435	Jointly And Severally	571638964.7	583195399.7	
10	SRI JJAGANMOHAN RAO,		Compound Interest (Quarterly)	18.87	07/03/2003	03/08/2024	11556435	Jointly And Severally	571638964.7	583195399.7	
11	MRS. JAHNAVI,(LR OF DECEASED D2)		Compound Interest (Quarterly)	18.87	07/03/2003	03/08/2024	11556435	Limited	571638964.7	583195399.7	
12	MRS. JWALANTI, (LR OF DECEASED D2)		Compound Interest (Quarterly)	18.87	07/03/2003	03/08/2024	11556435	Limited	571638964.7	583195399.7	
13	MRS. JANISHYATI, (LR OF DECEASED D2)		Compound Interest (Quarterly)	18.87	07/03/2003	03/08/2024	11556435	Limited	571638964.7	583195399.7	

In the result, the OA is allowed on contest with costs against D1, D3 to D10 for recovery of an amount of Rs.1,15,56,435/- to the applicant FI together with future interest @18.87% compounded quarterly rests from the date of application till the date of full and final realization minus Rs.20,00,000/- (as per PS recorded on 20.06.2017) to be recovered from the Defendants No.1, 3 to 10 jointly and severally and/or otherwise by sale of schedule mentioned properties including the mortgaged/hypothecated properties. D9, D24 to D26 who are LRs of Deceased D2 are liable to pay to the extent of properties lying in their hands out of the estate of Deceased borrower D2. D11 to D23 who are added because of Defendant No.2 sold the mortgaged property to them and they are no way concerned with loan transaction with FI and the OA against these defendants 11 to 23 are dismissed without costs.

Parties are directed to appear before , Recovery Officer, DEBTS RECOVERY TRIBUNAL VISHAKHAPATNAM.



The Recovery Officer shall realize the amount as per this Certificate in the manner and mode prescribed under Sections 25 to 28 of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (as amended from time to time) from the above named Certificate Debtors.

D9, D24 to D26 who are LR's of Deceased D2 are liable to pay to the extent of properties lying in their hands out of the estate of Deceased borrower D2. D11 to D23 who are added because of Defendant No.2 sold the mortgaged property to them and they are no way concerned with loan transaction with FI and the OA against these defendants 11 to 23 are dismissed without costs.

This Certificate has been issued under my signature and seal of the Tribunal on this 19/10/2024



PRESIDING OFFICER
DEBTS RECOVERY TRIBUNAL VISHAKHAPATNAM

- (iv) In the present case, the Section 7 Petition has been filed by the Financial Creditor on 11.07.2025 i.e. within the 3 years of the date of decree (03.08.2024) and of date of issue of Recovery Certificate (19.10.2024), and is therefore not barred by limitation.

18. The next issue for consideration before us is ***“Whether there is a financial debt and default in repayment thereof, when it became due and payable, which meets the minimum threshold limit of Rs. One crore as required under Section 4 of the IBC?”***

- (i) The Corporate Debtor has contended that the Financial Creditor has filed the Petition solely on the basis of the Hon'ble DRT order dated 03.08.2024, which has neither attained finality nor crystallised any liability, as it is under challenge in a statutory appeal before the Hon'ble DRAT, Kolkata under section 20 of the RDB Act. In view of the pending appellate scrutiny, the alleged liability remains sub-judice/ disputed and cannot form the basis for admission of a Section 7 Petition.



- (ii) We note that the Hon'ble NCLAT in its order dated 02.05.2024 in **Virigineni Anjaiah vs. Pridhvi Asset Reconstruction and Securitization Company Ltd. & Anr. (supra)**, has held that the pendency of appeal against a Decree will not have any bearing on the finality of the Decree. The relevant extract of the above order is reproduced below:

“17. As regards point 13(d), the Appellant’s contention in that the Decree has not reached the finality as it has been challenged and the set aside petition are pending and therefore it cannot be taken as a basis to file section 7 Application. The respondent contends that the Set Aside Petition has been filed to prolong the litigation after the filing of section 7 Application before NCLT, Hyderabad and that the law is very clear that pendency of appeal against a Decree will not have any bearing on the finality of the Decree. He has also cited the Judgment of Hon’ble Madras High Court in the case of Pravin Kumar (Minor) Vs R. Sivagnanam & Ors. (Reported in 1988 2 MLJ 43). On the basis of the same it is held that AA / NCLT has not erred in admitting the section 7 application and passing the Impugned Order based on the said decree.”

- (iii) In view of the above judgment of the Hon'ble NCLAT, we are of the considered view that even if, there is an appeal pending before the Hon'ble DRAT, Kolkata, the same does not bar the admission of the Section 7 Petition filed by the Financial Creditor.
- (iv) We note from the Hon'ble Supreme Court in the matter of **Kotak Mahindra Bank Ltd. vs. A. Balakrishnan & Anr. (supra)** has held that a liability in respect of a claim arising out of a Recovery Certificate would be a “financial debt” within the ambit of its definition under clause (8) of Section 5 of the IBC, as a natural corollary thereof, the holder of such Recovery Certificate would be a financial creditor within the meaning of clause (7) of Section 5 of the IBC. As such, such a “person” would be a “person” as provided under Section 6 of the IBC, who would be entitled to initiate the CIRP, if the dues of the Corporate Debtor to the Financial Creditor, under the judgment and/ or decree and/ or in terms of the Certificate of Recovery, or



any part thereof remained unpaid. The relevant extracts of the above judgment are reproduced below:

“26. It could thus be seen that this Court in the case of Dena Bank (supra) in paragraphs 136 and 141, has in unequivocal terms held that once a claim fructifies into a final judgment and order/decreed, upon adjudication, and a certificate of recovery is also issued authorizing the creditor to realize its decretal dues, a fresh right accrues to the creditor to recover the amount of the final judgment and/or order/decreed and/or the amount specified in the Recovery Certificate. It has further been held that issuance of a certificate of recovery in favour of the financial creditor would give rise to a fresh cause of action to the financial creditor, to initiate proceedings under Section 7 of the IBC for initiation of the CIRP, within three years from the date of the judgment and/or decreed or within three years from the date of issuance of the certificate of recovery, if the dues of the corporate debtor to the financial creditor, under the judgment and/or decreed and/or in terms of the certificate of recovery, or any part thereof remained unpaid.

xxx xxx xxx

53. Having held that a liability in respect of a claim arising out of a Recovery Certificate would be a “financial debt” within the ambit of its definition under clause (8) of Section 5 of the IBC, as a natural corollary thereof, the holder of such Recovery Certificate would be a financial creditor within the meaning of clause (7) of Section 5 of the IBC. As such, such a “person” would be a “person” as provided under Section 6 of the IBC who would be entitled to initiate the CIRP.”

- (v) We note from the Recovery Certificate dated 19.10.2024 that the amount of debt exceeds the threshold limit of Rs. One Crore and the same remained unpaid on the date of filing of the Petition.
- (vi) In view of the above, we are of the considered view that there is a financial debt and default in repayment thereof, which meets the minimum threshold limit of Rs. One crore as required under Section 4 of the IBC.

19. The Corporate Debtor, relying on the Hon’ble Supreme Court judgment in **Mobilox Innovations Pvt. Ltd. vs. Kirusa Software Pvt. Ltd., (Supra)**, has also contended that IBC is not a substitute for a recovery forum and the present Petition is filed on incorrect premises and to pressurize the Corporate Debtor, which



constitutes misuse of the insolvency process. Therefore, the next issue for consideration before us is ***“Whether the Financial Creditor/ Decree holder has invoked the provisions of the IBC merely as a recovery mechanism and not for resolution of insolvency?”***

- (i) We note that the issue as to whether a decree holder or holder of a Recovery Certificate can maintain a Petition under Section 7 of the IBC is no longer res integra. The Hon’ble NCLAT in **Virigineni Anjaiah vs. Pridhvi Asset Reconstruction and Securitization Company Ltd. & Anr. (supra)**, while considering an identical contention, held that a decree holder is entitled to initiate CIRP on the strength of a Recovery Certificate. The relevant extract of the judgment of Hon’ble NCLAT is reproduced below:

“18.Further, that fact that a decree holder, has moved an application under section 7 of IBC will not lead to a conclusion that the CIRP, if ordered, will only result in recovery of the FC’s dues at the cost of CD. IBC prescribes an elaborate procedure for ‘Resolution of Insolvency’, including revival of CD, if possible, with the help of ‘Resolution Professionals’. Seen this way, it will not be correct to say that AA/ NCLT failed to see that the FC/ Respondent abused the provisions of IBC, for ‘recovery of its dues’, at the cost of the avowed objective of the Insolvency & Bankruptcy Code, 2016.”

- (ii) We note the settled legal position that for admission of a Petition under Section 7 of the Code, the Adjudicating Authority is only required to examine and satisfy itself that a financial debt exists and there is default in relation thereto. In this regard, we also rely on the **judgement dated 24.02.2026 of the Hon’ble Supreme court in the matter of Catalyst Trusteeship Ltd. vs. Ecstasy Realty Pvt. Ltd., 2026 INSC 186 (Civil Appeal No. 7424 of 2025)**, wherein the Supreme Court has observed as below:



*“12. In this regard, we may note the settled legal position that for admission of an application under Section 7 of the Code, the adjudicating authority is only required to examine and satisfy itself that a financial debt exists and there is default in relation thereto. In this context, the observations of this Court in *Innoventive Industries Limited vs. ICICI Bank and another* (2018) 1 SCC 407 are of relevance and are extracted hereunder:*

‘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.’

Thus, the concept of a pre-existing dispute, which may be a stumbling block for admission of an application filed under Section 9 of the Code by an operational creditor, has no bearing on an application filed by a financial creditor under Section 7 of the Code.”

20. However, before admission, this Adjudicating Authority has to satisfy that the Petition is complete and there are no disciplinary proceedings pending against the proposed IRP. Further, Rule 4 of the IB Rules prescribes the procedural requirements, including the format and supporting documents required for filing such a Petition.

21. We have gone through the contents of the Petition filed by the Financial Creditor and found that the same is complete. The Financial Creditor has proposed the name of Mr. Ganesh Venkata Siva Rama Krishna Remani having Reg. No. IBBI/IPA-001/IP-P01386/2018-19/12176 as IRP in this matter. The written consent of the proposed IRP in Form-2 dated 25.06.2025 is annexed to the Petition, wherein, the proposed IRP affirmed that he is eligible to be appointed as a resolution professional in respect of the Corporate Debtor herein and certified that there are no disciplinary proceedings pending against him with the Board or Indian Institute of Insolvency Professionals of ICAI. However, is noted from the copy of the Authorisation for Assignment (hereinafter referred to as the “**AFA**”) of the proposed IRP annexed at Page 272 of the Petition,



that his AFA is valid till 31.12.2025. Therefore, the credentials of the proposed IRP was verified on the IBBI website, which shows that the proposed IRP holds the valid AFA up to 30.06.2027. The relevant extract of the IBBI website is given below:

Name of the IP	Mr. Ganesh Venkata Siva Rama Krishna Remani
Registration no	IBBI/IPA-001/IP-P01386/2018-2019/12176
Date of Registration	05-Dec-18
Member of IPA	Indian Institute of Insolvency Professionals of ICAI
Member of IPA Since	22-Sep-18
Member of IPE	TBM Insolvency Professionals Private Limited
Email id	ganesh[dot]remani[at]nliten[dot]in
Address	302,Nahar Business Center Chandivali ,Mumbai Suburban ,Maharashtra ,400076
Have Valid AFA	Yes
AFA Certificate No.	AA1/12176/02/300627/108949
AFA Valid Upto	30-Jun-27
Total CPE Earned	153
Total Assignments	10

22. As a sequel to the discussion above, the present section 7 Petition bearing **CP (IB)/30/7/AMR/2025** filed by the Financial Creditor under section 7 of the IBC for initiating CIRP against the Corporate Debtor **M/s. Visakha Prime Properties Constructions Limited**, 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 license, 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.

23. Accordingly, we hereby appoint **Mr. Ganesh Venkata Siva Rama Krishna Remani** bearing Registration No. IBBI/IPA-001/IP-P01386/2018-19/12176, e-mail ID: ganesh.remani@nliten.in having registered address at 302, Nahar Business Center, Chandivali, Mumbai Suburban-400076, Maharashtra as IRP in the instant matter, with the following directions: -

- (i) The term of appointment of Mr. Ganesh Venkata Siva Rama Krishna Remani shall be in accordance with the provisions of Section 16(5) of the Code ;
- (ii) The aforesaid IRP shall submit an affidavit to this Adjudicating Authority within 7 days of this Order that his existing assignments including the present assignment are within the permissible limit of clause 22 of Code of Conduct specified in First Schedule to IBBI (Insolvency Professionals) Regulations, 2016
- (iii) The aforesaid IRP shall also submit an affidavit to this Adjudicating Authority within 7 days of this Order that he is eligible to be appointed as IRP under Regulation 3 of IBBI (Insolvency Resolution Process for Corporate Persons), Regulations, 2016;



- (iv) The IRP in the first meeting of the CoC shall make the requisite disclosure in terms of Regulation 7 of the IBBI (Insolvency Professionals) Regulations, 2016
- (v) 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;
- (vi) 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;
- (vii) 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;



- (viii) The IRP/ RP shall prepare the Audited Financial Statements as on date of the CIRP and shall submit before the CoC for consideration.
- (ix) 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.
- (x) 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;
- (xi) 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, 2013. In case, the books are maintained in the electronic mode, the suspended Board of Directors are to share with the IRP/ RP 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.

- (xii) 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.
- (xiii) 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 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.

- (xiv) 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.
- (xv) 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;
- (xvi) 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, ESI etc. and also to trade unions, and employee associations to inform them about the commencement of CIRP.
- (xvii) The IRP is directed to file a progress report every month to this Adjudicating Authority.



24. 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 Persons) 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.

25. 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)/30/7/AMR/2025 stands admitted.

**Sd/-
(UMESH KUMAR SHUKLA)
MEMBER (TECHNICAL)**

**Sd/-
(KISHORE VEMULAPALLI)
MEMBER (JUDICIAL)**