

**NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH - II**

CP(IB) No.84/07/HDB/2021

(Under Section 7 of the Insolvency and Bankruptcy Code, 2016)

In the matter of :

M/S.STCI Finance Limited,
Regd. Office: A/B1-802, A Wing,
8th Floor, Marathon Innova,
Off Ganpatrao Kadam Marg,
Lower Parel (West),
Mumbai – 400 013 and
Branch Office at No. 401, 412,
Prakash Deep Building,
7, Tolstoy Marg,
New Delhi – 110 001.

.... Petitioner/Financial Creditor

V e r s u s

M/s.Natems Sugar Private Limited,
Regd. Office: House of Shalom,
III Floor, Plot No.22, Survey No.90/1,
Trendz Eternity, Green Land Colony,
Gachibowli, Hyderabad – 500 032.

.... Respondent/Corporate Debtor



Date of Order:10.02.2026

Coram:

Sri Rajeev Bhardwaj, Hon'ble Member (Judicial)
Sri Sanjay Puri, Hon'ble Member (Technical)

Counsels/Parties Present:

For the Petitioner

: Mr.Avinash Desai, Sr.Counsel alongwith
with Mr.K.Siddharth Rao and Mr.K.V.
Raman, Ld Advocates

For the Respondent

: Mr.B. Rahul Kumar, Ld Advocate

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[P e r : B e n c h]

ORDER

1) This Petition is filed under Section 7 of the Insolvency Bankruptcy Code, 2016 of the IBC by M/s STCI Finance Ltd (**Petitioner/Financial Creditor**) for initiating Corporate Insolvency Resolution Process (“CIRP”) against M/s Natems Sugar Private Limited (**Respondent/Corporate Debtor**).

2) **Petition/Application:**

2.1 The Financial Creditor sanctioned a Corporate Term Loan of ₹60 Crore to the Corporate Debtor vide sanction letter No. STCI/CL/NSPL/17-18/1674 dated 19.03.2018 (**Annexure – 3 of the Petition**). Pursuant thereto, a Facility Agreement dated 29.03.2018 (**Annexure – 4 of the Petition**) was executed between the parties.

2.2 In order to secure repayment of the said loan, the Corporate Debtor executed various security documents on 29.03.2018, including a Demand Promissory Note, Continuing Letter, Share Pledge Agreement, Irrevocable Power of Attorney, Mortgage by Deposit of Title Deeds, and Deed of Hypothecation (**Annexure – 6 of the Petition**).

2.3 As per the terms of the Facility Agreement, the loan amount was repayable in 20 quarterly instalments, commencing after the expiry of



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the fifth quarter from the date of disbursement, together with interest at the agreed rate.

2.4 The Corporate Debtor committed default in repayment when the instalment of ₹3 Crore due on 31.12.2019 towards principal amount was not paid. Subsequently, interest amounting to ₹1,22,19,728/- due on 01.02.2020 and 02.03.2020 also remained unpaid. As on 16.03.2020, a cumulative default of ₹4,22,19,728/- had occurred.

2.5 Despite repeated reminders and notices, the Corporate Debtor failed to regularise the account. Consequently, the Financial Creditor issued a recall notice dated 08.10.2020, calling upon the Corporate Debtor to pay an amount of ₹59,46,53,863/- as due on 30.09.2020. The outstanding amount further increased to ₹63,18,72,477/- as on 17.02.2021.

2.6 As the dues remained unpaid, the present Petition was filed.

3. Counter:

3.1 The Corporate Debtor filed its Counter dated 05.12.2023 and Additional Counter dated 08.07.2024. While admitting availing of the loan facility, the Corporate Debtor disputed the maintainability of the Petition on technical and legal grounds.

3.2 It is submitted that the Corporate Debtor was attempting to liquidate its liability by negotiating sale of certain mortgaged assets and that



the Financial Creditor had, vide letters dated 15.11.2022 and 16.12.2022, granted approval for such sale.

3.3 It is further submitted that this Petition had been filed without proper verification as mandated under Rule 34(4) of the NCLT Rules, 2016, and that the same was liable to be rejected on this ground alone. Reliance was placed on the decisions of *Sri Kumaran Wind Energy Private Limited & Ors. vs. Janaki Ram Steel and Power Private Limited* (NCLT, Chennai) and *Sukhwinder Pal Bipan Kumar & Ors. vs. State of Punjab & Ors.*, MANU/SC/0071/1981.

3.4 Further, it is submitted that the Petition was not filed by a duly authorised person and that the insolvency mechanism was being misused as a recovery forum. The Corporate Debtor further pleaded that the Petition was barred under Section 10A of the IBC.

4. Rejoinder/Reply to the Counter:

4.1 In its Rejoinder/Reply to the Additional Counter, the Financial Creditor reiterated and reaffirmed the averments made in the Petition.

4.2 With regard to the correspondence dated 15.11.2022 and 16.12.2022, it was claimed that the Financial Creditor had only agreed to a conditional release of part of the mortgaged assets, subject to fulfilment of certain pre-conditions, which were admittedly not complied with by the Corporate Debtor.



- 4.3 It was further submitted that the Petition had been duly verified in accordance with Rule 34(4) of the NCLT Rules, and that the affidavit filed in support of the Petition and Form NCLT-6 contained identical verification. It was also stated that the Petition was filed by an authorised representative of the Financial Creditor, duly supported by Power of Attorney and Board Resolution.
5. We have heard the Learned Counsels for both the parties and have gone through the entire records including written submissions of the parties.

6. **Findings:**

6.1 The execution of the loan agreement and the security documents has not been disputed by the Corporate Debtor, either in its reply or in its contemporaneous correspondence, including letter dated 20.02.2020 (Page 445), e-mails dated 21.03.2020 and 28.03.2020 (Pages 444-A & 445-A of the Petition), letter dated 12.10.2020 (Page 452 of the Petition), and letters dated 15.11.2022 and 16.12.2022 (**Annexure-5** to the Additional Counter). In all these communications, the Corporate Debtor, without disputing the liability, has merely sought additional time for repayment.

6.2 A perusal of the loan agreement reveals that a term loan of ₹60 Crore was repayable in 20 quarterly instalments, commencing after the expiry of the fifth quarter from the date of disbursement, together with interest at the rate of 13.56% per annum. Admittedly, the Corporate Debtor failed to adhere to the repayment schedule. Article XI(b) of



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the Agreement clearly defines such non-payment as an “Event of Default”, which is reproduced below:

(b) Non-payment:

“If the Borrowers fail to pay or stop the payment of, any sum, whether principal or interest or Additional interest/Liquidated Damages otherwise due from them under this Agreement and/or the Outstanding Amounts, at and/or within the time stipulated therefor and, in the manner, specified therein and herein and/or in accordance with the terms of any other document executed or written in pursuance hereon.”

6.3 The default occurred on 31.12.2019, when the principal instalment of ₹3 Crore fell remained unpaid. Thereafter, interest amounting to ₹1,22,19,728/- due on 02.03.2020 also remained unpaid. The Financial Creditor issued notices dated 16.03.2020 (Page 443 of the Petition) and 25.06.2020 (Page 446 of the Petition), followed by recall (Page 449 of the Petition) and notice of demand (Page 453 of the Petition) and legal notice (Page 458 of the Petition). The Corporate Debtor, in response, did not dispute the debt or default but repeatedly expressed its inability to pay and sought indulgence. These facts unequivocally establish continuous default.

6.4 For admission of an application under Section 7 of the IBC, the Financial Creditor is only required to establish the existence of a financial debt and occurrence of default. Both stands proved from the record.



- 6.5 Another objection raised by the Corporate Debtor pertains to applicability of Section 10A of the IBC, alleged procedural defects etc.
- 6.6 Section 10A bars initiation of CIRP only in respect of defaults occurring during the period 25.03.2020 to 24.03.2021. In the present case, the first default admittedly occurred on 31.12.2019, much prior to the cut-off date. The subsequent defaults are only a continuation thereof. Consequently, the bar under Section 10A is not attracted.
- 6.7 The objection regarding lack of authorisation and improper verification is without merit. The Power of Attorney and Board Resolution authorising the filing of the Petition were taken on record vide order dated 06.06.2024 in IA No. 99 of 2024. The Petition is duly supported by an affidavit in conformity with Rule 34(4) of the NCLT Rules. Hence, the procedural requirements stand duly complied with.
- 6.8 The contention that the Petition is a mere recovery proceeding is also untenable. Once debt and default are established, the Adjudicating Authority is required to admit the Petition, unless the proceedings are demonstrably malicious or fraudulent. The correspondence i.e letters dated 15.11.2022 and 16.12.2022 relied upon by the Corporate Debtor only reflects its own request for release of certain secured assets and conditional consideration thereof by the Financial Creditor. These facts do not indicate any abuse of the insolvency process.



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7. In view of the aforesaid discussion, we are satisfied that the Financial Creditor has established the existence of a financial debt and occurrence of default. Accordingly, **CP(IB) No.84/7/HDB/2021** filed under Section 7 of the Insolvency and Bankruptcy Code, 2016 is **admitted** and the Insolvency Resolution Process stands initiated against the Corporate Debtor **M/s. NATEMS SUGARS LIMITED** viz. the Respondent herein with the following directions:

ORDER

- a) The Corporate Debtor, **M/s. NATEMS SUGARS LIMITED**, is admitted in the Corporate Insolvency Resolution Process under section 7 of the Insolvency & Bankruptcy Code, 2016.
- b) The Bench hereby prohibits 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 National Company Law property by an owner or lessor where such property is occupied by or in possession of the corporate Debtor.



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- c) That the supply of essential goods or services to the Corporate Debtor, if continuing, shall not be terminated or suspended or interrupted during the 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 sub-section (1) of Section 14 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 or passes an order for liquidation of Corporate Debtor under Section 33, whichever is earlier.

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- g) That the public announcement of the initiation of Corporate Insolvency Resolution Process shall be made immediately as prescribed under section 13 of Insolvency and Bankruptcy Code, 2016.
- h) We propose the name of **CS Dr.Ahalada Rao Vummenthala** as the Interim Resolution Professional having **Registration No. IBBI/IPA-002/N00074/2017-2018/10172** as Interim Resolution Professional, whose contact details are: **Mobile No: 9849027041, E-mail ID: rp.ahaladrao@gmail.com, Address: Flat No. 113, Block - B, Sri Datta Sai Commercial Complex, Opp: Sapthagiri Theatre, RTC X Roads adjustment to Metro Pillar No. 1096/1097, Besides Tapadia Diagnostic Center, Besides RTC X Roads Metro Railway Station, Hyderabad, Telangana - 500020** as Interim Resolution Professional (IRP) to carry the functions as mentioned under the Insolvency & Bankruptcy Code. His AFA is valid up to 31st December, 2026.
- i) The Registry is directed to furnish certified copies of this order to the parties as per Rule 50 of the NCLT Rules, 2016.
- j) The remuneration of the Interim Resolution Professional is fixed @Rs.2.50 lakhs, subject to confirmation of the CoC.
- k) The petitioner is directed to communicate this order to the proposed Interim Resolution Professional.
- l) The Registry of this Tribunal is directed to send a copy of this order to the Registrar of Companies, Hyderabad for making appropriate remarks



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CP(IB) No.84/7/HDB/2021


Date of Order: 10.02.2026

against the Corporate Debtor on the website of the Ministry of Corporate Affairs as being under Corporate Insolvency Resolution Process.

m) Accordingly, this CP(IB) No.84/7/HDB/2021 is admitted.


(SANJAY PURI)
MEMBER (TECHNICAL)

Vinod


(RAJEEV BHARDWAJ)
MEMBER (JUDICIAL)




11/02/2026
Deputy Registrar / Assistant Registrar / Court Officer
National Company Law Tribunal, Hyderabad Bench

प्रमाणित प्रति
CERTIFIED TRUE COPY
केस संख्या
CASE NUMBER CP (IB) No. 84/7/HDB/21
निर्णय का तारीख
DATE OF JUDGEMENT 10/2/26
प्रति तैयार किया गया तारीख
COPY MADE READY ON 11/2/26