



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

**Item No.1**  
**CP (IB)/3/7/AMR/2026**

**IN THE MATTER OF:**

Union Bank of India ... Petitioner/  
Financial Creditor

**Versus**

Kallam Textiles Ltd. ... Respondent/  
Corporate Debtor

**Under Section: 7 of IBC, 2016**

**Order delivered on 06.04.2026**

**CORAM:**

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

**SHRI KISHORE VEMULAPALLI**  
**HON'BLE MEMBER (JUDICIAL)**

**PRESENT:**

For the Financial Creditor : Mr. Peri Rama Krishna, Advocate  
For the Corporate Debtor : Mr. P. Aditya Harsha Vardhan, Advocate

**ORDER**

Order pronounced and recorded *vide* separate sheets. The Petition bearing **CP (IB)/3/7/AMR/2026** 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)/3/7/AMR/2026**

**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:**

**UNION BANK OF INDIA,**

Asset Recovery Branch,

4<sup>th</sup> Floor, Andhra Bank Building, R.R. Apparao Street,

Vijayawada-520001, Andhra Pradesh,

Represented by its Authorised Signatory

Mr Gopi Krishna Banka, Chief Manager

**...Petitioner/ Financial Creditor**

**AND**

**M/S. KALLAM TEXTILES LIMITED**

CIN: L18100AP1992PLC013860

Registered Address: N.H.5, Chowdavaram,

Guntur-522019, Andhra Pradesh.

**...Respondent/ Corporate Debtor**

**ORDER DELIVERED ON: 06.04.2026**

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

**Present:**

For the Financial Creditor : Mr. Peri Rama Krishna, Advocate

For the Corporate Debtor : Mr. P. Aditya Harsha Vardhan, Advocate

**[ORDER]**

**[PER: BENCH]**

The present Petition has been initially e-filed on 29.12.2025 and  
physically filed vide Diary No.2560 dated 30.12.2025, and refiled in DMS



portal on 16.01.2026 by the Union Bank of India (hereinafter referred to as the “**Financial Creditor**”) under Section 7 the Insolvency and Bankruptcy Code, 2016, (hereinafter referred to as the “**IBC**” or “**Code**”) read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 (hereinafter referred to as the “**IB Rules**”) seeking initiation of Corporate Insolvency Resolution Process (hereinafter referred to as the “**CIRP**”) against M/s. Kallam Textiles Limited (hereinafter referred to as the “**Corporate Debtor**”) for having defaulted an amount of Rs.2,10,49,16,990.77 as on 31.10.2025.

2. The Registry raised certain objections, which inter alia include that the bank statement of the Corporate Debtor are not legible and certificate of default registered with the NeSL is not filed. The Financial Creditor in its Compliance Memo dated 16.01.2026 vide Diary No.114 dated 20.01.2026, complied all the objections raised by the Registry and the Petition was numbered.


3. As per the copy of Master Data of the Corporate Debtor annexed with the Petition, the Corporate Debtor is a Company with its registered office at N.H.5, Chowadavaram, Guntur-522109, Andhra Pradesh. Therefore, the subject matter of this Petition is under the territorial jurisdiction of this Adjudicating Authority.

**FACTS OF THE CASE:**

4. The facts of the case, as stated in the Petition filed by the Financial Creditor, are summarized below:



- (i) The Corporate Debtor was dealing with erstwhile Andhra Bank since 1999, which got merged with Union Bank of India on 01.04.2020 as per Gazette Notification and the credit facilities are being availed from Union Bank of India through their Branch office at Guntur, Andhra Pradesh.
- (ii) At the request of the Corporate Debtor, the Financial Creditor sanctioned various credit facilities from time to time and the Corporate Debtor executed security documents *inter alia*, Demand Promissory Notes (colly), Composite Agreement, Interest Agreement, Letter of Undertaking. The credit facilities are duly secured by way of hypothecation of assets of the Corporate Debtor besides personal guarantee of personal guarantor and mortgage of properties of personal guarantors and of the Company which are duly registered with Registrar of Companies (hereinafter referred to as the “**RoC**”) in accordance with the Companies Act besides registration with Central Registry of Securitization Asset Reconstruction and Security Interest of India (hereinafter referred to as the “**CERSAI**”) as per applicable laws.
- (iii) The Corporate Debtor failed to repay the debt amount on due date and ultimately the loan accounts of the Corporate Debtor slipped to Non-Performing Asset (hereinafter referred to as the “**NPA**”) category on 29.06.2023 in accordance with the Reserve Bank of India (hereinafter referred to as the “**RBI**”) guidelines.
- (iv) The Financial Creditor recalled the entire credit facilities and issued a statutory demand notice dated 11.09.2024 under Section 13(2) of




the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (hereinafter referred to as the “**SARFAESI**”), demanding Rs.185,35,71,199.66 as on 30.06.2024. The Corporate Debtor failed to repay the outstanding dues. Consequently, the Financial Creditor filed an OA before the Hon’ble Debt Recovery Tribunal Visakhapatnam (hereinafter referred to as the “**DRT**”) for recovery of the said amount along with accrued interest, which is currently pending.

- (v) The debt due from the Corporate Debtor is more than Rupees one crore, date of NPA is 29.06.2023 and the date of default for each facility is more fully described in Part IV of Form 1 and the default is a continuous default. The registered office of the Corporate Debtor is at Vijayawada, Andhra Pradesh, which is within the jurisdiction of the Hon’ble NCLT. Hence, this Petition is filed for resolution of debt due from the Corporate Debtor.
- (vi) As per the Hon’ble NCLAT settled law in the matter of *Vijaykumar Singhani vs Bank of Baroda* in Company Appeal (AT) (Insolvency) No.1058 of 2023 decided on 13.12.2023, Section 7 Petition cannot be rejected, if Form D i.e. Default registered with Information Utility (hereinafter referred to as the “**IU**”) is not filed/ recorded with IU.
- (vii) The loan account of the Corporate Debtor slipped into NPA on 29.06.2023 and the Corporate Debtor acknowledged the debt in its balance sheet on 30.05.2025, therefore the Petition is filed within limitation.



(viii) The Financial Creditor has also stated to have enclosed the following documents with the Petition:

- (a) Sanction Letter dated 25.01.2021, 18.12.2021 and 29.08.2022 at pages 20-35, 73-98 and 122-123 respectively;
- (b) Demand Promissory Notes (colly) dated 27.01.2021 and 18.10.2022 at pages 36-49 and 145-146 respectively;
- (c) Composite Agreement dated 27.01.2021 at pages 50-64;
- (d) Interest Agreement dated 27.01.2021 and 18.10.2022 at pages 65-67 and 140-144 respectively;
- (e) Board Resolution of Corporate debtor dated 09.11.2021 and 03.10.2022 to avail credit facilities at pages 68-69 and 124-125 respectively;
- (f) Term Loan Agreement dated 18.12.2021 and 18.10.2022 at pages 102-114 and 128-139 respectively;
- (g) Memorandum of Deposit of Title Deeds executed by the Corporate Debtor confirming the mortgage of property of the Corporate Debtor dated 07.11.2022 at pages 150-161;
- (h) Recall Notice issued by the Financial Creditor dated 11.09.2024 at Pages 162-171;
- (i) Copy of O.A No.836 of 2024 filed before the Hon'ble DRT, Visakhapatnam at pages 172-199;
- (j) Audited Balance Sheet of the Corporate Debtor as on 31.03.2025 at pages 200-238;


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- (k) Master Data of the Corporate Debtor downloaded from the Ministry of Corporate Affairs (hereinafter referred to as the “**MCA**”) dated 25.10.2025 with Index of Charges downloaded at pages 239-243;
- (l) Copy of the Articles of Association (hereinafter referred to as the “**AoA**”) and Memorandum of Association (hereinafter referred to as the “**MoA**”) of the Corporate Debtor at pages 244-312;
- (m) CIBIL report of the Corporate Debtor dated 27.01.2025 at pages 313-330;
- (n) Certificate under Information Technology Act with Statements of Accounts of the Corporate Debtor at pages 331-386;
- (o) Legible Statement of Account of Corporate Debtor at pages 387-596;
- (p) Authorization letter issued to officer of the Financial Creditor to file this Petition at page 597;
- (q) Form 2 consent of the proposed Interim Resolution Professional (hereinafter referred to as the “**IRP**”), Mr Rajesh Chillale with IBBI registration certificate and authorisation for Assignment (hereinafter referred to as the “**AFA**”) at Pages 598-602.

**COUNTER BY THE CORPORATE DEBTOR:**

5. The Corporate Debtor vide Diary No. 484 dated 16.03.2026, filed the Counter submitting the following:




- (i) The Corporate Debtor is a Public Limited Company incorporated on 18.12.1992 under the Companies Act, 1956, engaged in the business of manufacturing and processing of textile products including spinning, dyeing and allied textile operations.
- (ii) Over the years, the Corporate Debtor has developed substantial industrial infrastructure and manufacturing facilities, operating in compliance with statutory requirements. Its operations contribute to the textile sector and provide employment to around 400 direct employees and over 2000 contract and daily wage workers.
- (iii) For its business operations and expansion, the Corporate Debtor approached various banks and financial institutions, including the Financial Creditor herein, for the credit facilities. These were sanctioned from time to time under consortium lending arrangements and governed by sanction letters, loan agreements, and related contractual documents.
- (iv) The credit facilities were secured by creation of charges over certain immovable and movable assets of the Corporate Debtor. The securities were created in favour of multiple lenders under *pari passu* charge arrangements, and the rights and obligations of the respective lenders are governed by the consortium agreements and security documents executed between the parties.
- (v) The present Petition has been filed under Section 7 of the IBC alleging that a substantial amount running into several crores is due and payable by the Corporate Debtor. The Corporate Debtor




specifically denies and disputes the correctness of the said allegations and the amount claimed by the Financial Creditor.

- (vi) The figures and statements relied upon by the Financial Creditor are unilateral and have not been properly reconciled with the Corporate debtor. The Financial Creditor neither furnished complete statements of accounts nor placed on record the detailed basis of computation of the alleged liability. The Corporate Debtor disputes the alleged outstanding amount in its entirety and denies that any legally recoverable debt of the nature claimed in the Petition is due and payable.
- (vii) The Corporate debtor is a 6 decades old customer of the Financial Creditor. The Corporate Debtor is running a factory and paid under cutback arrangement of Rs.12.5 crore. The Financial Creditor recently discontinued cutback arrangement, even then the Corporate Debtor is paying amounts voluntarily and has paid regularly interest of Rs.400 crore in the last 30 years and also paid principal and interest without default regularly till the date of NPA.
- (viii) The Corporate Debtor submitted three different restructuring proposals and one proposal by an investor, which were rejected by the Financial Creditor. The consortium member Indian Bank has *pari passu* share in the spinning unit. During the recent consortium meeting held, the Corporate Debtor proposed to submit one more restructuring proposal under Micro, Small & Medium Enterprises (hereinafter referred to as the “**MSME**”) Scheme. The Banks



agreed for proposal submission and the said proposal is being submitted to consortium banks.

- (ix) The Financial Creditor has already initiated recovery proceedings before the Hon'ble DRT by filing OA No. 836 of 2024 seeking recovery of the alleged dues from the Corporate Debtor. The said proceedings are presently pending adjudication and involve determination of several disputed issues including the alleged liability of the Corporate Debtor, the nature of securities and enforcement of security interests.
- (x) The issues raised by the Financial Creditor involve complex questions relating to the consortium lending arrangement, *pari passu* charges, reconciliation of accounts, and enforcement of securities, which require detailed examination of the documentary evidence and the same is being considered by the Hon'ble DRT. Such disputed questions cannot be adjudicated in summary proceedings under Section 7 of the Code.
- (xi) The Financial Creditor has not placed before this Adjudicating Authority, the complete details of the consortium structure, the participation of other lenders, and the rights of such lenders over the secured assets of the Corporate Debtor. The omission to disclose these material facts renders the Petition incomplete and misleading.
- (xii) The present Petition is wholly misconceived, legally untenable and liable to be dismissed *in limine*. The Petition is based on incorrect



and incomplete statements of fact and does not satisfy the statutory requirements necessary for initiation of CIRP under the Code.

- (xiii) When the issue of recovery of the alleged debt is already the subject matter of proceedings before the Hon'ble DRT, the simultaneous invocation of the Code amounts to multiplicity of proceedings and constitutes misuse of the insolvency framework.
- (xiv) The Financial Creditor has also invoked proceedings under SARFAESI and has taken steps for enforcement of the securities created in its favour. The Financial Creditor has therefore, already elected to pursue recovery through statutory recovery mechanisms and cannot simultaneously invoke the drastic provisions of the Code merely as a pressure tactic.
- (xv) The alleged liabilities of the Corporate Debtor are fully secured by way of securities including mortgaged properties created in favour of the Financial Creditor and other lenders. The Financial Creditor is fully aware that the securities available are sufficient to secure the alleged financial exposure.
- (xvi) The Hon'ble Supreme Court in *Mobilox Innovations Private Limited vs. Kirusa Software Private Limited (2018) 1 SCC 353* has examined the legislative framework of the IBC and held that the insolvency process cannot be used as a substitute for debt recovery proceedings. The Hon'ble Supreme Court observed that where the insolvency mechanism is invoked merely for recovery of dues, the Adjudicating Authority is empowered to reject such applications.



- (xvii) Following the above principle, the Hon'ble National Company Law Appellate Tribunal in *M/s Agarwal Veneers vs Fundtonic Service Pvt. Ltd., Company Appeal (AT) No. 968 of 2020* has reiterated that the IBC cannot be utilized as a recovery mechanism and insolvency proceedings cannot be initiated for the purpose of enforcing payment of disputed claims.
- (xviii) The Hon'ble National Company Law Appellate Tribunal in *Binani Industries Limited vs Bank of Baroda & Anr., Company Appeal (AT) (INS) No. 82 of 2018* has further clarified the distinction between "recovery" and "resolution" and held that the Code is not a recovery proceeding. A recovery action seeks to dispossess the corporate debtor of its assets, whereas the object of insolvency resolution is to keep the corporate debtor as a going concern and ensure maximization of value of its assets.
- (xix) The Corporate Debtor is a commercially viable and solvent entity and continues to operate as a going concern. The Corporate Debtor is engaged in industrial operations in the textile sector and provides employment to a considerable number of employees and workers.
- (xx) The reckless invocation of insolvency proceedings by the Financial Creditor will cause serious prejudice not only to the Corporate Debtor, but also to its employees, suppliers, distributors and other stakeholders associated with the Corporate Debtor's business.



- (xxi) The object of the Code is not to penalize solvent companies, which may face temporary financial constraints in repayment of loans, particularly when the debts are sufficiently secured.
- (xxii) The Corporate Debtor never intended to evade or refuse repayment of its legitimate liabilities and has been taking all possible steps to regularize its financial obligations and continues to explore avenues for repayment through realization of receivables and assets while continuing to operate its business as a going concern.
- (xxiii) The Hon'ble Supreme Court in *Vidarbha Industries Power Limited vs Axis Bank Limited*, 2022 SCC OnLine SC 841 has held that even where a debt and default are established, the Adjudicating Authority retains discretion in admitting or rejecting an application under Section 7 of the Code depending upon the facts and circumstances of the case.
- (xxiv) This Adjudicating Authority may exercise its discretion in the present case and take into consideration the fact that the alleged non-payment of dues was not intentional, but arose due to temporary financial circumstances faced by the Corporate Debtor and that the alleged financial exposure is fully secured by valuable mortgaged properties.

#### **ANALYSIS AND FINDINGS:**

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



7. The first issue before us is ***“Whether the present Petition is filed within the period of limitation”?***

(i) As per Part IV of Form 1, the dates of default of various accounts of the Corporate Debtor are from 29.06.2023 to 11.06.2024 as shown below:

Account No.	Nature of Loan	Amount Sanctioned	Ledger Balance [Rs.]	Unpaid Interest + Penalty	Date of Default
015013046105166	CCGEN	84,75,00,000.00	76,97,19,100.09	15,03,62,597.56	29-06-2023
015016390000001	TL009	7,68,00,000.00	7,43,04,374.00	2,17,26,230.00	29-06-2023
015016990000001	GECL2	25,42,00,000.00	16,06,74,714.80	3,22,72,479.00	29-06-2023
015016990000012	GCLE2	19,22,00,000.00	19,22,00,000.00	3,84,80,315.00	29-06-2023
015030100020445	TLLRG	6,00,00,000.00	5,24,95,606.16	1,25,04,990.80	29-06-2023
015030100031618	TLLRG	13,00,00,000.00	6,80,77,214.35	1,71,60,213.59	29-06-2023
015030100045666	TLLRG	9,80,00,000.00	9,51,92,024.23	2,28,57,506.37	29-06-2023
015030100055089	TLLRG	7,20,00,000.00	6,30,62,818.26	1,51,38,778.34	29-06-2023
015030100067312	TLLRG	11,00,00,000.00	9,79,26,832.14	2,30,50,588.00	29-06-2023
001778308000249	PCRRP	35,00,00,000.00	6,16,40,573.08	1,74,55,805.00	29-06-2023
167027030000015	DL003	80,58,076.00	25,11,506.00	11,04,189.00	24-01-2024
167027030000016	DL003	1,00,33,655.00	1,00,33,655.00	28,96,728.00	24-01-2024
167027030000017	DL003	1,15,03,487.00	1,15,03,487.00	32,43,539.00	08-02-2024
167027030000018	DL003	3,65,52,435.00	3,65,52,435.00	1,03,06,380.00	08-02-2024
167027030000019	DL003	2,11,00,801.00	2,11,00,801.00	58,57,003.00	20-02-2024
167027030000020	DL003	1,10,07,373.00	1,10,07,373.00	24,97,134.00	11-06-2024
			1,72,80,02,514.11		

(ii) The Corporate Debtor has also acknowledged the debt in its Balance Sheet as on 31.03.2025, the relevant extract of which is reproduced below:

KALLAM TEXTILES LIMITED  
Notes to the Financial Statements

## LONG-TERM BORROWINGS

Note No.14

Particulars	Non-Current		Current	
	As at	As at	As at	As at
	31st March, 2025	31st March, 2024	31st March, 2025	31st March, 2024
<u>A. Secured</u>				
i. Term loans				
a) From banks				
i) Union bank of India	2,338.15	4,557.56	2,219.40	2,088.61
ii) Indian Bank	717.50	2,711.18	1,993.68	2,213.23
<b>Total</b>	<b>3,055.66</b>	<b>7,268.74</b>	<b>4,213.08</b>	<b>4,301.85</b>
<b>Total</b>	<b>3,055.66</b>	<b>7,268.74</b>	<b>4,213.08</b>	<b>4,301.85</b>

- 1) The term loans from banks are secured by way of hypothecation of assets funded under the said facility. Further, the loans are guaranteed by two directors in their personal capacities.
- 2) The above loans carries interest varies from 7.8% to 13.65%
- 3) The above loans are repayable in monthly/quarterly instalments.
- 4) The non-current portion of above term loans are repayable in following manner.  
Banks : 2026-27 Rs.1401 lakhs; 2027-28 Rs.976 lakhs  
2028-29 Rs.345 lakhs and 2029-30 Rs.334 lakhs
- 5) The company made defaults in repayment of instalments in respect of term loans and the following amounts were due as on 31.3.2025.  
Union bank of India - Principal Rs. 3481 lakhs and Interest Rs.1454 lakhs.  
Indian bank - Principal Rs. 4664 lakhs and Interest Rs. 1691 lakhs.
- i) The company availed term loans and working capital loans from Union bank of India and Indian bank and as at 31.12.2023, the company has defaulted in repayment of term loan instalments (incl. interest). The banks have classified these loans as NPA and issued notices on 10.1.2024 for recovery of these dues u/s 13(2) r.w.s 13(3) of SARFAESI Act, 2002. Further, the banks also taken possession of the properties offered as security u/s 13(4) of the said Act. The lenders are also applied for recovery of debts before Debt Recovery Tribunal, Visakhapatnam and proceedings are pending before DRT. Auction notices were also issued by the banks for sale of immovable properties offered as security and proceedings are pending. The company applied for restructure of these loans and same is pending with the lender banks. Meanwhile, the Advocate-Commissioners, as appointed by Court of the Chief Judicial Magistrate-Cum-Senior Civil Judge, Ongole, in response to the petition filed by Indian bank and the Chief Manager and Authorised officer of Indian bank of India issued notice for taking physical possession of properties located in Weaving division and Spinning divisions respectively and on request from company, the possession of the properties are kept pending. The total outstanding dues pending for remittance to banks as on 31.3.2025 was Rs. 28048.86 lakhs (Includes interest on term loans Rs.3022.59 lakhs and working capital loans Rs.1795.84 lakhs and term loan instalments Rs.8145.68 lakhs and Working capital loans which are repayable on demand Rs.15084.75 lakhs).



(iii) The present Petition was e-filed on 03.02.2026 and physically filed on 20.01.2026 vide Diary No.114.

(iv) In view of the above, we are of the considered view that the present Petition has been filed well within the limitation period.

8. The Corporate Debtor, relying on the Vidarbha Judgment (supra) in its Counter has contended that the Financial Creditor cannot utilize this Adjudicating Authority as a recovery forum. Therefore, the next issue for consideration before us is ***“Whether the Financial Creditor has invoked the provisions of the IBC merely as a recovery mechanism and not for resolution of insolvency?”***

(i) 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.

(ii) 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 Hon'ble 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."*

- (iii) In the present case, no such special or compelling circumstances have been demonstrated to justify non-admission despite existence of a financial debt and default. The material on record clearly establishes default, and there is nothing to indicate that the present proceedings have been initiated merely as a recovery mechanism. Hence, the contention of the CD is not sustainable.

9. The next issue that arises 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) As per Part-IV of Form1, the amount claimed to be in default is Rs.2,10,49,16,990.77 as shown below:



2.	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)	<b>RS. 2,10,49,16,990.77</b> (Two Hundred Ten Crores Forty Nine Lakhs Sixteen Thousand Nine Hundred Ninety and Seventy Seven paise)  <b>*</b> (date of default for each debt is provided hereunder in TABULAR FORM)
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**\*DETAILS OF DEBT AND DATE OF DEFAULT as on 31.10.2025**

Account No.	Nature of Loan	Amount Sanctioned	Ledger Balance [Rs.]	Unpaid Interest + Penalty	Date of Default	Total days of Default	Total Amount Claimed to be in Default as on the 31-10-2025 plus agreed interest accrued from 01-11-2025 till the date of payment.
015013046105166	CCGEN	84,75,00,000.00	76,97,19,100.09	15,03,62,597.56	29-06-2023	855	92,00,81,697.65
015016390000001	TL009	7,68,00,000.00	7,43,04,374.00	2,17,26,230.00	29-06-2023	855	9,60,30,604.00
015016990000001	GECL2	25,42,00,000.00	16,06,74,714.80	3,22,72,479.00	29-06-2023	855	19,29,47,193.80
015016990000012	GCL2	19,22,00,000.00	19,22,00,000.00	3,84,80,315.00	29-06-2023	855	23,06,80,315.00
015030100020445	TLLRG	6,00,00,000.00	5,24,95,606.16	1,25,04,990.80	29-06-2023	855	6,50,00,596.96
015030100031618	TLLRG	13,00,00,000.00	6,80,77,214.35	1,71,60,213.59	29-06-2023	855	8,52,37,427.94
015030100045666	TLLRG	9,80,00,000.00	9,51,92,024.23	2,28,57,506.37	29-06-2023	855	11,80,49,530.60
015030100055089	TLLRG	7,20,00,000.00	6,30,62,818.26	1,51,38,778.34	29-06-2023	855	7,82,01,596.60
015030100067312	TLLRG	11,00,00,000.00	9,79,26,832.14	2,30,50,588.00	29-06-2023	855	12,09,77,420.14
001778308000249	PCRRP	35,00,00,000.00	6,16,40,573.08	1,74,55,805.00	29-06-2023	855	7,90,96,378.08
167027030000015	DL003	80,58,076.00	25,11,506.00	11,04,189.00	24-01-2024	646	36,15,695.00
167027030000016	DL003	1,00,33,655.00	1,00,33,655.00	28,96,728.00	24-01-2024	646	1,29,30,383.00
167027030000017	DL003	1,15,03,487.00	1,15,03,487.00	32,43,539.00	08-02-2024	631	1,47,47,026.00
167027030000018	DL003	3,65,52,435.00	3,65,52,435.00	1,03,06,380.00	08-02-2024	631	4,68,58,815.00
167027030000019	DL003	2,11,00,801.00	2,11,00,801.00	58,57,003.00	20-02-2024	619	2,69,57,804.00
167027030000020	DL003	1,10,07,373.00	1,10,07,373.00	24,97,134.00	11-06-2024	507	1,35,04,507.00
			1,72,80,02,514.11				2,10,49,16,990.77

- (ii) At Part-V of Form-1, the Financial Creditor, as evidences of default of the financial debt, has enclosed the (a) CIBIL report dated 27.01.2025, (b) Copy of Entries in the Banker's Book in accordance with the Banker's Book of Evidence Act, 1891.

**Copy of CIBIL Report**

- (iii) The Financial Creditor at page nos.313-330 of the Petition has enclosed the copy of the CIBIL report, which shows the outstanding



amount of Union Bank of India as Rs.174,74,56,973/-. The relevant extracts of the CIBIL Report are reproduced below.

COMMERCIAL CREDIT INFORMATION REPORT		Report Order Number:	W47349558
		Report Order Date:	27-JAN-2025
		Report Created By:	BN01170001_c2c
		Member:	UNION BANK OF INDIA
		Applicant Ref Num:	

1. Enquiry Information	
Search Criteria:	KALLAM TEXTILES LTD PREVIOUSLY KNOWN AS KALLAM SPINNING MILLS LTD, #1 Address

2. Borrower Profile		
<b>BORROWER DETAILS</b>	<b>ADDRESS &amp; CONTACT DETAILS</b>	<b>IDENTIFICATION DETAILS</b>
Name: KALLAM TEXTILES LTD PREVIOUSLY KNOWN AS KALLAM SPINNING MILLS LTD	Registered Office Address: CHOWDAVARAM POST GUNTUR DT GUNTUR GUNTUR, CHOWDAVARAM POST GUNTUR DT GUNTUR GUNTUR, GUNTUR, PUNJAB	PAN: AAACK9363M
Legal Constitution: Public Limited	Telephone No: 919989997492	Registration Number: L18100AP1992PLC013880
Class Of Activity: MSME	Mobile No: +91-9989997492	TIN: -
Business Category: Service Provider	Fax No: -	Service Tax No: -
Industry Type: -		Last Reported Date: 31-DEC-2023
Solen Figure: -		Charge Date: -
No of Employees: -		Dispute Pending: -
Date of Incorporation: 01-JAN-1999	**Additional Addresses and Contact Information of the Borrower is listed in Section no. 8 the Location Details	
**Class Of Activities		

Delinquency Reported on the Borrower			
Your Institution:	Current: No	Last 24 Months: Yes	
Outside:	Current: No	Last 24 Months: No	
Delinquency Reported on Related Parties/Guarantors of the Borrower in Last 24 Months			
No Delinquency information reported on the Related Parties/Guarantors			

	3	0	0	0	0	1	0	16	0	26
Term Loan	0.00	-	-	-	-	-	-	80,39,33,064.00	-	80,39,33,064.00
Forex	0.00	-	-	-	-	-	-	80,39,33,064.00	-	80,39,33,064.00
<b>Total</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>16</b>	<b>0</b>	<b>26</b>
	1,76,14,159.00	0.00	0.00	0.00	0.00	0.00	0.00	1,72,98,42,864.00	0.00	1,74,74,56,973.00

Outside	
Non Funded	0.00
Working Capital	0.00
Term Loan	0.00
Forex	80,39,33,064.00
<b>Total</b>	<b>16</b>
	1,72,98,42,864.00

7. Outstanding Balances by Credit Facility Groups and Asset Classification		f - No. of Credit Facilities INR Outstanding Balance in INR								
(Displayed as No. of Facilities and corresponding Outstanding Balances under each CF Group and Asset Class. bucket.)										
CF GROUP	STD					NON-STD			Total	
	0 DPD	1-30 DPD / SMA 0	31-60 DPD / SMA 1	61-90 DPD / SMA 2	91-180 DPD	>180 DPD	SUB	DBT		LOSS
Your Institution										
Non Funded	2						6	9,27,09,257.00	8	11,03,23,316.00
Working Capital	4						2	83,32,00,543.00	6	83,32,00,543.00

- (iv) In the above CIBIL report, the overdue amount in each of the Accounts of the Corporate Debtor maintained in Financial Creditor's book is provided which is summarized in the table below:



Account Number	Overdue (In Rs.)
015016390000001	74304374
015030100020445	52495476
167027030000018	36552435
167027030000015	2511506
167027030000020	11007373
167027030000017	11503487
015013046105166	771559970
015030100067312	97926832
167027030000019	21100801
015030100055089	63062688
015016990000012	192200000
015030100045666	95191894
015030100031618	68077085
167027030000016	10033655
015016990000001	160674715
001778308000249	61640573
<b>Total</b>	<b>172,98,42,864</b>

**Banker's Book as per Banker's Book of Evidence Act, 1891**

- (v) The Financial Creditor at page nos. 331-386 has enclosed the certificate under Section 2A(a) of the Banker's Book of Evidence Act, 1891 in respect of 15 accounts of the Corporate Debtor, the relevant extracts of which is reproduced below:

**Certificate under section 2A (a) of the Banker' book of Evidence Act, 1891 (as amended)**

This is to certify that statement of accounts for the Account numbers and period of statement as detailed below at the Union Bank of India, Asset Recovery Branch, Visakhapatnam, where the account of the said borrower is a true copy of the print out of data stored in Core Banking Solutions.

ACCOUNT Nos: 015013046105166, 015016390000001, 015016990000012, 015016990000012, 015030100020445, 015030100031618, 015030100045666, 015030100055089, 015, 030100067312, 001778308000249, 167027030000015, 167027030000016, 167027030000017, 167027030000018, 167027030000019, 167027030000020.

Place: Vijayawada,  
Date: 15-12-2025

Signature of CM & Authorized Officer



- (vi) The Outstanding amount as per the Statement of Accounts as on 12.12.2025 enclosed at page nos. 387-596 of the Petition, works out to Rs.194,61,07,972.34 as shown in table below:

Account Number	Amount (Rs.)
015013046105166	823775331.60
015016390000001	97739146.90
015016990000001	195431179.60
015016990000012	233647895.90
015030100020445	65954657.96
015030100031618	86545412.94
015030100045666	119787283.60
015030100055089	79353715.60
015030100067312	122719366.94
167027030000015	3684663.80
167027030000016	13205519.80
167027030000017	15062381.90
167027030000018	47860784.80
167027030000019	27536205.90
167027030000020	13804425.90
<b>Total</b>	<b>1946107973.14</b>

- (vii) The Financial Creditor has issued notice dated 11.09.2024 under section 13(2) of SARFAESI stating that due to non-payment of outstanding dues, the account of the Corporate Debtor has been classified as NPA on 29.06.2023 and also calling upon the Corporate Debtor to pay within sixty from the date of the notice to the Financial Creditor the outstanding amount of Rs.185,35,71,199.66 as on 30.06.2024 together with further interest. The relevant extracts of the notice are reproduced below:



Asset Recovery Branch (79170), Vijayawada, Located at - 4<sup>th</sup> Floor, Andhra Bank Building,  
R. R. Apparao Street Vijayawada, Andhra Pradesh - 520001

E-mail: [arb.vijayawada@unionbankofindia.bank](mailto:arb.vijayawada@unionbankofindia.bank)  
DEMAND NOTICE UNDER SEC.13 (2)

Ref: ARB - VIJ/607/2024-25

Date: 11.09.2024

Place: Vijayawada

To,

1. M/s KALLAM TEXTILES LIMITED,  
Represented by its Managing Director  
NH-5, Chowdavaram,  
Guntur District, Andhra Pradesh - 522 019.
2. Sri. Poluri Venkateswara Reddy (Managing Director)  
S/o. late Poluri Ramireddy  
Flat No - 401, Lakshmi Grand Apartment,  
4<sup>th</sup> Lane, Shyamala Nagar,  
Guntur, Andhra Pradesh - 522 006.
3. Sri. Gurram Venkata Krishna Reddy (Joint Managing Director)  
S/o Gurram Appi Reddy  
Flat No: 406, Krisals County,  
12<sup>th</sup> lane, Shyamala Nagar  
Guntur, Andhra Pradesh - 522 006.

Sir/Madam,

Notice under Sec.13 (2) read with Sec.13 (3) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

That the 1<sup>st</sup> amongst you is the company originally it was incorporated under the provisions of Companies Act, 1956, having its Registered Office at Chowdavaram, Guntur-522019, as M/s Kallam Agros Ltd., on 18<sup>th</sup> February, 1992 and subsequently the name of the company was changed as M/s Kallam Spinning Mills on 22<sup>nd</sup> September, 1994 and from the year 2019 onwards the name of the company was again changed as M/s Kallam Textiles Ltd., and presently it is known as M/s Kallam Textiles.

That the 1<sup>st</sup> amongst you is being represented by its Managing Director i.e. the 2<sup>nd</sup> amongst you and the 3<sup>rd</sup> amongst you is the Joint Managing Director of the 1<sup>st</sup> amongst you. The 2<sup>nd</sup> and 3<sup>rd</sup> amongst you have also stood as a personal guarantors for the credit facilities availed by the 1<sup>st</sup> amongst you.

That the 1<sup>st</sup> amongst you availed the following credit facilities from bank Union Bank of India (erstwhile Andhra Bank, Main Branch) Mid Corporate Branch Guntur, the details of which are mentioned below. That you have failed to pay the dues/instalment/ interest / operate the accounts satisfactorily and hence, in terms of the RBI guidelines as to the Income Recognition and Prudential Accounting Norms, your account/s has/have been classified as Non-Performing Asset on 29.06.2023.

As on 30.06.2024 a sum of Rs.185,35,71,199.66 ps (Rupees One hundred and eighty five crores thirty five lakhs seventy one thousand one hundred and ninety nine and sixty six paise only) is outstanding in your account(s).

The particulars of the outstanding amount payable by you to the Bank are as detailed below:

S.No.	Type of facility	Loan Account number	Outstanding amount as on 30.06.2024
1.	CCGEN	15013046105166	81,42,67,645.05
2.	PC (Sub Limit to CC)	1778308000249	6,68,62,544.97
3.	TL	015030100020445	5,71,85,793.36
4.	TL	015030100031618	7,45,19,975.34
5.	TL	05030100045665	10,38,54,727.00
6.	TL	015030100055089	6,87,90,008.00
7.	TL	015030100067312	10,66,76,929.14
8.	TL	015016390000001	8,24,19,918.00
9.	GECL2	015016990000001	17,30,76,353.80
10.	GECL 2	015016990000012	20,69,10,700.00
11.	DL	167027030000015	31,43,857.00
12.	DL	167027030000016	1,08,36,359.00
13.	DL	167027030000018	3,91,89,623.00
14.	DL	167027030000019	2,24,97,631.00
15.	DL	167027030000020	1,11,05,686.00
16.	DL	167027030000017	1,22,33,449.00
	Total		1,85,35,71,199.66



XXXXXXXXXXXXXXXXXX

Therefore, you are hereby called upon in terms of section 13(2) of the Securitization and Reconstruction of Financial Assets and enforcement of Security Interest Act, 2002, to pay a sum of Rs.185,35,71,199.66 ps (Rupees One hundred and eighty five crores thirty five lakhs seventy one thousand one hundred and ninety nine and sixty six paise only) together with further interest and charges at the contractual rate as per the terms and conditions of loan documents executed by you and discharge your liabilities in full within 60 days from the date of this notice, failing which, we shall be constrained to enforce the aforesaid securities by exercising any or all of the rights given under the said Act.

As per section 13 (13) of the Act, on receipt of this notice you are restrained /prevented from disposing of or dealing with the above securities without the consent of the bank.

Your attention is invited to provisions of sub-section (8) of Section 13 of the SARFAESI in respect of time available, to redeem the secured assets.

Yours faithfully,

AUTHORISED OFFICER &  
CHIEF MANAGER



Note: Demand Notice issue dated 10.01.2024 is withdrawn.

- (viii) It is observed that the amount of outstanding financial debt as per the CIBIL report, Statement of Accounts maintained as per the Banker's Books of Evidence Act, 1891 and notice dated 11.09.2024 issued under Section 13(2) of SARFAESI are different. However, in case of Section 7 Petition, we need to see that the outstanding amount is meeting the threshold limit of Rs. one crore and in all the above three evidences submitted by the Financial Creditor, the outstanding amount is above the threshold limit of Rs. one crore.
- (ix) The Corporate Debtor in its counter has contended that the issues raised by the Financial Creditor involve complex questions relating to the consortium lending arrangement, *pari passu* charges, reconciliation of accounts, and enforcement of securities, which



require detailed examination of the documentary evidence and the same is being considered by the Hon'ble DRT. Such disputed questions cannot be adjudicated in summary proceedings under Section 7 of the Code. However, the above contention of the Corporate Debtor is not sustainable in view of the Hon'ble NCLAT Principal Bench judgement dated 25.04.2024 in the matter of ***Milind Kashiram Jadhav Vs. State Bank of India & Ors [Company Appeal (AT) (Insolvency) No. 1589 of 2023]***

*“54 It is an admitted fact that the Corporate Debtor owes Rs. 46.80 crores to the financial creditor, though the Appellant has been claiming that as per the Statement Of Account (SOA) the Financial Creditor has attached incorrect and fabricated SOA. Without going into the exact amount of the debt, it is an admitted fact that the debt was Rs.46.80 crores as on the date of declaration of NPA i.e. 27.09.2019. This amount is more than the threshold of Rs.1 crore and is enough for initiating proceedings. There is no requirement to calculate and fix the exact amount of repayment, this has been held by this Tribunal as under:*

*“14. In so far as the facts included in the Section 7 application in Form 1 application is concerned, the Financial Creditor has to provide information about the debt which is due and payable and also the date and record of default. There is no requirement in the adjudication of Section 7 application to calculate and fix the exact amount of debt in default of repayment. It is only to be seen whether the amount in default is more than the minimum or threshold value that is prescribed in Section 4(1) of the IBC.”*

*[Company Appeal (AT) (Ins.) No. 662-663 of 2022: Suzlon Synthetics Ltd. v. Stressed Asset Stabilization Fund (2022) 145 taxmann.com 594 (NCLAT-New Delhi)] [Emphasis supplied]”*



- (x) In view of the aforesaid discussions, we are of the considered view that there is a financial debt extended by the Financial Creditor to the Corporate Debtor and there is a default in repayment thereof, when it became due and payable and the default exceeds the minimum threshold of Rupees one crore. The invocation of the Code by the FC is in accordance with law and cannot be characterised as mere recovery proceedings.

10. The Corporate Debtor, in its Counter contended that since the Financial Creditor has invoked recovery proceedings under SARFAESI, therefore, the Financial Creditor cannot simultaneously invoke the provisions under the Code and it amounts to multiplicity of proceedings. Therefore, the issue for consideration is ***“Whether the Financial Creditor can initiate parallel proceedings under IBC when it has already invoked the proceedings under SARFAESI Act?”***

- (i) We note that the similar issue fell for consideration before the Hon’ble NCLAT in ***Rakesh Kumar Gupta Vs. Mahesh Bansal & Anr. [Company Appeal (AT)(Insolvency) No. 1408 of 2019,*** wherein the Hon’ble NCLAT vide Judgment dated 20.02.2020 has held as below:

*“8. ....Insolvency & Bankruptcy Code 2016 is subsequent Code to SARFAESI Act of 2002 & Recovery of Debts Due to Banks & Financial Institution Act, 1993 with provision of Moratorium under Section 14 and Section 238 giving the Provisions of the Code overriding effect on other laws. The Judgment relied on by learned Counsel for Appellant does not appear to support the argument of learned Counsel for*



*Appellant that if Bank had resorted to SARFAESI or proceeding before D.R.T. it is barred from resorting to IBC.*

*.....The pendency of actions under the SARFAESI Act or actions under the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 does not create obstruction for filling an Application under Section 7 of Insolvency and Bankruptcy Code 2016, specially in view of Section 238 of IBC. The Application is more to bring about a Resolution of Corporate Debtor than any penal action or any recovery proceedings. We do not find any substance in the Appeal.”*

- (ii) In view of the above, we are of the considered view that there is no bar under the Code for initiation of proceedings under Section 7 when the Financial Creditor has already invoked the proceedings under SARFAESI.

11. 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.

12. 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 Rajesh Chillale, having Registration No. IBBI/IPA-001/IP-P00699/2017-2018/11226 as IRP in this matter. The written consent of the proposed IRP in Form-2 dated 20.12.2025 is annexed at Page 598 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. The copy of the AFA in Form B is annexed at Page 601 of the Petition, which shows that his Authorisation is valid till 31.12.2026. The credentials of the proposed IRP was verified on the IBBI website, which shows that the proposed IRP holds the valid Authorisation for Assignment (AFA) up to 31.12.2026. The relevant extract of the IBBI website is given below:

Name of the IP	Mr. Chillale Rajesh
Registration no	IBBI/IPA-001/IP-P00699/2017-2018/11226
Date of Registration	23-Nov-17
Member of IPA	Indian Institute of Insolvency Professionals of ICAI
Member of IPE	<a href="#">IRR Insolvency Professionals Private Limited</a>
Email id	chillalrajesh[at]yahoo[dot]co[dot]in
Address	B-725, Western Plaza, OU Colony, HS Darga, Manikonda, Hyderabad, Telangana, 500008
Have Valid AFA	Yes
AFA Certificate No.	AA1/11226/02/311226/108694
AFA Valid Upto	31-Dec-26
Total CPE Earned	121
Total Assignments	36

13. As a sequel to the discussion above, the present section 7 Petition bearing **CP (IB)/3/7/AMR/2026** filed by the Financial Creditor under section 7 of the IBC for initiating CIRP against the Corporate Debtor **M/s. Kallam Textiles 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 Adjudicating Authority approves the resolution plan under sub-section (1) of Section 31 or passes an order for liquidation of the Corporate Debtor under Section 33 as the case may be.

14. We also appoint Rajesh Chillale, bearing Registration No. IBBI/IPA-001/IP-P00699/2017-2018/11226, E-mail: chillalerajesh@yahoo.co.in having Address at B-725, Western Plaza, OU Colony, HS Darga, Manikonda, Hyderabad-500008, Telangana, as IRP in the instant matter, with the following directions:

- (i) The term of appointment of the aforesaid IRP 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 shall make all requisite disclosures as per First Schedule under Regulation 7(2)(h) of the IBBI (Insolvency Professionals) Regulations, 2016 in the first meeting of the CoC;
- (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 the same 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.

15. 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.



16. 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)/3/7/AMR/2026 stands admitted.**

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

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

Naila/ Krishna