S.No.2

IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – 1
VC AND PHYSICAL (HYBRID) MODE
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
17-07-2026 After Court-II

IA(IBC) 901/2026 in
CP(IB) No. 217/7/HDB/ 2024
u/s. 7 of IBC

IN THE MATTER OF:
M/s. Madhya Pradesh Financial Corporation **…Financial Creditor**

VS

Sri Naga Krishna Chemicals Ltd., **…Corporate Debtor**

C O R A M:-
SHRI. RAJEEV BHARDWAJ, HON'BLE MEMBER (JUDICIAL)
SHRI. SANJAY PURI, HON'BLE MEMBER (TECHNICAL)

O R D E R

IA(IBC) 901/2026

Orders pronounced, recorded vide separate sheets.

In the result, this IA (IBC) 901/2026 is Allowed.

Sd/- **Sd/-**
MEMBER (T) **MEMBER (J)**

Apoorva

IN THE NATIONAL COMPANY LAW TRIBUNAL, HYDERABAD BENCH – I, HYDERABAD

IA (IBC) No. 901 of 2026

In

CP (IB) No. 217/7/HDB/2024

(Under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 read with Rule 11 of the National Company Law Tribunal Rules, 2016, filed in compliance with the Order dated 19.05.2026 passed by this Tribunal in IA (IBC) No. 1580 of 2025 in CP (IB) No. 217/7/HDB/2024)

In the matter of M/s. Sri Nagakrishna Chemicals Limited.

Between:

M/s. Global Insolvency Professionals Private Limited

Resolution Professional of M/s. Sri Nagakrishna Chemicals Limited

House No. 8-2-248/A/5/16, Plot No. 717, Road No. 2, Banjara Hills,

Hyderabad – 500 034

...Applicant

AND

1. **Frontline Enterprises Limited**

Srinivasa Nilayam, Sivalyam Gudi, Ravulapalem,

East Godavari District, Andhra Pradesh – 533223

...Respondent No.1

2. **Madhya Pradesh Financial Corporation**

Having its Head Office at Financial House,

Mumbai Agra Road, Indore, Madhya Pradesh – 452001

...Respondent No.2

Date of Order: 17.07.2026

Coram:

Sri Rajeev Bhardwaj, Hon'ble Member (Judicial)

Sri Sanjay Puri, Hon'ble Member (Technical)

Parties/Counsels:

For Applicant	:	Mr. G.P. Yash Vardhan, Advocate
For Respondent No.1	:	Mr. Y. Suryanarayana, Advocate
For Respondent No.2	:	Ms. Rhytham Bhatt, Advocate

ORDER

1. The present application is filed by M/s. Global Insolvency Professionals Private Limited, the Resolution Professional[1] of M/s. Sri Nagakrishna Chemicals Limited[2], the, under Section 60(5) of the Insolvency and Bankruptcy Code[3], 2016, read with Rule 11 of the National Company Law Tribunal Rules, 2016, filed in compliance with the order dated 19.05.2026 passed by this Tribunal in IA (IBC) No. 1580 of 2025 in CP (IB) No. 217/7/HDB/2024, against the Respondents, inter alia, seeking the following reliefs:

    a) To take on record the re-verification exercise undertaken by the Applicant in compliance with the order dated 19.05.2026 passed by this Tribunal in IA (IBC) No. 1580 of 2025 in CP (IB) No. 217/7/HDB/2024;

    b) To take on record the claim of Respondent No.2, Madhya Pradesh Financial Corporation, as admitted at Rs.73,98,56,306/- and the voting share of the members of the Committee of

[1] Applicant
[2] Corporate Debtor
[3] Code, 2016

Creditors, namely Madhya Pradesh Financial Corporation – 76.23% and Frontline Enterprises Limited – 23.77%, as determined upon completion of the re-verification exercise;

c) To hold that no modification is required to the admitted claim of Respondent No.2 pursuant to the re-verification directed by this Tribunal vide order dated 19.05.2026;

d) To condone the delay of 12 days in filing the captioned application in the interest of justice.

Case of the Applicant/Resolution Professional:

2. This Tribunal, vide order dated 05.08.2025, admitted M/s. Sri Nagakrishna Chemicals Limited into Corporate Insolvency Resolution Process in CP (IB) No. 217/7/HDB/2024, filed by Respondent No.2 under Section 7 of the Code, claiming an amount in default of Rs.7,95,72,029/- as on 18.07.2017. Mr. Medi Yadaiah was appointed Interim Resolution Professional, subsequently replaced by the Applicant as Resolution Professional vide order dated 30.09.2025.

3. Pursuant to commencement of CIRP, public announcement in Form-A was issued on 09.08.2025, fixing 19.08.2025 as the last date for submission of claims. Respondent No.2 submitted its claim in Form-C on 14.08.2025 for Rs.73,98,56,306/-, which came to be admitted, and the Committee of Creditors was constituted with Respondent No.2 and Respondent No.1 as its members.

4. Aggrieved by the quantum so admitted, Respondent No.1 filed IA (IBC) No. 1580 of 2025, contending that the claim was disproportionately higher than the amount reflected in the Section 7 application. This Tribunal, vide order dated 19.05.2026, rejected the contention that interest ceases to accrue upon NPA classification, but, having regard to the ten-fold variation in quantum, directed the Applicant, at paragraph 38, to re-verify the claim of Respondent No.2 on the basis

of supporting documents, including the computation of interest, within seven days, and barred CoC meetings till such re-verification was completed.

5. Pursuant thereto, the Applicant received further submissions and documents from Respondent No.2 vide communication dated 20.05.2026, and engaged M/s. Ajay Johnsaida & Associates LLP, Chartered Accountants, to independently examine the computation of interest. A preliminary computation, arriving at Rs.29,24,42,469/- by treating 18.07.2017 as the reference date for interest, was forwarded to Respondent No.2 on 21.05.2026, to which Respondent No.2 objected vide letter dated 22.05.2026, contending that interest ought to run from the date of NPA classification, i.e., 31.07.2011, as reflected in its Loan Ledger.

6. In view of the objections raised, the Applicant obtained an independent legal opinion dated 04.06.2026 from Juris Prime Law Services, which opined that the amount reflected in the Section 7 application does not operate as a ceiling on the claim admissible in CIRP. The Chartered Accountant thereafter furnished a final report dated 04.06.2026, computing the outstanding dues at Rs.77,54,02,457/-, by treating 01.08.2011 as the reference date and applying contractual and penal interest at an aggregate rate of 16.50% per annum with quarterly compounding.

7. Upon consideration of the above material, the Applicant retained the claim of Respondent No.2 at the originally admitted figure of Rs.73,98,56,306/-, without modification, on the ground that this figure stands subsumed within the higher amount computed in the Chartered Accountant's final report. The delay of 12 days in filing the captioned application is attributed to the time consumed in completing the re-verification exercise, and condonation thereof is sought.

Case of the Respondent No.1:

8. Respondent No.1 denies the averments made in the application and contends that the order dated 19.05.2026 did not confer on the Applicant a mechanical liberty to reproduce the figure earlier admitted. It is submitted that the Applicant, beyond obtaining a legal opinion and a Chartered Accountant's computation, has failed to independently assess and verify the claim of Respondent No.2, and was expected to conduct a genuine, independent verification rather than merely affirm the computations furnished by Respondent No.2 itself.

9. It is submitted that the Applicant's reliance on Respondent No.2's own communications to validate its own claim is misconceived, Respondent No.2 being an interested party whose claim is itself under scrutiny. Reference is made to the fact that the same Chartered Accountant engaged by the Applicant furnished two irreconcilable figures at different stages Rs.29,24,42,469/- and thereafter Rs.77,54,02,457/- which, it is submitted, establishes that no sanctity can be attached to either computation.

10. It is further submitted that the legal opinion dated 04.06.2026 is neither independent nor binding on this Tribunal, and appears to have been obtained merely to lend legitimacy to a pre-determined conclusion of retaining the claim at Rs.73.98 Crores. Even assuming that contractual interest may continue to accrue after NPA classification, it is contended that the methodology adopted — compounding of interest over a period exceeding fourteen years — required rigorous, independent scrutiny that has not been undertaken.

11. It is submitted that the Resolution Professional is not an adjudicatory authority and cannot, by obtaining a private legal opinion and a

private accountant's report, conclusively determine a seriously disputed claim; such determination, it is submitted, necessarily requires judicial scrutiny by this Tribunal. It is contended that the re-verification exercise, having concluded with the very figure originally admitted, is rendered a mere formality, causing prejudice to Respondent No.1's voting rights in the Committee of Creditors and offending the principles of natural justice. It is accordingly prayed that the application be dismissed.

Case of the Respondent No.2:

12. Respondent No.2 submits that the captioned application is a compliance application filed by the Applicant to report the outcome of the re-verification exercise, and does not itself seek any reduction, modification, or adverse variation of its admitted claim; Respondent No.2 accordingly has no objection to the application being taken on record.

13. It is submitted that the claim of Rs.73,98,56,306/- is duly supported by the Sanction Letter dated 24.02.2009, the Mortgage Agreement and Hypothecation Deed dated 12.05.2009, and the Loan Ledger, and that the amount reflected in the Section 7 application was never intended to, and did not, operate as a ceiling on its claim in CIRP. Reliance is placed on the finding at paragraph 33 of the order dated 19.05.2026, that the RBI Master Circular on Prudential Norms does not extinguish contractual interest payable after NPA classification.

14. It is further submitted that the direction contained in paragraph 39 of the order dated 19.05.2026, barring the Applicant from convening a meeting of the Committee of Creditors, was confined to the period until the claim of Respondent No.2 stood re-verified and determined accurately, and that condition, it is submitted, now stands fulfilled. Respondent No.2 accordingly seeks a direction to the Applicant to

convene the meeting of the Committee of Creditors, the Applicant having declined to do so citing the pendency of the captioned application.

Findings and Decision:

15. We have heard learned counsel for the Applicant, learned counsel for the Respondents, and perused the material available on record.

16. At the outset, we observe that pursuant to the directions issued vide order dated 19.05.2026, the Applicant undertook a re-verification of the claim of Respondent No.2. For this purpose, the Applicant engaged M/s. Ajay Johnsaida & Associates LLP, Chartered Accountants, who furnished two computations at different stages of the exercise, the first arriving at Rs.29,24,42,469/- and the second, furnished vide report dated 04.06.2026, arriving at Rs.77,54,02,457/-.

17. Since the claim as originally admitted at Rs.73,98,56,306/- stood subsumed within this second and higher computation, the Applicant retained the claim without modification, and has filed the present application

18. Learned counsel for Respondent No.1 contends that the Applicant has mechanically retained the claim of Respondent No.2 at Rs.73,98,56,306/- without carrying out an independent verification as directed by this Tribunal, and that the claim was never placed before an auditor independently appointed by the Tribunal itself. It is pointed out that the Chartered Accountant so engaged first arrived at a figure of Rs.29,24,42,469/-, and thereafter revised it to Rs.77,54,02,457/-.

19. It is further contended that the Resolution Professional, being an administrative functionary without adjudicatory power, could not on its own opinion have treated interest as running from the date of NPA classification in preference to the amount and date reflected in the

Section 7 application, and that doing so amounts to an adjudication of the claim, which only this Tribunal is competent to undertake.

20. It is well settled that a Resolution Professional is entitled, under Section 25(2)(d) of the Code read with Regulation 34 of the CIRP Regulations, 2016, to engage professional advisors, including a Chartered Accountant, in discharge of its verification functions, and that such engagement does not require the prior approval of the Adjudicating Authority.

21. In this regard, we usefully refer to the judgment of the Hon'ble NCLAT in ***Greenfield Overseas v. Anil Goel, Liquidator of Loha Ispaat Ltd. (2025) ibclaw.in 554NCLAT***, wherein it has been categorically held that the appointment of a forensic auditor falls within the resolution professional's autonomous domain and does not require prior judicial approval, the cost-approval of the Committee of Creditors being sufficient. The relevant para is extracted below:

> *"50............*
>
> *(iii) As regards, appointment of forensic auditors, the reference is required to be made to Section 20(2)(b) and 25 (d) of the Code which we have already noted in earlier discussions. It is clear from these sections that it is purely in the domain of Interim Resolution Professional/ Resolution Professional to appoint the forensic auditor. It also needs to be understood that the CoC is empowered to approve the cost of such forensic auditor since, the same will form the CIRP cost. Nowhere, in the Code or Regulation it has been stipulated that the approval of the Adjudicating Authority is required. Hence, we do not accept the contention of the Appellants in this regard where they have alleged misconduct against the Liquidator for not taking approval of the Adjudicating Authority before appointing M/s Khandelwal and Jain as forensic auditors."*

22. We are therefore of the considered view that the Applicant's engagement of M/s. Ajay Johnsaida & Associates LLP, Chartered Accountants, and of independent counsel, in the course of the re-verification exercise, was within the bounds of the direction contained

in the order dated 19.05.2026. Respondent No.1's objection that only a Tribunal-appointed independent auditor could satisfy that direction does not, therefore, survive.

23. Thus, the point that arises for our consideration is whether the Resolution Professional had the power to verify and quantify the claim of Respondent No.2 in the manner it did, and whether it was open to the Applicant to treat interest as accruing from the date of NPA classification rather than confining it to the figure reflected in the Section 7 application.

24. It is well settled that, at the stage of admission of a Section 7 application, the Adjudicating Authority is concerned only with the existence of a financial debt and the occurrence of default. The quantification and verification of the claim fall exclusively within the domain of the Corporate Insolvency Resolution Process that follows. The Hon'ble NCLAT, in ***Mr. A. Maheshwaran v. Stressed Assets Stabilization Fund & Anr. Company Appeal (AT) (Insolvency) No. 954 of 2019***, has held that the exact amount payable is to be ascertained by the Interim Resolution Professional only after collation and verification of claims during CIRP. The relevant para is extracted below:

> *"6.....................................What is the exact amount of claim, that is only considered at the stage of the 'Corporate Insolvency Resolution Process', when the 'Interim Resolution Professional' after collating the claims, including the claim of the Respondent, may ascertain what amount is payable to the Respondent."*

25. This principle is reinforced by Regulation 8 read with Regulation 13 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, which obligate the Resolution Professional to verify a claim against the underlying loan documents, and not merely against the figure stated in the Section 7 application. Regulation 8

requires a financial creditor to submit its claim in Form-C, supported by the sanction letter, the loan agreement, the ledger, and the computation of interest. Regulation 13 requires the Resolution Professional to verify that claim against these very documents.

26. The amount of Rs.7,95,72,029/- reflected in the Section 7 application cannot, accordingly, be read as capping the claim of Respondent No.2 in these proceedings. Respondent No.2 is entitled to have its claim assessed on the full contractual record as it stood on the insolvency commencement date, namely 05.08.2025, subject always to verification against the underlying loan documents. Determining the correct reference date for the commencement of interest on that record is, therefore, an exercise of verification contemplated by Regulation 13, and not an act of adjudication by the Applicant.

27. The final computation, being founded on the date immediately following NPA classification, is accordingly a permissible reference point for contractual interest. The Applicant has retained the claim at Rs.73,98,56,306/-, being the figure originally admitted in Form-C, on the footing that it stands subsumed within the higher of the two computations furnished by the Chartered Accountant. We find no infirmity in this approach.

28. We are, therefore, satisfied that the claim of Respondent No.2 stands correctly retained at Rs.73,98,56,306/-, without any modification, and that the voting share of the members of the Committee of Creditors accordingly stands at Madhya Pradesh Financial Corporation – 76.23% and Frontline Enterprises Limited – 23.77%.

29. Accordingly, we are taking on record the re-verification exercise undertaken by the Applicant in compliance with the order dated 19.05.2026 passed by this Tribunal in IA (IBC) No. 1580 of 2025 in CP (IB) No. 217/7/HDB/2024, together with the claim of Respondent

No.2 as admitted at Rs.73,98,56,306/- and the consequent voting share of the Committee of Creditors as recorded above. No modification is required to the admitted claim of Respondent No.2 pursuant to the re-verification so directed.

Accordingly, the present application is allowed and disposed of, with the directions contained in this order.

Sd/-	Sd/-
Sanjay Puri	**Rajeev Bhardwaj**
Member (Technical)	**Member (Judicial)**