

SL. No.1

**NATIONAL COMPANY LAW TRIBUNAL  
HYDERABAD BENCH  
COURT HALL NO: II**

**Hearing Through: VC and Physical (Hybrid) Mode**

**CORAM: SHRI. RAJEEV BHARDWAJ, HON'BLE MEMBER (J)**

**CORAM: SHRI. SANJAY PURI, - HON'BLE MEMBER (T)**

**ATTENDANCE-CUM-ORDER SHEET OF THE HEARING OF NATIONAL COMPANY LAW TRIBUNAL,  
HYDERABAD BENCH, HELD ON 18.09.2024 AT 10:30 AM**

<b>TRANSFER PETITION NO.</b>	
<b>COMPANY PETITION/APPLICATION NO.</b>	<b>IA (IBC)/1712/2023 in Company Petition IB/22/9/2023</b>
<b>NAME OF THE COMPANY</b>	<b>Nandi Irrigation systems Limited</b>
<b>NAME OF THE PETITIONER(S)</b>	<b>Rishabh TriExim LLP</b>
<b>NAME OF THE RESPONDENT(S)</b>	<b>Nandi Irrigation systems Limited</b>
<b>UNDER SECTION</b>	<b>9 of IBC</b>

**ORDER**

Orders pronounced, recorded vide separate sheets. In the result, the company  
Petition is admitted.

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

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

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

**CP (IB) No.22/9/HDB/2023 &  
IA No. 1712 of 2023**

**Between:**

M/s. Rishabh Triexim LLP,  
No.69, VOC Salai (Walltax Road),  
Park Town, Sowcarpet,  
Chennai – 600 003.

....Operational Creditor

**And**

M/s. Nandi Irrigation Systems Limited,  
D.No.8-3-833/188, Plot No.188,  
1<sup>st</sup> floor, Phase II,  
Kamalapuri Colony,  
Hyderabad – 500 073.

....Corporate Debtor

**Date of order : 18.09.2024**

**CORAM:**

Sri Rajeev Bhardwaj, Hon'ble Member (Judicial)

Sri Sanjay Puri, Hon'ble Member (Technical)

**Counsels present:**

For the Operational Creditor : Mr. Amir Bavani

For the Corporate Debtor : Mr. Gopala Krishna

**Per : Sanjay Puri, Member (Technical)**

**ORDER**

1. This application, filed under Section 9 of the Insolvency and Bankruptcy Code (IBC) by M/s Rishabh Triexim LLP, the Operational Creditor (**OC**), seeks to initiate Corporate Insolvency Resolution Process (**CIRP**) against M/s Nandi Irrigation Systems Limited, the

Corporate Debtor (**CD**). It is alleged that the CD defaulted on a debt amounting to Rs 11,32,41,629, which was due and payable as of 30.11.2022. An additional sum of Rs 46,66,605 is claimed as interest on the said debt.

2. The principal debt arose from the supply of material (PVC Resin) during the period from 01.04.2022 to 19.11.2022, with 175 invoices totalling Rs 45,91,09,759. Together with an opening balance of Rs 11,91,56,747, the total payable amount by the CD stood at Rs 578,266,506. Out of this, Rs 46,50,24,877 has been paid, leaving an outstanding balance of Rs 11,32,41,629, which remains unpaid as per the OC, along with accrued interest. These figures are drawn from the ledger account<sup>1</sup> maintained by the OC, which is enclosed with the application.
3. It is claimed that the CD, in a WhatsApp message dated 28.10.2022, acknowledged the debt of Rs 11,87,26,853 as of 09.09.2022. Due to the CD's default in payments, a meeting<sup>2</sup> was held on 13.10.2022, where the outstanding amount was agreed to be reduced to Rs 9.50 crores by 31.12.2022 and further to Rs 8.50 crores by 31.03.2023. Despite several reminder emails<sup>3</sup> thereafter, from the OC in November 2022, no payment was made. Consequently, the OC issued a Demand Notice<sup>4</sup> under Section 8 of IBC on 30.11.2022.
4. In response, the CD, in its reply<sup>5</sup> dated 17.12.2022, raised issues regarding the "inferior material supplied" and claimed that they had communicated this issue to the OC on 02.12.2022. The CD denied

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<sup>1</sup> Pages 701 to 719 of the application.

<sup>2</sup> Page 539 of the application.

<sup>3</sup> Pages 541 to 566 of the application.

<sup>4</sup> Pages 567 to 579 of the application.

<sup>5</sup> Pages 583 to 588 of the application.

any admission of liability and asserted that a dispute had arisen.

5. The present application was filed on 18.01.2023. A counter reply from the CD and a rejoinder from the OC followed. Additionally, on 30.10.2023, the CD filed IA No. 1712 of 2023, introducing documents including FIR copies, one filed by the OC against the CD on 17.04.2023 and the other by the CD against the OC on 28.10.2023.
6. After the hearing on 29.07.2024, a clarificatory memo was filed by the OC explaining the opening balance of Rs 11,91,56,747 as of 01.04.2022. Both parties also submitted written arguments reiterating their positions.

**IA No. 1712 of 2023**

7. The documents introduced through this IA relate to criminal cases between the parties, which are to be addressed by the appropriate judicial forum. These FIRs were filed much later than the main CP (18.01.2023) and have no relevance to the Section 9 IBC proceedings. Therefore, the documents filed with IA No. 1712/2023 are disregarded, and the IA is dismissed.

**CP No. 22/9/2023**

8. Upon reviewing the records and hearing the parties, the following facts are undisputed:
9. The supply of material by the OC through 175 invoices has not been denied by the CD. The material's delivery is also confirmed by lorry receipts<sup>6</sup> bearing details such as origin, destination, quantity, value, freight, and truck numbers. Each lorry receipt is stamped and signed on behalf of the CD, confirming receipt.

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<sup>6</sup> Pages 645 to 700 of the application.

10. The ledger account presented by the OC records the amounts from the invoices and payments received from the CD, which are corroborated by the OC's bank statements<sup>7</sup>. The authenticity of the ledger is further confirmed by a WhatsApp message<sup>8</sup> from the CD dated 10.09.2022, attaching copy of its own ledger account for the OC<sup>9</sup>, which aligns with the OC's ledger entries, except for a minor difference of Rs 398 in the opening balance.
11. No issues regarding the supplied material were raised by the CD prior to 02.12.2022. None of the lorry receipts indicate any defect or shortfall at the time of receipt, by the CD.
12. Given these facts, the CD's arguments concerning the debt are addressed as follows:
13. The first argument regarding the difference between the invoice amount and the claimed debt is without any merit. The ledger statement filed along with the application, which corresponds to the ledger statement maintained by the CD in its books, with matched bank records, clearly shows the amount of Rs 11,32,41,629 as outstanding debt
14. The second argument regarding the "inferior quality" of the material is unsupported by evidence. The CD claims that 1091.9 MT of PVC Resin worth Rs 13,67,37,359 was rejected, but no proof of return or disposal of this large quantity (of 1091.9 MT) of PVC resin has been provided. Considering that the material was supplied in 25kg bags, this would amount to 43,676 bags, and yet no evidence has been presented to demonstrate how this many bags were stored, returned,

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<sup>7</sup> Pages 595 to 644 of the application.

<sup>8</sup> Page 525 of the application.

<sup>9</sup> Page 526 to 538 of the application.

or disposed of. Additionally, as noted before, no defects about the material supplied were recorded in the lorry receipts at the time of delivery. This claim is unsubstantiated and is rejected.

15. The CD's third argument, suggesting a pre-existing dispute, hinges on a letter<sup>10</sup> dated 02.12.2022, which stated simply that:

“In respect of the material which is of inferior quality and which is not suitable for our production we have rejected and the same was within your knowledge. You are not entitled any amount for the said material and it is your duty to reverse the entries to our account.

The amount of balance shown in your ledge account is not correct, not valid and the said amount relating to the inferior material supplied by you. Accordingly we once again inform you that we are not liable for the balance amount shown in the ledger account which is forwarded by you. Your ledger account shown that you have included the cost of the material which is of inferior quality and which is not in good condition and which is not entitled by you.”

16. However, this letter was sent after the OC's email dated 01.12.2022 requesting confirmation of goods receipt. While it is true that this letter was sent before the Demand Notice dated 30.11.2022 was received by the CD, it only conveys a manufactured dispute about the quality of the material supplied by the OC. As discussed in the earlier paras, there is no evidence corroborating the claim of inferior quality of goods supplied by the OC to the CD. Such uncorroborated contention does not require any investigation or enquiry and is liable to be rejected.

17. Thus, the principal debt of Rs 11,32,41,629 is confirmed, and no pre-existing dispute concerning the same is evidenced. Interest on the outstanding amount is also admissible as per the supply invoices,

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<sup>10</sup> Pages 581 & 582 of the application.

which stipulate a 24% annual interest rate for overdue payments.

18. Accordingly, we allow the present application under Section 9 of the IBC with the following directions:

**ORDER**

19. The Application is admitted and this Adjudicating Authority orders the commencement of the Corporate Insolvency Resolution Process, which shall ordinarily be completed within the timelines stipulated in the Code, 2016 (as amended), reckoning from the date on which this order is passed.
20. The Operational Creditor has not named anyone as Interim Resolution Professional (IRP) and has requested this Adjudicating Authority to appoint one from the Insolvency Resolution Professionals as IRP. The Insolvency and Bankruptcy Board of India (IBBI) has recommended a panel of Insolvency Professionals for appointment as Insolvency Resolution Professional for the period **from July 1, 2024 to December 31, 2024** in compliance with Section 16(3)(a) of the Code in order to avoid delay. Accordingly, we appoint **Mr Maruti Venkata Subba Rao Poluri<sup>11</sup>**. **As per the IBBI website, his AFA is valid upto 30-06-2025.** He is directed to file Authorization for Assignment within three days from the date of this order.
21. The IRP is directed to take charge of the Respondent/Corporate Debtor's Management immediately. He is also directed to cause public announcement as prescribed under section 15 of the IB Code, 2016 within three days from the date the copy of this order is

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<sup>11</sup> Having Registration No. IBBI/IPA-002/IP-N00924/2019-2020/13001, e-mail: cssubbarao@gmail.com, Mobile No.9866684676.

received, and call for submissions of claim in the manner as prescribed.

22. We direct the Operational Creditor/Petitioner to pay a sum of **Rs.2,00,000/-** towards the advance fee of IRP and expenses towards CIRP, which shall be ratified later on by CoC.
23. The moratorium is hereby declared which shall have effect from the date of this order till the completion of CIRP, for the purposes referred to in Section 14 of the IB Code, 2016. It is hereby ordered to prohibit all of the following namely:-
  - i. The institution of suits or continuation of pending suits or proceedings against the Corporate Debtor including execution of any judgment, decree or order in any court or law, tribunal arbitration panel or other authority;
  - ii. Transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal rights or beneficial interest therein;
  - iii. 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 Operational Assets and Enforcement of Security Interest Act, 2002 (54 of 2002);
  - iv. The recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate debtor.
  - v. 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.

24. The supply of essential goods or services of the Corporate Debtor shall not be terminated or suspended or interrupted during moratorium period. Further, if the IRP considers supply of any goods or services critical to protect and preserve the value of the Corporate Debtor and manage the operations of such Corporate Debtor as a going concern, then the supply of such goods or services shall not be terminated, suspended or interrupted during the period of moratorium, except where such Corporate Debtor has not paid dues arising from such supply during the moratorium period. Furthermore, the provisions of Sub-section (1) of Section 14 shall not apply to such transactions, agreements. or other arrangement as may be notified by the Central Government in consultation with any operational sector regulator or any other authority.
25. The IRP shall comply with the provisions of Sections 13(2), 15, 17 & 18 of the Code. The Directors, Promoters or any other person associated with the management of Corporate Debtor are directed to extend all assistance and co-operation to the IRP as stipulated under Section 19 and for discharging the functions under Section 20 of the I&B Code, 2016.

26. The Petitioner/Operational Creditor as well as the Registry is directed to send the copy of this Order to IRP so that he could take charge of the Corporate Debtor's assets etc. and make compliance with this Order as per the provisions of I&B Code, 2016.
27. The Registry is directed to communicate this Order to the Operational Creditor and the Corporate Debtor.
28. The Registry shall also communicate this Order to the ROC, Hyderabad for updating the status of the Corporate Debtor in the MCA website.

Accordingly, this Petition is admitted.

**Sd/-**  
**(SANJAY PURI)**  
**MEMBER (TECHNICAL)**

**Sd/-**  
**(RAJEEV BHARDWAJ)**  
**MEMBER (JUDICIAL)**

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