

**IN THE NATIONAL COMPANY LAW TRIBUNAL,
DIVISION BENCH – II, CHENNAI
CP(IB)/208 (CHE)/2023**

*(Filed under Section 9 of the Insolvency and Bankruptcy Code, 2016, R/w, Rule 4 of the
Insolvency and Bankruptcy Rules, 2016)*

In the matter of Annam Steels Private Limited

VINAYAKA ALLOYS PRIVATE LIMITED,
10th Floor- Phase 1, IIT Madras Research Park,
No. 1, Kanagam Village, Taramani, Chennai 600 113.

... Petitioner/ Financial Creditor

V/s

ANNAM STEELS PRIVATE LIMITED,
Plot No. B4/37, CMDA's Industrial Complex,
Maraimalai Nagar, S. No. 166, 167, 168, Kilakaranai,
Chengalpettu, Kancheepuram - 603209.

... Respondent/ Corporate Debtor

Order pronounced on 26.11.2025

CORAM:

SHRI. JYOTI KUMAR TRIPATHI, MEMBER (JUDICIAL)

SHRI. RAVICHANDRAN RAMASAMY, MEMBER (TECHNICAL)

Present:

For Applicant: Jayesh B Dolia, Advocate

For Respondent: Amarnath & Ashwin Sam, Advocates

ORDER

(Heard through Hybrid Mode)

Under consideration is a petition under Section 7 of IBC filed by

Vinayaka Alloys Private Limited, Petitioner/ Financial Creditor herein

against **Annam Steels Private Limited,** Respondent / Corporate Debtor

herein for initiating Corporate Insolvency Process (CIRP) against the Corporate Debtor.

2. SUBMISSIONS OF THE APPLICANT

2.1. Part I of the Application contains the particulars of the Applicant Vinayaka Alloys Private Limited. Part II of the Application sets out the details of the Corporate Debtor. It was incorporated on 14.12.2000 with authorised share capital of the Corporate Debtor is Rs.5,00,000/- and its paid up share capital of Rs.5,00,000/- and address at No. 244, T.H. Road, Tondiarpet, Chennai – 600081, within the jurisdiction of this Tribunal. In Part III of the application, the Financial Creditor has not proposed anyone as the IRP. Part IV of the application sets out the details of the debt being Rs. 7,05,84,950 (Rupees seven crores five lakh eighty four thousand nine hundred and fifty only) with Principal of Rs. 3,87,00,000 plus interest of Rs. 3,18,84,950, due as on 28.07.2014, with interest at 9% p.a. from the date of invoice till realisation. Later as per Judgement of Hon'ble High Court of Madras in C.S(Comm. Div) No. 543 of 2023 decreed on 02.09.2022, due as on 28.06.2014. This application has been filed on 12.12.2023.

2.2. It is submitted that it supplied steel scrap to the Corporate Debtor, M/s. Annam Steels Pvt. Ltd., under various invoices, and the supplies were duly accepted without any dispute.

2.3. It is further submitted that against these supplies, a principal amount of Rs.3,87,00,000/- became due and payable. The Applicant further submits that interest at 9% per annum is contractually leviable, and the interest component has accrued to Rs.3,18,84,950/-, making the total operational debt Rs.7,05,84,950/- as on 28.07.2014.

2.4. It is also submitted that the Applicant relies on its ledger statement, showing all credits and debits between 01.04.2011 to 31.07.2023, to demonstrate that despite repeated follow-ups, the Corporate Debtor failed to clear the outstanding amount.

2.5. It is further submitted that the Corporate Debtor had acknowledged the liability during the financial year 2015–2016, as evidenced by Annexure-IV, thereby extending the period of limitation.

2.6. The Applicant also places reliance on a judgment of the Hon'ble High Court of Madras dated 02.09.2022 in C.S.(Comm. Div.)No. 543/2023, where the claim of the Applicant against the Corporate Debtor was decreed. The decree confirms the liability as due and payable.

2.7. It is also submitted that the initial date of debt is 28.06.2014. After that a case was filed before the Hon'ble High Court between the same parties in C.S.(Comm Div) No. 543/ 2023 and the judgement for the same was delivered on 02.09.2022 in which the Operational creditor has a decree and judgement in its favour. Thus, the date of default for the purpose of moving application was fixed on 02.09.2022.

2.8. It is submitted that a certificate issued by the Chartered Accountant certifies that no payment has been made by the Corporate Debtor towards the decreed amount or the outstanding operational debt till date.

2.9. The Applicant submits that the debt is further supported by the Information Utility record, evidencing the default. The Applicant clarifies that no security interest exists and the debt is unsecured. There is also no pre-existing dispute raised at any point prior to issuance of the demand notice. Since the debt is above the statutory threshold, is undisputed, and the default stands established through invoices, ledger entries, CA certificate, the High Court decree, and the Information Utility record, the Applicant prays that the CIRP be admitted under Section 9

and that the Tribunal may appoint an IRP under Section 16(3)(a) of the Code.

2.10. It is finally submitted that in compliance with Section 8 of the IBC, the Applicant issued a Demand Notice on 16.10.2023 to the registered office and to the Directors of the Corporate Debtor. The notices were duly served and acknowledged. Additionally, the demand notice was also sent to the registered email address of the Corporate Debtor and no reply or dispute was raised.

3. SUBMISSIONS OF THE RESPONDENT

3.1. The Respondent denies all averments made in the application and puts the Applicant to strict proof of the alleged operational debt. It is contended that the Applicant is not an Operational Creditor within the meaning of the Code, and the present petition is fundamentally misconceived.

3.2. It is submitted that the entire application is based on a judgment and decree of the Hon'ble High Court in C.S.(Comm Div) No. 543/ 2023 dated 02.09.2022, wherein the Applicant itself had categorically pleaded that the debt in question was loan amounts advanced to the Respondent.

Hence, the nature of the transaction is that of a loan, not an operational transaction.

3.3. The Respondent disputes the calculation of interest made by the Applicant at 9% p.a. up to 31.07.2023, pointing out an alleged error of Rs.4,27,239/- between the Applicant's figure (Rs.3,18,84,950/-) and the Respondent's computation (Rs.3,14,57,711/-). It is submitted that a detailed year-wise interest chart has also been filed.

3.4. It is further submitted that before the Hon'ble High Court, the Applicant's entire case was that it had loaned a total sum of Rs.4,03,00,000/- to the Respondent (Rs.2,00,00,000/- on 24.03.2012, Rs.10,00,000/- on 23.11.2012 and Rs.1,93,00,000/- on 28.11.2012) to enable participation in a tender. The Applicant had also stated in the suit that although it had a right to demand goods in lieu of money, it ultimately sought only repayment of the loan amount.

3.5. The Respondent points out that the reliefs claimed in the High Court suit included a sum of Rs.16,52,82,984/- with 24% p.a. interest, but the High Court decreed only Rs.3,87,00,000/- with 9% interest from 28.06.2014 till realization, along with Rs.8,50,000/- towards proportionate court fee. This again establishes that the underlying claim is purely

financial and loan-oriented, and not arising from supply of goods or services.

3.6. The Respondent argues that the Applicant squarely falls under Section 5(8)(f), “financial debt”, since the alleged amounts were advanced as an investment/ loan contingent upon the Respondent becoming a successful bidder in the tender, and were not operational dues. Therefore, the Applicant ought to have proceeded, if at all, as a Financial Creditor under Section 7, and cannot invoke Section 9.

3.7. It is submitted that the present application is not maintainable, being based on a loan transaction, containing defective filings, and involving incorrect interest calculations. The Respondent contends that there is no operational debt within the meaning of Section 5(21) of the Code and therefore the petition deserves dismissal.

4. FINDINGS OF THE TRIBUNAL

4.1. We have heard both the parties and perused the records.

4.2. This Tribunal has carefully considered the pleadings, documents placed on record, and the submissions of the Operational Creditor. The Respondent, despite service of notice, failed to enter appearance and was therefore set ex parte vide order dated 17.07.2025. Accordingly, the

matter is proceeded ex parte on the basis of the undisputed material available on record.

4.3. The Operational Creditor has filed the present petition under Section 9 of the Insolvency and Bankruptcy Code, 2016, claiming an outstanding operational debt of Rs.3,87,00,000/- towards principal and Rs.3,18,84,950/- towards interest, aggregating to Rs.7,05,84,950/- as on 31.07.2023, arising from supply of steel scrap under various invoices. The Operational Creditor has annexed the invoices (Annexure-I), ledger statements (Annexure-II), interest calculations (Annexure-III), and acknowledgment of debt (Annexure-IV) to substantiate the claim.

4.4. It is seen from the records that the Operational Creditor had also issued a demand notice in Form-3 dated 16.10.2023, sent to the Registered Office as well as to the Directors of the Corporate Debtor, with proof of delivery (Annexure-VII & VIII). The Corporate Debtor neither replied to the notice nor raised any dispute regarding the liability. In terms of Section 8(2)(a) of the Code, non-existence of a dispute prior to the demand notice weighs significantly in favour of admission.

4.5. The Operational Creditor further relies upon the judgment of the Hon'ble High Court of Madras dated 02.09.2022 in C.S.(Comm Div) No.

543/ 2023, whereby the claim of the Operational Creditor was decreed for a sum of Rs.3,87,00,000/- along with interest at 9% per annum from 28.06.2014 till realization. This Tribunal notes that a decree of a competent Civil Court crystallises the liability of the Corporate Debtor. The decree has not been challenged before any appellate forum, nor has any material been placed to show that the said decree has been stayed or satisfied.

4.6. The presence of a decree does not alter the character of the debt where the underlying transaction is demonstrated through invoices, ledger entries, supply documents, and commercial dealings. A civil decree strengthens and conclusively affirms the debt, and does not bar initiation of proceedings under Section 9, provided the debt arises from supply of goods or services and default is established. The Operational Creditor has produced consistent documentary evidence establishing that the debt arose out of commercial supply of steel scrap, and the decree merely confirmed such liability.

4.7. The Tribunal also notes that the Corporate Debtor has not placed any material to show the existence of a pre-existing dispute. The Respondent, having been duly served with the demand notice, remained

silent. Even before this Tribunal, the Respondent failed to appear and contest the petition, and was set ex parte. Guided by the principles laid down in *Mobilox Innovations v. Kirusa Software Private Limited*, the absence of a pre-existing, plausible dispute renders the claim undisputed for the purpose of Section 9.

4.8. The Operational Creditor has also produced a certificate of the Chartered Accountant (Annexure-VI), certifying that no payment has been made by the Corporate Debtor towards the outstanding debt till date. Further, the record of the Information Utility (Annexure-XI) supports the existence of default. These statutory and documentary compliances satisfy the requirements of Section 9(3) of the Code.

4.9. The debt exceeds the pecuniary threshold prescribed under the Code. The default stands established through the invoices, ledger, acknowledgment of debt, High Court decree, CA certificate, and IU record. In view of the admitted and undisputed nature of the operational debt, the absence of any defence or dispute, and the ex parte status of the Respondent, this Tribunal finds no impediment in admitting the petition.

4.10. The Tribunal is therefore of the considered opinion that the Operational Creditor has established:

- The existence of a legally recoverable operational debt;
- The occurrence of default on 28.06.2014;
- That the Corporate Debtor has failed to demonstrate any genuine pre-existing dispute;
- And that the application is complete, within limitation, and satisfies all the statutory preconditions under Section 9 of the Code.

4.11. Accordingly, this Tribunal is satisfied that the requirements of Section 9(5)(i) are duly met. The application deserves to be admitted, and a Corporate Insolvency Resolution Process is required to be initiated against the Corporate Debtor, **Annam Steels Private Limited**.

4.12. In the present case, the Operational Creditor has not named the Insolvency Resolution Professional in Part – III of the Application. Hence, this Tribunal appoints Mr. Mathur Sabhapathy Viswanathan, having Registration No: IBBI/IPA-001/IP-P00674/2017-2018/11148, (email id: msv8200@gmail.com) who is having Authorization for Assignment till 31.12.2025 as the “Interim Resolution Professional” (IRP) in respect of the Corporate Debtor. The IRP appointed shall take in this regard such other and further steps as are required under the Code, more specifically in terms of Section 15,17,18 of the Code and file the report within 20 days

before this Bench. The powers of the Board of Directors of the Corporate Debtor shall stand superseded as a consequence of the initiation of the CIRP in relation to the Corporate Debtor in terms of the provisions of IBC, 2016.

4.13. As a consequence of the Application being admitted in terms of Section 9 (5) of the Code, the moratorium as envisaged under the provisions of Section 14(1) and as extracted hereunder shall follow in relation to the Corporate Debtor:

- a. The institution of suits or continuation of pending suits or proceedings against the respondent including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;*
- b. Transferring, encumbering, alienating or disposing of by the respondent 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 respondent 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 respondent.*

Explanation.-For the purposes of this sub-section, it is hereby clarified that notwithstanding anything contained in any other law for the time being in force, a licence, 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 or a similar grant or right during moratorium period;"

4.14. However, during the pendency of the moratorium period in terms of Section 14(2) (2A) and 14(3) as extracted hereunder:

“(2) 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.

(2A) Where the interim resolution professional or resolution professional, as the case may be, considers the supply of 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 or in such circumstances as may be specified.

(3) The provisions of sub-section (1) shall not apply to

(a) 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;

(b) a surety in a contract of guarantee to a corporate debtor.”

4.15. The duration of the period of moratorium shall be as provided in Section 14(4) of the Code and for ready reference reproduced as follows:

“(4) The order of moratorium shall have effect from the date of such order till the completion of the Corporate Insolvency Resolution Process: Provided that where at any time during the Corporate Insolvency Resolution Process period, if the Adjudicating Authority approves the Resolution Plan under sub-Section (1) of Section 31 or passes an order for liquidation of Corporate Debtor under Section 33, the moratorium shall cease to have effect from the date of such approval or Liquidation Order, as the case may be.”

4.16. The Operational Creditor is directed to pay a sum of Rs.2,00,000/- (Rupees Two lakh only) to the Interim Resolution Professional upon the

Interim Resolution Professional filing the necessary declaration form as required under the provisions of the Code to meet out the expenses to perform the functions assigned to her in accordance to Regulation 6 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

4.17. Based on the above terms, the Application stands admitted in terms of Section 9(5) of IBC, 2016 and the moratorium shall come in to effect as of this date. A copy of the Order shall be communicated to the Operational Creditor as well as to the Corporate Debtor above named by the Registry. In addition, a copy of the Order shall also be forwarded to IBBI for its records. Further, the Interim Resolution Professional above named be also furnished with copy of this Order forthwith by the Registry, who will also communicate the initiation of the CIRP in relation to the Corporate Debtor to the Registrar of Companies concerned.

5. Accordingly, **CP(IB)/208/(CHE)/2023** is **allowed**.

-Sd-
RAVICHANDRAN RAMASAMY
MEMBER (TECHNICAL)

-Sd-
JYOTI KUMAR TRIPATHI
MEMBER (JUDICIAL)