

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

Item No.1
IA (IBC)/79/2026 in
CP (IB)/2/7/AMR/2025
(Admitted)

IN THE MATTER OF:

Axis Bank Ltd

...Petitioner/ Financial Creditor

Versus

M/s. Kallam Brothers Cottons Pvt Ltd

...Respondent/ Corporate Debtor

And In the matter of IA (IBC)/79/2026

Kushal Finnovation Capital Pvt Ltd

...Applicant

AND

**Mr. Rajesh Chillale,
IRP of Kallam Brothers Cottons Pvt Ltd & 2 Ors.**

...Respondents

Under Section: 7, 60(5) of IBC, 2016

Order delivered on 29.04.2026

CORAM:

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

PRESENT:

In IA (IBC)/79/2026

For the Applicant : Mr. Gauraj Shah, Proxy Counsel for

Mr. Siva Darshan, Adv.

For the Respondent No.1 : Ms. Mummaneni Vazralaxmi, Adv.

For the Respondent No.2 : None

For the Respondent No.3 : None.

Interim Resolution Professional : Mr. Chillale Rajesh.

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ORDER

IA (IBC)/79/2026:

Order pronounced and recorded vide separate sheets. The IA bearing IA (IBC)/79/2026 in CP (IB)/2/7/AMR/2025 filed by the Applicant is **disposed of**.

**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)*

**IA (IBC)/79/2026 in
CP. (IB)/2/7/AMR/2025**

**Application under Section 60(5) of the
Insolvency and Bankruptcy Code, 2016**

IN THE MATTER OF CP. (IB)/2/7/AMR/2025

Axis Bank Ltd

Corporate Office at Axis Bank Limited, Axis House,
P. B. Marg, Worli, Mumbai-400025
Corporate Banking Branch at
D.No. 5-25-92, 3/7, Brodipet,
Guntur-522002, Andhra Pradesh.

..... **Financial Creditor**

AND

Kallam Brothers Cottons Private Limited

Registered Address at 160B, Dhulipalla, Sateenapalli,
Guntur-522412, Andhra Pradesh.

..... **Corporate Debtor**

AND IN THE MATTER OF IA(IBC)/79/2026 in CP.(IB)/2/7/AMR/2025

Kushal Finnovation Capital Private Limited

Represented by its authorised Representative
Condor Vista #5, Ground Floor,
Near Anjappar Chettinad Restaurant,
4th B Block, 100 FT Road, Koramangala,
Bangalore-560034

..... **Applicant**

AND

1. Interim Resolution Professional

Mr. Rajesh Chillale
IBBI Registration No. IBBI/IPA-001/IP-P00699/ 2017-2018/11226
Address: B-725, Western Plaza,
OU colony, H. S Darga, Hyderabad-500008

..... **Respondent No. 1**

2. Axis Bank Limited

Fortune 2000, Ground Floor, Bandra-Kurla
Complex, Bandra (East), Mumbai 400051.

..... **Respondent No. 2**

3. Kallam Brothers Cottons Private Limited

CIN: U17111AP2003PTC040726
Registered Address at 160B, Dhulipalla, Sateenapalli,
Guntur-522412, Andhra Pradesh.

..... **Respondent No. 3**

ORDER DELIVERED ON: 29.04.2026

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

Counsels/ Parties present in IA:

For the Applicant : Gauraj Shah, Proxy Counsel for
Advocate, Siva Darshan.
For the Respondent No. 1 : Mummaneni Vazralaxmi, Advocate.
Interim Resolution Professional : Rajesh Chillale
For the Respondent No. 2 : None
For the Respondent No. 3 : None

**[ORDER]
[PER: BENCH]**

This Interlocutory Application, bearing no. IA(IBC)/79/2026 (hereinafter referred to as the “**IA 79/2026**” or “**IA**”), has been filed via Diary No. 320 dated 20.02.2026 by Kushal Finnovation Capital Private Limited (hereinafter referred to as the “**Applicant**”) under Section 60(5) of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as the “**IBC**” or “**Code**”) against Mr. Rajesh Chillale, Interim Resolution Professional of Kallam Brothers Cottons Private Limited (hereinafter referred to as the “**Respondent No. 1,**” or “**R-1,**” or “**IRP**”), Axis Bank Limited (hereinafter referred to as the “**Respondent No. 2**” or “**R-2**”), and Kallam Brothers Cottons Private Limited (hereinafter referred to as

the “**Respondent No. 3**” or “**R-3**” or “**Corporate Debtor**”), seeking the following reliefs:

- (i) To direct the Respondent to reclassify the claim of the Applicant from "unsecured" to "secured" and classify the Applicant as a secured financial creditor;
- (ii) Pending the reclassification of the Applicant in terms of prayer clause (i) above, to stay the meetings of the Committee of Creditors;
- (iii) Any such further orders as may be deemed fit.

FACTS OF THE CASE

2. The facts averred by the Applicant in the present IA are as follows:

- (i) At the request of the Corporate Debtor, the Applicant granted “Invoice Financing-Dual Borrower” facilities to the suppliers Sri Lakshmi Traders, Sri Mahalakshmi Enterprises, and Vijaya Sai Traders. The Applicant and the Corporate Debtor have executed Credit Facility Agreements¹ (hereinafter referred to as the “**CFA**” or “**Loan Agreement**”) with the suppliers as per the following details:

CFA	Name of the Supplier	CFA date	Sanction Limit (Rs. crore)	Facility Tenure (Months)	Cycle Duration (Days)	Interest Rate (% per annum)
CFA-1	Vijaya Sai Traders	16.11.2023	3	12	90	15.5
CFA-2	Sri Mahalakshmi Enterprises	16.11.2023	3	12	90	15.5
CFA-3	Sri Lakshmi Traders	16.11.2023	3	12	90	15.5

- (ii) Clause 4.1, 4.2 and 5.1 of the CFA are as follows:

¹ A copy of the CFAs executed with the suppliers is collectively annexed as Exhibit-A to the IA.

"4.1. An event of default shall be deemed to have occurred if: (a) the guarantor(s) commits a breach of any of the terms and conditions contained in this Agreement; or (b) the Guarantor(s) fails to pay/ repay any payment on or before the due dates; (c) the Guarantor(s) commits any default under any other agreement with the lender or other bank and financial institution; (...)"

"4.2. (...) Upon occurrence of any of the events of defaults and at any time thereafter, the lender shall be entitled to declare the outstanding Credit facility amount as immediately due and payable (...)."

"5.1. The Lender shall have a control and lien over all the assets of the Guarantor(s) and a right to set off against any monies due from the Guarantor(s) and to combine all accounts of the Guarantor (...)."

- (iii) Upon perusal of the aforesaid clauses of the CFAs, it is evident that as per the CFAs and related transaction documents- where the Corporate Debtor is a party- the Financial Creditor holds a valid and enforceable lien and control over all assets of the Corporate Debtor. Due to the default committed by the Corporate Debtor, the Applicant has the right to invoke the said lien, and the position of the Applicant is that of a secured financial creditor, in accordance with the rights expressly granted under the CFAs.
- (iv) The facility is structured as supply chain financing, which is fundamentally different from general working capital loans. In supply chain finance, the lender's security is directly tied to specific goods or trade flows being financed- in the present case, cotton. The supply chain financing was provided by the Applicant to the Corporate Debtor for payment to the suppliers for the purchase of cotton supplied by them. The facility was disbursed exclusively for this defined business or trade purpose. The assets

financed, i.e., cotton and related receivables, form the basis for the Applicant's security interest².

- (v) The Corporate Debtor was admitted into the Corporate Insolvency Resolution Process (hereinafter referred to as the "**CIRP**") by this Adjudicating Authority, vide its Order dated 25.08.2025³. Pursuant thereto, the IRP on 29.08.2025, made a public announcement for inviting claims from all the parties⁴.
- (vi) The Applicant vide e-mail dated 11.09.2025 submitted the claim⁵ to the IRP, which was admitted⁶ for an amount of Rs.5,33,99,437/- (Rupees Five Crore Thirty-Three Lakh Ninety-Nine Thousand Four Hundred and Thirty-Seven only), and the Applicant was classified as an "unsecured financial creditor".
- (vii) In and around 15.11.2025, during an internal review by the Applicant, it was observed that there was an error in the claim submitted, as the Applicant had erroneously filed the claim as "unsecured loan - no security available" due to an inadvertent clerical mistake by a junior member of the Applicant's finance team; this error occurred despite a clear security interest established under the relevant credit facility or loan agreements. This was an apparent error, which needed to be rectified since the

² A sample invoice has been annexed as [Exhibit-B](#) to the IA.

³ A copy of the order has been attached as [Exhibit-C](#) to the IA.

⁴ A copy of the public announcement has been annexed as [Exhibit-D](#) to the IA.

⁵ A copy of the claim has been annexed as [Exhibit-E](#) to the IA.

⁶ A copy of the accepted claim of the Applicant has been annexed as [Exhibit-F](#) to the IA.

Applicant is a secured financial creditor instead of an unsecured financial creditor.

- (viii) For the purpose of rectification, the Applicant addressed a letter dated 25.11.2025 to the IRP⁷, stating that there was an inadvertent clerical error in the process of filing the claim, and therefore, the Applicant needs to be reclassified as a secured lender from an unsecured lender and that such rectification is necessary to ensure the CIRP proceeds on the basis of correct and legally accurate information under the IBC.
- (ix) The IRP vide its e-mail dated 25.11.2025⁸, responded to the Applicant's letter dated 25.11.2025 and requested the following clarifications:
- a. whether any NoC was obtained for the existing working capital lenders;
 - b. whether any charge ceasing agreement was entered into with the existing working capital lenders; and
 - c. whether any charge was created/ registered with the Registrar of Companies (hereinafter referred to as the "**RoC**").
- (x) On 28.11.2025, the Applicant addressed another letter to the IRP providing further clarifications regarding the classification of the facility with a request to be treated as a secured lender in terms of the CFA⁹. Inter alia, submitted the following:

⁷ A copy of the letter dated 25.11.2025 has been annexed as Exhibit-G to the IA.

⁸ A copy of the email dated 25.11.2025 has been annexed as Exhibit-H to the IA.

⁹ A copy of the letter dated 28.11.2025 has been annexed as Exhibit-I to the IA.

- a. The Applicant has a contractual right to hold a lien over the goods and assets which are financed under the facility;
 - b. The facility under the CFA was disbursed for a defined business/ trade purpose and the assets financed form the basis of the security interest.
 - c. The Applicant has a valid charge under the relevant provisions of the Companies Act, 2013 (hereinafter referred to as the “**CA, 2013**”).
 - d. It is the duty of the Corporate Debtor to register the said charge.
 - e. The Applicant is not covered under Notification No. S.O. 2641(E) dated 05-08-2016-SARFAESI Act 2002 issued by the Ministry of Finance (hereinafter referred to as the “**MoF**”) and hence do not come under the purview of "financial institutions".
- (xi) Under Section 2(16) of the CA, 2013, the "charge" means an interest or lien created on the property or assets of a company or any of its undertakings or both as security and includes a mortgage and under Section 77 of the CA, 2013, it is the duty and responsibility of the Corporate Debtor to register the charge as below:

"77. Duty to register charges, etc.- (1) It shall be the duty of every company creating a charge within or outside India, on its property or assets or any of its undertakings, whether tangible or otherwise, and situated in or outside India, to register the particulars of the charge signed by the company and the charge holder together with the instruments, if any, creating such charge in such form, on payment of such fees and in such manner as may be prescribed, with the Registrar within thirty days of its creation." (emphasis supplied).

- (xii) A valid and enforceable charge exists on the property and assets of the Corporate Debtor in favour of the Applicant, and since it is the duty of the Corporate Debtor to register the charge, the security or lien of the Applicant remains valid and subsisting.
- (xiii) Despite the submission of correct documents and requests to follow legal steps under IBC, the IRP rejected the claim vide email dated 06.12.2025¹⁰.
- (xiv) The Applicant, vide email dated 09.12.2025, recorded a strong objection and reiterated that all documents, records, and evidences mandated under the IBC and the CIRP Regulations have already been submitted including all supporting security documents that unequivocally establish the status as secured creditors of the Corporate Debtor¹¹ and the refusal of the IRP to recognize the secured status - despite the complete and timely submission of all requisite documentation - was both untenable and contrary to the statutory framework governing the CIRP.
- (xv) The IRP conducted five meetings¹² of the Committee of Creditors (hereinafter referred to as the “CoC”) the on 22.09.2025, 17.10.2025, 05.12.2025, 01.01.2026, and 20.01.2026 and till date, has refused to accept the claim as a secured financial creditor.
- (xvi) The “secured” status is abundantly clear from a reading of the applicable law and the CFA executed between the Applicant and

¹⁰ A copy of the email dated 06.12.2025 has been annexed as [Exhibit-J](#) to the IA.

¹¹ A copy of the email dated 09.12.2025 has been annexed as [Exhibit-K](#) to the IA.

¹² Copies of the minutes of the CoC meetings has been annexed as [Exhibit-L \(colly\)](#) to the IA.

the Corporate Debtor, and the absence of a charge-sharing agreement does not diminish its status as a secured lender, as the secured facility is supported by lien rights under the Loan Agreement and the executed trade transactions by the Corporate Debtor.

(xvii) Since the CIRP is ongoing and no Resolution Applicant has been finalised, such refusal causes the Applicant great prejudice, whereas allowing this IA would not prejudice the Respondents.

COUNTER OF THE R-1:

3. The R-1 vide Diary No. 400 dated 04.03.2026, filed the Counter stating as below:

- (i) The Applicant submitted a claim as an unsecured financial creditor for an amount of Rs.5,33,99,437/- on 11.09.2025. The claim pertains to invoice financing extended under the 'Invoice Financing-Dual Borrower' facility to the suppliers, namely Sri Lakshmi Traders, Sri Mahalakshmi Enterprises, and Vijaya Sai Traders, for the purchase of cotton by the Corporate Debtor.
- (ii) The Corporate Debtor extended a corporate guarantee in respect of the invoice financing facilities, provided by the Applicant to the abovementioned suppliers; however, the Applicant has not disbursed any amounts to the Corporate Debtor.
- (iii) After verifying the claim form, perusing the records submitted, including Form C filed with the NeSL Information Utility, and examining the RoC records of charges, the R-1 admitted the

Applicant's claim, as an unsecured financial creditor and informed the Applicant accordingly.

- (iv) On 25.11.2025, the Applicant emailed the R-1 regarding an inadvertent clerical error in filing the claim and requested reclassification from unsecured lender to secured lender. On 25.11.2025, the RP responded seeking clarification on: (a) whether any NoC was obtained from existing working capital lenders; (b) whether any charge ceasing agreement was executed with them; and (c) whether any charge was created/ registered with the RoC.
- (v) The Applicant addressed a letter to the R-1 on 28.11.2025, stating that under clause 5.1 of the loan agreement, it has an express right of lien over goods and assets financed under the facility, classifying it as a secured lender. The facility, being supply chain financing, is intrinsically linked to goods and receivables (cotton purchases) and differs from general working capital loans. It was further stated that even in absence of a charge sharing agreement, the Applicant's status as a secured lender remains unaffected, deriving from applicable law and the CFA between the Financial Creditor and the Corporate Debtor.
- (vi) The R-1, in its response dated 06.12.2025, stated that none of the documents sought on 25.11.2025 were provided and that HDFC Bank and Axis Bank hold prior charge over the assets of the Corporate Debtor. It further stated that an unregistered agreement cannot convert an unsecured financial creditor into a secured

financial creditor, and, referring to Section 77(3) of the CA, 2013, maintained the Applicant's status as an unsecured financial creditor.

- (vii) As per Section 3(30) of the IBC, "secured creditor" means a creditor in whose favour a security interest is created. Further, Section 3(31) of the IBC defines "security interest" as a right, title, or interest created in property, including a mortgage, charge, hypothecation, assignment, etc., but excludes a performance guarantee. Therefore, a security interest must be created, identifiable, and legally enforceable and a mere contractual right or payment obligation does not amount to a security interest.
- (viii) There is no valid security interest in existence, and the Applicant has failed to produce: any registered charge under the CA, 2013; any registered mortgage deed; any registered hypothecation deed; any registered security document; or any record of Central Registry of Securitisation Asset Reconstruction and Security Interest of India Creditors (hereinafter referred to as the "CERSAI") registration. No charge is reflected in the RoC records, information utility records, or the Corporate Debtor's financial statements.
- (ix) The Applicant relies upon clause 5.1 stating "control and lien over the assets"; however, no specific asset is identified, and there is no hypothecation deed, no mortgage, and no charge registration.

- (x) Unless goods are hypothecated, a charge is created, and security perfected, the supply chain financing of the Applicant remains unsecured; in the absence of perfected security, the Applicant remains unsecured and cannot claim secured status. The Hon'ble NCLAT, in the matter of ***State Bank of India v. Anuj Bajpai RP of Dunar Foods Limited (Company Appeal (AT) (Insolvency) No. 509 of 2019)***, has held that secured status depends strictly on the security creation and perfection.
- (xi) The Applicant is not a financial creditor, but merely a financier of trade receivables. The disbursement is not for general corporate purposes and is restricted to payment to cotton suppliers. Such arrangements are commercially structured as bill discounting, invoice financing, or supply chain financing. The dual-borrower invoice financing facility shows that the finance is invoice-specific, triggered upon supply by identified suppliers, with payment made against trade invoices and repayment linked to realization of receivables. The Corporate Debtor's primary liability arises from the purchase of cotton i.e., supply of goods, and the underlying liability is a trade payable, squarely falling under Section 5(21) of the IBC as operational debt.
- (xii) The liability of the Corporate Debtor originates from the supply of goods, not from borrowing. The facility is tied to a 90-day invoice cycle, the amount mirrors the invoice value, and it functions as an extension of trade credit. The financial debt involves disbursement against consideration for the time value of money. The interest

component in the present case is merely a financing charge on delayed payment of trade invoices; such commercial charges do not convert trade receivables into financial debt.

(xiii) The Hon'ble NCLAT has consistently held that receivables arising from invoice discounting or factoring retain the character of operational debt and do not become financial debt merely upon assignment to a financier.

- In ***Canbank Factors Limited v. Brijesh Singh Bhaduria & Ors. (Company Appeal (AT) (Insolvency) No. 742 of 2025)***¹³, Hon'ble NCLAT, Principal Bench, New Delhi in its judgement dated 28.01.2026 has held that discounting of trade receivables constitutes operational debt under Section 5(21) of the IBC, and the financier merely steps into the shoes of the supplier.
- Similarly, in ***Minion Ventures Private Limited v. TDT Copper Limited (Company Appeal (AT) (Ins) No. 572 of 2022 & I.A. No. 1530 of 2022 with Company Appeal (AT) (Ins) No. 780 of 2022)***¹⁴, the Hon'ble NCLAT held that financiers discounting invoices cannot claim to be financial creditors, and their remedy lies under Section 9 of the IBC as operational creditors.

(xiv) The Applicant merely financed trade invoices raised by the supplier of cotton; the liability of the Corporate Debtor arises from

¹³ The copy of the judgement also enclosed at pages 26-50 of the Counter.

¹⁴ The copy of the judgement also enclosed at pages 51-56 of the Counter.

the purchase of goods, not from borrowing of money. Accordingly, the Applicant is only an operational creditor stepping into the shoes of the suppliers and not a financial creditor under Section 5(8) of the IBC.

(xv) In view of the above precedents, the R-1 is re-examining the nature of the claim of the Applicant and other creditors and will file a revised CoC constitution and revised list of creditors before this Adjudicating Authority, if any changes are made.

(xvi) In the landmark judgment of ***Phoenix ARC Pvt. Ltd. v. Spade Financial Services Ltd. (Civil Appeal No. 2842 of 2020 with Civil Appeal No. 3063 of 2020)***, the Hon'ble Supreme Court established critical principles for determining the status of a creditor under the IBC as follows:

- **Real Nature of Transaction:** The status of a "financial creditor" is determined by the actual substance of the transaction rather than its form. To qualify as a financial debt under Section 5(8), there must be a genuine disbursement of money against the consideration for the time value of money.
- **Labels are Not Determinative:** The Court ruled that simply labelling a transaction as a "loan" or "Inter-Corporate Deposit" in an agreement does not make it a financial debt if the underlying arrangement is collusive or sham. Such transactions, designed to create an "illusion of debt" to gain control over the CoC, are rejected.

- Enforceable Security Interest: Mere assertion of security without enforceable charge is insufficient: While not focusing solely on security, the judgment noted that in cases of collusive transactions, features like unassigned/ unregistered charges, lack of interest payments, or missing repayment terms indicate that the transaction is not a bona fide financial debt.

(xvii) In the matter of **V. Jaisankar v. M Suresh Kumar Liquidator Of M/S. Ganga Foundations Pvt. Ltd & Ors (Company Appeal (AT) (CH) (Insolvency) No.459 of 2024)**¹⁵, the Hon'ble NCLAT observed that in the Insolvency Proceedings, the creditors are categorized as secured or unsecured based on a registered charge under Section 77 of the CA, 2013.

(xviii) In the matter of **Unity Small Finance Bank Ltd. v. Sripatham Venkatasubramanian Ramkumar (RP) and Anr (Company Appeal (AT) (Insolvency) No.601 of 2024)**¹⁶, the Hon'ble NCLAT at para 20 observed that

"We in the facts of the present case, proceed to examine the submission of the Appellant as to whether there are any material on record to declare the Appellant as 'secured creditor" despite the charge being not registered under Section 77 of the Companies Act. As noted above, the Appellant has not filed any documents proving to create charge on the assets of the Corporate Debtor, except for Sanction letters as noted above as well as letter dated 04.11.2011 referred to as letter of Lien and Set-off. When we look into the definition of Section 3(31), it is clear that right, title or interest or a claim to property, created in favour of, or provided for a secured

¹⁵ The copy of the judgement also enclosed at pages 57-71 of the Counter.

¹⁶ The copy of the judgement also enclosed at pages 72-97 of the Counter.

creditor by a "transaction which secures payment or performance of any obligation and includes mortgage, charge, hypothecation, assignment and encumbrances or any other agreement or arrangement securing payment or performance of any obligation of any person", no transaction has been placed on record, under which a security interest is created in favour of the Corporate Debtor with regard to assets of the Corporate Debtor. As noted above, mortgages of immovable property and non-agricultural land were mortgages, which were referred in Sanction Letter, were mortgages by Guarantors and no assets of the Corporate Debtor was mortgaged to the Appellant. The Sanction Letter cannot be said to be a transaction, which secures payment or performance of an obligation."

(xix) Upon receiving the reclassification request, the RP sought a NoC from existing lenders, charge registration details, and a charge sharing agreement. The Applicant failed to produce RoC charge registration, any registered security document, or a pari passu agreement; therefore, the RP rightly rejected the reclassification. The Applicant seeks a stay of CoC meetings; however, staying the CoC meetings would defeat the scheme of the IBC.

4. On the hearing dated 04.03.2026, the Applicant sought time to file a Memo stating that no reliefs were being pressed against the R-2 & R-3 and subsequently, filed a Memo vide Diary No. 451 dated 12.03.2026, stating that the R-2 & R-3 were arrayed as parties in the present IA, as they are the main parties to the Company Petition, and that no relief is being sought against them in the present IA.

5. On the hearing dated 13.03.2026, Counsel for the Applicant submitted that the Applicant falls within the category of a secured financial creditor, while the R-1 contended that the Applicant does not

qualify as a financial creditor and instead falls under the category of an operational creditor. In view of the contra submission of the parties, the issues need further consideration are (i) whether the debt claimed by the Applicant constitutes a Financial Debt or an Operational Debt under the IBC and (ii) whether there exists any security interest of the Applicant. Both the Applicant and the R-1 sought time to submit legal propositions along with judgments of superior courts in support of their contentions.

6. Pursuant to the above Order dated 13.03.2026, the R-1 vide Diary No. 492 dated 17.03.2026, has filed the Written Arguments submitting the legal proposition along with judicial precedents, which has been summarised below:

- (i) The debt claimed by the Applicant is not an operational debt at all and the issue in the IA is only limited to the determination of the Applicant as a secured financial creditor. In fact, the RP has already classified the debt as a financial debt in terms of the CFAs executed between the Applicant and the Corporate Debtor. The Respondent cannot seek or get relief in the IA.
- (ii) The security interest as defined under Sections 3(31) read with 3(4) of IBC is widely worded and includes the security of the Applicant under the terms of the CFAs. Hence, the Applicant is a secured financial creditor in terms of the CFAs and under the provisions of the IBC. In ***Paschimanchal Vidyut Vitran Nigam Limited v. Raman Ispat Private Limited and Ors. (Civil Appeal***

No. 7976 of 2019)¹⁷, it has been specifically held by the Hon'ble Supreme Court that it is well settled law that the decision of a case cannot be based on grounds outside the pleadings of the parties. Without any amendment to the plaint, the Court is not entitled to grant any relief, which has not been asked and therefore, the scope of the present IA is limited to classification of the financial creditor from "secured" to "unsecured".

- (iii) In **Home Kraft Avenues v. Jayesh Sanghrajka & Ors. (Company Appeal (AT) (INS) No. 756/2023)**¹⁸, the Hon'ble NCLAT has observed that Section 77(3) of the CA, 2013 casts an obligation upon the 'Liquidator' and due to the same reason, while Regulation 21 of IBBI(Liquidation Process) Regulations, 2016 (hereinafter referred to as the "**Liquidation Regulations**") prescribes evidences for proving the "security interest", consciously no such corresponding provision has been included in CIRP Regulations. Only under liquidation process, a question of charge under Section 77 comes into play and the same has nothing to do with "CIRP". Thus, non-registration of charge as per Section 77 of the CA, 2013 will not make a difference in the claim of the Applicant being treated as a secured creditor.
- (iv) The Applicant also enclosed the two other judgments of the Hon'ble Supreme Court (a) **Mrs Akella Lalitha v. Sri Konda Hanumantha Rao and Anr. (Civil Appeal Nos. 6325-6326 of**

¹⁷ The copy of the judgement also enclosed at pages 17-51 of the Written Arguments.

¹⁸ The copy of the judgement also enclosed at pages 7-16 of the Written Arguments.

2015)¹⁹ and (b) **Trojan & Co. Ltd. v. R.M.N.N. Nagappa Chettiar (AIR 1953 SC 235; 1953 SCR 780)**²⁰.

(v) The reliance placed by the RP in their Counter on the judgments are completely misplaced for the following reasons:

a. Can Bank Factors Limited v. Brijesh Singh Bhaduria (Supra) - The facts of this matter is completely different to the present matter, as the Appellant in the matter entered into a factoring arrangement and factored invoices of Respondent and no disbursements were made. In the present matter, the Applicant is a lender and has executed valid and enforceable CFAs, wherein amounts were disbursed to the suppliers and the Corporate Debtor acted as the Guarantor.

b. V Jaisankar v. Suresh Kumar (Supra) - The facts of the matter is not applicable to the present matter, since the said matter pertains to the creation of an equitable mortgage, as applicable in the State of Tamil Nadu.

c. Minions Ventures Private Limited v. TDT Copper Limited (Supra) - The facts are not applicable to the present matter, since no amounts were disbursed under the Loan Agreements.

d. Unity Small Finance Bank v. Sripathnam Ramkumar (Supra)- In this matter, the Appellant was not able to produce any document showing that charge has been created, while in the

¹⁹ The copy of the judgement also enclosed at pages 52-62 of the Written Arguments.

²⁰ The copy of the judgement also enclosed at pages 53-75 of the Written Arguments.

present Application, the Applicant has produced CFAs evidently demonstrating that charge has been created.

7. During the course of hearing on 18.03.2026, the Applicant also relied on the judgments of the Hon'ble Supreme Court in the matter of *The General Secretary, Vivekananda Kendra v. Pradeep Kumar Agarwalla and Ors. (SLP (Civil) No. 9558 of 2023)*, and subsequently vide Diary No. 530 dated 23.03.2026, filed the same by way of a Memo.

ANALYSIS AND FINDINGS:

8. We have heard the Applicant & the IRP and have perused the record carefully.

9. The First issue before us for consideration is **“Whether the debt claimed by the Applicant is ‘financial debt’ or ‘operational debt’ under the IBC”**.

(i) The Applicant granted “Invoice Financing-Dual Borrower” facilities to the suppliers or Credit Facility Receivers (hereinafter referred to as the **“CFRs”**) namely Sri Lakshmi Traders, Sri Mahalakshmi Enterprises, and Vijaya Sai Traders and on 16.11.2023, three separate CFAs were executed between the Applicant, respective supplier and the Corporate Debtor, as per the following details:

CFA	Name of the Supplier	CFA date	Sanction Limit (Rs. crore)	Facility Tenure (Months)	Cycle Duration (Days)	Interest Rate (% per annum)
CFA-1	Vijaya Sai Traders	16.11.2023	3	12	90	15.5
CFA-2	Sri Mahalakshmi Enterprises	16.11.2023	3	12	90	15.5
CFA-3	Sri Lakshmi Traders	16.11.2023	3	12	90	15.5

- (ii) All of these CFAs contain the same terms and conditions and the relevant extracts of one of such CFAs are reproduced below:

CREDIT FACILITY AGREEMENT - PART-A

TERMS AND CONDITIONS ("T&C") as executed on 16/11/2023 "Effective Date" at Mumbai.

This Credit Facility Agreement shall be executed in 2 (Two) Parts, namely "PART-A" and "PART-B" ("Parts"). The Credit Facility Receiver(s) ("CFR(s)") and the Guarantor(s) agree that "PART-A" and "PART-B" shall constitute the entire document and separate signatures/acknowledgments of the CFR(s) and the Guarantor(s), on individual pages of both the "Parts" of the Agreement is not a mandate. The signature(s) done in the "SIGNATURES" portion of the Agreement or any other part of the document shall constitute a valid acknowledgement of all the pages of the Agreement (including schedules & Annexures). The CFR(s) and the Guarantor(s) confirm that the Guarantor(s) shall be the Credit Facility Guarantor(s) for all the CFR(s) as mentioned in Annexure-B as mentioned in "PART-B" of this Loan Agreement. This Credit Facility Agreement ("Agreement") has been made on the date as mentioned in Annexure-I hereto, by and between:

Kushal Finnovation Capital Private Limited, incorporated under the Companies Act, 2013, as a Non-Banking Financial Company (NBFC) duly registered and governed by the Reserve Bank of India and having its registered office at Corder Vista A5 Ground Floor, Near Aryappa Chetnad Restaurant, 4th B Block, 100 FT Road, Koramangala, Bangalore 560034 (hereinafter referred to as "Lender" or "KFCPL") (which expression shall, unless it be repugnant to the context or meaning thereof, include its successors and assigns) of the FIRST PART

AND

The CFR(s), as detailed in Annexure I, hereinafter referred to as the "CFR" (which expression shall, unless it be repugnant to the context or meaning thereof, include his/her legal heirs, executors, administrators and assigns) of the SECOND PART.

These Terms and Conditions ("T&C") are applicable to availing Credit Facility (hereinafter referred to as "Credit Facility") and this agreement and all the further addendums to the same (if be) shall be governed by the applicable laws (including any subsequent amendments) of India.

1. **To be eligible for Credit Facility, CFR(s) should be:-**

- 1.1 A resident of the Republic of India of at least 18 years old & has full legal capacity to enter into a contract as specified in the Indian Contract Act, 1872 and;
- 1.2 CFR, represents and warrants to the Lender that CFR is not acting on behalf of, or for the benefit of, anyone else and that the details provided by CFR to the Lender are the latest updated details and no incorrect or false information is provided by the CFR, in this context, CFR authorizes the Lender to independently verify CFR's credit rating by disclosing CFR's information to third parties.

2. **DEFINITIONS**

- 2.1 "Application" or "Credit Facility Application" shall mean the on-line request for Credit Facility received from an existing customer;
- 2.2 "Credit Facility" shall refer the amount sanctioned by the Lender on the request made by the CFR(s), it shall have the same meaning as the term "Loan";
- 2.3 "Credit Facility Receiver(s) or CFR(s)" shall refer to the person/entity who shall (s) Apply for the Credit Facility and in further account, the facility shall be disbursed;
- 2.4 "Guarantor(s)" shall be signing this agreement as a guaranteeing party of performance under this agreement, and shall have the primary responsibility (not limited to) for repayments as enumerated in this agreement;
- 2.5 "Memorandum of Understanding" or "MoU" shall mean and refer to a separate written contract entered into by and between the Lender and the Guarantor;
- 2.6 "Sanction Letter" shall mean the letter issued by Lender, sanctioning the total limit of the financial assistance to the CFR(s) and/or the Guarantor(s), on the terms and conditions mentioned therein or as may be amended and informed by the Lender to the CFR(s) and/or the Guarantor(s) from time to time. Each of such amendment will form part and parcel of this Agreement and shall be binding on the CFR(s) and/or the Guarantor(s);
- 2.7 "Service Provider" shall mean and refer to Greenzon Agritech Consultancy Private Limited or "GACPL" who is the authorized Lending Service Provider ("LSP") and Digital Lending Application ("DLA") Service Provider for the Lender and shall assist the Lender for efficient transposing of the Credit Facility to the CFR(s) strictly as per the Lender's policy.

WHEREAS the CFR has requested to the Lender for a Credit Facility for requirements permissible under applicable laws/regulations and upon the request of the CFR, the Lender has agreed to grant Credit Facility upon the mutually agreed terms and conditions herein appearing.

3. **CREDIT FACILITY, DISBURSEMENT, INTEREST, PROCESSING FEES & OTHER CHARGES AND REPAYMENTS**

- 3.1 Subject to the terms and condition contained herein, the Guarantor(s) agrees to guarantee the performance of the borrowed facility from the Lender and the Lender agrees to lend the sum specified in this agreement hereto. The Credit Facility may be disbursed in full or in installment or in such other manner during the Credit Facility tenor as may be requested by the Guarantor(s), that includes the details of the accounts and manner of payment that shall be confirmed in writing by the Guarantor(s), and decided by the Lender. The Credit Facility may be disbursed to such other persons as may be designated by the Guarantor(s). Provided however that disbursement if any made by the Lender to the aforesaid designated persons shall not affect the obligations of the Guarantor(s) in relation to the Credit Facility and such disbursement of the Credit Facility to the designated person(s) shall be deemed to be the Credit Facility granted to and availed by the Guarantor(s) under this Agreement or arrangement. The entire repayment responsibility shall be of the CFR(s) first. In the absence of repayment or non-fulfillment of any obligations under this Agreement by the CFR(s), the responsibilities to fulfill the obligations (including but not limited to repayments) under this Agreement shall be that of the Guarantor(s) under the terms and conditions of this Agreement, as otherwise would have been that of the CFR(s). The Lender reserves the right to change the interest rate during the course of validity period of this Loan Agreement, including but not limited to any revision by the RBI.
- 3.2 The Guarantor(s) shall pay the applicable charges which includes but not limited to the ones mentioned in the Annexure-I and/or Key Fact Statement ("KFS") appended to this Agreement. The interest on the Credit Facility shall be calculated on a daily basis with monthly rests on the outstanding principal amount. The interest on the Credit Facility shall begin to accrue from the date of disbursement. The Guarantor(s) shall repay the Credit Facility along with interest, processing fees and other charges as applicable, on the due dates and in the manner specified in this agreement. The disbursement will be made after deduction of applicable charges & interest.
- 3.3 The Guarantor(s) shall bear and pay to the Lender the fees and charges as specified in the agreement and which would include but shall not be limited to documentation and processing charges (non-refundable), cheque bounce charges, cheque/ECS swap charges (if applicable), additional interest, foreclosure charges and any fees or charges as applicable as per the internal policies of the Lender etc. The Lender shall be entitled to revise the above fees/charges without any notice to the Guarantor(s). The Guarantor(s) shall also bear, pay and reimburse to the Lender, all charges relating to interest tax, service tax, duties (including stamp duty), and taxes (of any description as may be levied from time to time by the government or other authority) and all other cost and expenses whatsoever in connection with (a) Application for and the grant and repayment of Credit Facility (b) Recovery and realization of the Credit Facility together with interest; (c) Enforcement proceedings, if any.
- 3.4 The Credit Facility shall be repayable forthwith on demand, and accordingly, notwithstanding a repayment schedule for the Credit Facility, the Lender shall have the right to be paid forthwith on demand the entire amount outstanding under the Credit Facility along with all other dues, including interest in respect of the Credit Facility.
- 3.5 The Guarantor(s) confirms that it shall not use the Credit Facility (or any part thereof) for any purpose other than the purpose specified in the Application Form, or for any speculative, improper or illegal or unlawful purposes/activities. It is hereby agreed that in the event of two or more Guarantor(s) and/or CFR(s) etc., the liability of the Parties availing the Credit Facility, including but not limited to, to repay the Credit Facility and to fulfill the obligations under the T&C shall be joint and several and co-extensive.
- 3.6 All payment to be made by the Guarantor(s) to the Lender under or pursuant to this T&C shall be made free and clear of and without any deduction for or on account of any tax deduction, so that the Lender receives and retains (without any liability for such deduction) a sum equal to the sum which it would have received had such deduction not been made or required to be made. Goods and Service tax and all other applicable taxes or other statutory levies, if any, will be charged to and payable by the Guarantor(s).
- 3.7 In the event of the Guarantor(s) committing a default in the payment of the interest amounts due hereunder, the Guarantor(s) shall pay additional interest on the principal amounts outstanding under the Credit Facility on the date of such default, at the rate specified in the Sanction letter hereto, with monthly rests or at such periods of rest as the Lender may notify in writing from time to time, from the date of default till the date of payment of all overdue amounts. The payment of additional interest shall not absolve the Guarantor(s) of the obligations under the T&C. Notwithstanding anything contained herein above, the Lender expressly reserves all the other rights and remedies for recovery of outstanding Credit Facility and charges that may accrue to it on any default by the Guarantor(s). The Additional Interest shall be in addition to any other charges, which Guarantor(s) is/are liable to pay to the Lender in terms of the Credit Facility. The Guarantor(s) shall also be liable to pay the interest in advance; however, the Lender not be liable to pay any interest on the interest paid in advance.
- 3.8 Any charges payable under this Agreement as per the T&C may be waived by the Lender at its sole discretion and the decision of the Lender will be final and without any

(Sd/-)

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- recourse by the Guarantor(s)
- 4. EVENT(S) OF DEFAULT AND CONSEQUENCES OF DEFAULT**
- 4.1 An event of default shall be deemed to have occurred if: (a) the Guarantor(s) commits a breach of any of the terms and conditions contained in this agreement; or (b) the Guarantor(s) fails to pay/stop any payment on or before the due dates; or (c) the Guarantor(s) commits any default under any other agreement with the Lender or other bank and financial institution; or (d) it is found that Guarantor(s) has made any misrepresentation to the Lender or if the Guarantor(s) commits an act of insolvency or if the Guarantor(s) is declared insolvent or bankrupt or if a liquidator, receiver or an officer is appointed in respect of any property or estate of the Guarantor(s) or if the Guarantor(s) makes any application for declaring himself to be insolvent or if an application for declaring the Guarantor(s) to be insolvent is made or any order is passed by the competent court or authority for taking the Guarantor(s) into insolvency; or (e) the Guarantor(s) or any partner or director of the Guarantor(s) ceases to carry on the declared profession/business; or (g) there is any change in the status or constitution of the Guarantor(s) and such change is considered by the Lender to be a material change; or (h) there exists any circumstances which in the opinion of the Lender prejudicially affect or may affect the lender's interest or the Guarantor(s)'s ability to repay the Credit Facility. (f) Guarantor(s)/CFR(s) violate the Declarations & Undertaking given under this Agreement.
- 4.2 On the question whether any of the above events has happened, the decision of the Lender shall be conclusive and binding on the Guarantor(s). Upon occurrence of any of the events of default and at any time thereafter, the Lender shall be entitled to declare the outstanding Credit Facility amount as immediately due and payable and whereupon the Guarantor(s) shall pay all the amount due and payable under the Credit Facility and/or the T&C in accordance with the terms of the notice without any further notice or other legal formalities of any kind. Upon the Guarantor(s) failing to make the said payments within the stipulated time, the Lender may, at its sole discretion exercise any right or remedy which may be available to it under the applicable laws.
- 4.3 In case of Invoice Finance facility, the CFR(s) and the Guarantor(s) hereby confirm that the invoice submitted for discounting to the Lender Partner, have not been discounted earlier by any other lender or shall be submitted to any other Lender and if in case any such action is taken by the CFR(s) and/or the Guarantor(s), it shall amount to 'Fraud'. In case of any fraudulent activity done in this context by the Guarantor(s) and/or the CFR(s), they shall be jointly and severally responsible for the same.
- 5. OTHER TERMS AND CONDITIONS**
- 5.1 The Lender shall have a control and lien over all the assets of the Guarantor(s) and a right to set off against any moneys due from the Guarantor(s) and to combine all accounts of the Guarantor(s) for recovery of the Lender.
- 5.2 The Lender shall be entitled at all times and without any notice to the Guarantor(s) to set off and apply other money or monies in the hands of the Lender standing to the credit of or belonging to the Guarantor(s) in or towards payments of any amount at any time being payable to the Lender or towards the outstanding in the said Credit Facility or as otherwise aforesaid and to recover at any time from the Guarantor(s) by suit or otherwise the balance remaining payable to the Lender under the said Credit Facility account(s); or otherwise notwithstanding that all or any of the securities may be outstanding and or may not have been realized.
- 5.3 The Guarantor(s) shall not directly or indirectly assign or transfer all or any of its rights, benefits or obligations under the T&C and/or the Credit Facility. The Lender may, at any time, without any consent of or reference to the Guarantor(s) be entitled to sell, assign, securitize, novate or transfer all or any of its rights, benefits and obligations under this T&C to any person or organization in whole or in parts and in such manner and on such terms and conditions as the Lender may decide and any such sale, assignment or transfer shall conclusively bind the Guarantor(s).
- 5.4 The Guarantor(s) expressly recognizes and accepts that the Lender shall have full power and authority to appoint one or more third parties of the Lender's choice to verify any fact or information furnished by the Guarantor(s) and/or to transfer or delegate to such third parties the right and authority to take all such steps as are necessary for the Lender to take in order to recover/receive amounts due to the Lender or collect on behalf of the Lender all unpaid amounts under the Credit Facility, attend the office or residence of the Guarantor(s), receive the amounts due, and generally perform all lawful acts as the third party may consider appropriate for such purposes.
- 5.5 As a pre-condition to the Credit Facility given/granted to be granted/given to the Guarantor(s), the Guarantor(s) consents, agrees and authorizes the Lender exchange, share disclosure or part with all the information and details relating to the Guarantor(s), information and data of any Credit Facility availed by the Guarantor(s) and/or information and data relating to any default, if any committed by the Guarantor(s) in discharge of Guarantor(s)'s obligations and/or repayment history of the Credit Facility to any business entity with whom the Lender has or may have any business tie-up in future, banks, financial institutions, Credit Information Bureau (India) Limited and / or any other credit bureaus, agencies, statutory bodies etc. as may be required or as the Lender may deem fit. The Guarantor(s) acknowledges that the Credit Bureaus and any other agency so authorized may use and process the said information and data disclosed by the Lender in the manner as deemed fit by it/them. Further, the Guarantor(s) also confirms and permits Credit Bureaus to furnish for consideration the processed information and data or product thereof prepared by banks / financial institutions and / or any other credit grantors or registered users as may be specified by Reserve Bank of India in that behalf.
- 5.6 The Guarantor(s) hereby consents to the Lender, its officers and agents, disclosing information relating to the Guarantor(s) and Guarantor(s) Credit Facility accounts and/or dealing relationship(s) with the Lender including but not limited to details of any facilities, any security taken, transactions undertaken and balances positions with the Lender to: (i) Professional advisors and service providers of the Lender (ii) Any actual or potential assignee/novatee, transferee, participant or sub-participant in relation to any of the lender's right or obligation under any agreement, (iii) Any rating agency, insurer or direct or indirect provider of credit protection or financial support for purposes in connection with services provided to or be provided by the Lender.
- 6. ARBITRATION & JURISDICTION**
- 6.1 All disputes, differences and/or claims arising out of or in relation to this T&C shall be settled by arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996 or any statutory amendments thereof and the same shall be referred to the arbitration by a sole arbitrator to be nominated / appointed by the Lender. The arbitrator may lay down from time to time the procedure to be followed by him in conducting arbitration proceedings and shall conduct arbitration proceedings in such manner as he considers appropriate and the awards given by him shall be final and binding on both the parties. The arbitration proceedings shall be held at Mumbai. Subject to the arbitration clause contained herein, the competent courts at Mumbai shall have exclusive jurisdiction over any matter or legal proceedings arising out of or in relation to this T&C. This shall not however limit the rights of the Lender to initiate proceedings in any other Court of Law or Tribunal of competent jurisdiction.
- 7. MISCELLANEOUS**
- 7.1 If any term or provision of this Agreement is declared invalid by a Court of competent jurisdiction, the remaining terms and provisions of this Agreement shall remain unimpaired and be in full force and effect.
- 7.2 That the Guarantor(s) have full power, capacity and authority to execute, deliver and perform the T&C under this Agreement and have taken all necessary action (corporate, statutory or otherwise) for the authorization, execution, delivery and performance of the T&C under this Agreement.
- 7.3 No delay or omission to exercise any right, power or remedy accruing to the Lender upon any breach or default of the Guarantor(s) under this T&C shall impair any such right, power or remedy of the Lender, nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default. The rights and remedies provided to the Lender in the T&C are cumulative and not exclusive of any rights or remedies provided by law.
- 7.4 Any notice to be served by the Lender to the Guarantor(s) in pursuance of this T&C shall be served in writing upon the addresses mentioned in the Sanction letter. Any written notice to be sent to the Lender by the Guarantor(s) shall be sent by registered/prepaid post to the branch address mentioned in the Sanction letter. The Guarantor(s) shall notify the Lender in writing of any change in his address within a week of the change. The Sanction letter shall form an integral part of this T&C, as though the provisions thereof are set out herein.
- 7.5 The Guarantor(s) acknowledges that all details in the T&C has been read and understood by him, including the privacy policy, and other material available at the website of the Lender & he/she unconditionally agree to abide by the terms and conditions, privacy policy and other binding material contained on the website of the Lender. The Guarantor(s) also acknowledge that the aforesaid terms and condition and other documents has been explained to the Guarantor(s) in the language understood by the Guarantor(s) and the Guarantor(s) has understood the entire meaning of the terms and conditions.
- 7.6 The Guarantor(s) hereby represent and warrant the genuineness of the signatures of the Guarantor(s) and/or the authorized signatories of the Guarantor(s), or each of the Guarantor(s) and/or the Guarantor in the event of there being more than one Guarantor(s) and/or the CFR(s), as the case may be. The Guarantor(s) hereby confirms that this Agreement shall be signed by electronic and/or non-electronic means and his/her signature in the "SIGNATURES" portion, or any other part of the document shall constitute a valid acknowledgment of responsibilities, obligations and terms and conditions stated in all the pages of this Agreement (including schedules & Annexures) Lender's signature in this Loan Agreement is not mandatory.
- 7.7 The Guarantor(s) and the CFR(s) hereby consents that, the Lender shall use the electronic/non-electronic data keeping mechanisms, including but not limited to official recordings (audio and visual) or other medium. This shall in no manner or nature whatsoever shall constitute any breach of privacy under any law.
- 7.8 **Overriding Effect:** In the event of any conflict between the terms, conditions and provisions of this T&C and any agreement or documents attached thereto or referred to herein and the Sanction Letter, then in such event, the terms, conditions and provisions of this T&C and any agreement or documents attached thereto or referred to herein shall prevail.
- 7.9 Guarantor(s) agrees that he/she: (i) Will utilize the entire Credit Facility for the required purpose; (ii) Will promptly notify any event or circumstances that might cause a delay in the completion of this agreement; (iii) Will provide accurate and true information; (iv) Will repay the required Lended amount without any failure; (v) Will duly perform all the

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terms and conditions provided under this Credit Facility agreement, (vii) Has not provided any information which is incorrect or materially impacts the decision of the Lender to either register him/her or permits to lend him/her through the website of the Lender, (viii) Confirms that all types of communication and cash transactions with Lender(s) will have been done online via an online platform provided by Lender, unless otherwise agreed.

7.10 Counterpart: The parties hereby agree that this Agreement shall be executed in two or more counterparts, each shall individually be recognized as a valid and binding agreement and together, it shall constitute a whole legally valid and binding agreement.

1. ANNEXURE- I (CREDIT FACILITY APPLICATION FORM)

Details of Applicant	Date: 16/11/2023
Applicant Name	Vijaya Sai Traders
PAN No	ADSPK7457L
DOB	09/10/1962
Phone Number	9445332369
Marital Status	Not Applicable
Nationality	Not Applicable
Email Id	kallambrothersguntur@gmail.com
Gender	Not Applicable
Applicant Address	2-14-117/62/1, 3rd Lane Extension, Syamaia Nagar, Guntur, Andhra Pradesh- 522008
Loan Product name	Invoice Financing - Dual Borrower
Loan ID	KFCPLVF0151
Application Charges	As Applicable

2. DISBURSEMENT DETAILS

Details of Bank Account (For Disbursements)	
Bank Name	Kanar Vysya Bank
IFSC Code / Branch Name	KVBL0004896
Account Number	4895135000000624

3. DECLARATIONS & UNDERTAKING.

3.1 I/We declare & undertake that,

3.1.1 I/We (1) have given all information (verbal & written) that is true, correct and complete and up to date in all respects without withholding any information & will provide the Lender with any additional information required to be given if need arises (eg. change in residence/employment etc.) (2) have no objection with Lender procuring our personal information from other sources/agents. (3) Authorize Lender to procure my/our PAN/copy of my/our PAN Card, other identity proof and bank account details from time to time, exchange, part with/share all information relating to my/our Credit Facility details and repayment history with other banks/financial institutions/CIBIL etc. and periodically obtain / generate CIBIL, CRIF, Experian, Hunter and such other reports as may be required and I/we shall not hold the Lender liable for use of this information (4) waive the privilege of privacy and privity of contract and give consent to the Lender to deal with the information (written or otherwise, including but not limited to repayment history, borrowings, outstanding amounts etc.) in relation to facility availed & share it with its other branches/ subsidiaries/ affiliates/ Credit Bureaus authorized by RBI (Credit Information Bureau India Ltd)/ Rating Agencies/ Service Providers, banks/ financial institutions, governmental/ regulatory authorities or third parties for information verification, third parties for E-KYC & C-KYC verification, third parties for office and residence verification, credit risk analysis, or for other related purposes that the Lender may deem fit. (5) have no insolvency/criminal/legal proceedings against us. (6) confirm that no advance shall be used for anti-social purposes or speculative purposes or for money laundering activities or for any purpose other than the purpose for which the Credit Facility is sanctioned. (7) have not made any payment in cash, bearer's cheques or by any other mode in connection with this Application Form to the person collecting my/our Application Form and shall not hold Lender's employees/representatives/agents/service providers liable for any such payment made by us to the person collecting this Application Form. (8) consent to receive communications through telephonic calls, or SMS or WhatsApp on my mobile number given in this Application from the Lender and confirm that laws in relation to the unsolicited communications referred in "National Do Not Call Registry"/ "NDNC Registry" as laid down by TELECOM REGULATORY AUTHORITY OF INDIA will not be applicable for such communication/calls/SMS received (9) acknowledge that the Lender does not in any manner make any representation, promise, statement or endorsement in respect of any other product of services which may be provided by the Lender and will not be responsible or liable in any manner whatsoever for the same. (10) confirm that the Lender be entitled to take such legal action as it may deem fit, upon occurrence of any of the Events of Default as set out and agreed by me/us in this Agreement. (11) are aware that if above Declarations turn/undertaking are found to be fraudulent/ non-compliant the Lender has the right to forthwith reject this Credit Facility application, cancel / revoke any sanction or further draw-downs or recall any Credit Facility granted at any stage of processing the application, without assigning any reason whatsoever and the Lender its employees/ representatives/ agents / service providers shall not be responsible/liable in any manner whatsoever to me/us for such rejection or any delay in notifying me/us of such rejection (including for any payments which may have been made by me to any vendor/ service provider prior to cancellation) (12) affirm that the contents of this form have been explained to me/us in my/our mother tongue and I/We am/are signing this form only after understanding and accepting all terms and conditions. (13) consent that single "Signature" at one place in the agreement shall constitute an acknowledgment/acceptance of all the T&C contained in all the pages of the Agreement (including schedules & Annexures).

4. SIGNATURES

4.1 [The signature(s) done below, or any other portion of the document constitute a valid acknowledgement of all the T&C(s) stated in all the pages of the Agreement (including schedules & Annexures)]

4.2 NOTES: Charges & deductions applicable to this Credit Facility have been explained to me/us. I/we confirm the receipt of General Terms & Conditions governing this Credit Facility, which have been signed by me/us in acceptance and a copy of which has been provided to me/us and confirm that the Facility granted by on above terms will also be governed by aforesaid General Terms and Conditions and my Credit Facility Application:

CFR's Name & Signature	Vijaya Sai Traders	Signature Signed by: Mr. Kallam Srinivasa Reddy Signed using Aadhaar (Signature) Date: 2023-11-16 17:04:37 IST
Guarantor(s) Names & Signatures	Kallam Brothers Cottons Private Limited	Signature(s) Signed by: Mr. Kallam Reddy Kallam Signed using Aadhaar (Signature) Date: 2023-11-16 17:14:12 IST

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5. DECLARATION

5.1 To whomsoever it may concern,
 I/We do hereby confirm that I/we (Kallam Brothers Cottons Private Limited and Vijaya Sai Traders) require a credit line which has been approved for a limit of INR Rs. 3,00,00,000 (Three Crores) by the Lender. I/we assure also herein that the any amount requested against this credit line will be debited to Bank Accounts mentioned in this agreement under the "Disbursement Details" I have signed all the Credit Facility documents after being explained all the terms and conditions by the representative of your company without any undue influence or pressure.

Signed and Delivered by the Lender hereunder

Lender(s) through its Authorized signatory

ANNEXURE - B (KEY FACT STATEMENT - "KFS")

Sr. No.	Parameter	Details
1.	Sanction Loan amount (in Rupees)	RS 3,00,00,000 (Rupees Three Crores Only)
2.	Loan Tenure	12 Months
3.	Interest Rate (p.a.)	15.5%
4.	Interest Period	90 Days from Withdrawal request and Repayment
5.	Interest Method	Daily Rest
6.	Time and Payment Alert to Loan Borrower(s)	Debitted upon/ At the time of principal repayment
7.	Mode of Disbursal	Online Transfer
8.	Processing fees	0% of Sanction Loan Amount + GST, as applicable
9.	Stamp paper charges	Rs. 500/- (The Borrower(s) shall be liable for any additional stamp duty to be paid in case of any defaults & also for legal expenses present and future in case of a default)
10.	Mode of Loan Repayment	Through POC / NACH (in favour of Lender/Service Provider) / E-NACH mandate or online transfer
11.	Foreclosure Charges	Nil
12.	Principal Repayment Frequency	Bullet after 90 Days
13.	Default/Overdue interest	2% per month
14.	Collection Method for Processing fees, Platform Fee and all other charges	Debitted upfront before disbursement (incl. Taxes)
15.	Rewards	0.5% and other Taxes applicable on Processing Fee and Platform fee as per taxation laws
16.	Any other charges	Not Applicable
17.	APRI - Effective annualized interest rate (in percentage) (computed on net disbursed amount using IRR approach and reducing balance method)	16.82%
18.	Charges for underutilization and non-utilization of facility	+75% - No Charges 50% - 75% - 0.5% per annum of unutilized limit 25% - 50% - 1% per annum of unutilized limit +25% - 2% per annum of unutilized limit
19.	Cooling Off period	7 (Seven) Days
20.	Details of LSP acting as recovery agent and authorized to approach the Borrower	Greenzon Agritech Consultancy Pvt. Ltd
21.	Name, designation, address and phone number of local grievance redressal officer designated specifically to deal with FinTech digital lending related complaints/issues	Mrs. Divya George (Senior Manager- Legal & Compliance) Greenzon Agritech Consultancy Pvt Ltd (Jai Kisan) Address: 7th Floor, Office No. 711 Trade Center, Bandra Kurla Complex 209 Kurla, Bandra East, Mumbai, MAHARASHTRA - 400011 Mobile No: +91 9649264029 Email: divya.george@jai-kisan.com Time: Available from Monday-Saturday (09:00 - 18:00)
22.	Details of LSP's website and privacy policies pertaining to the Borrower	Website: www.jai-kisan.com www. www.gai-kisan.com The privacy policy is incorporated here by reference
23.	Recovery mechanism: Terms and Conditions	Strictly as per the guidelines of the RBI and the applicable laws, the Lender shall be authorized to do the following, in case of default of the Borrower(s)/Guarantor(s) etc. and for the recovery of the defaulted amounts (including charges and applicable interests etc.): 1. Contacting the Borrower(s)/Guarantor(s) etc. through electronic/non-electronic mediums 2. Resort to legal remedies, including but not limited to litigation, quasi-judicial, Alternate Dispute Resolution, non-judicial, any other legal remedy for recovery of the amount under its rights as established by law
24.	Borrower(s) shall not be charged any penalty on prepayment of loan at any time	Not Applicable
25.	Other charges (if any)	Not Applicable

PART-B: GUARANTOR'S COVENANT

This Credit Facility Agreement shall be executed in 2 (Two) Parts, Namely, "PART-A" and "PART-B" ("Parts"). The CFR(s) and the Guarantor(s) agree that "PART-A" and "PART-B" shall constitute the entire Document and separate signatures/acknowledgments of the Facility receiver(s) and the Guarantor(s), on individual pages of both the "Parts" of the Agreement is not a mandate. The signature(s) done in the "SIGNATURES" portion of the Agreement or any other portion of the document constitutes a valid acknowledgment of the entire Agreement (including schedules & Annexures). The Facility Receiver(s) and the Guarantor(s) confirm that, the Guarantor(s) shall be the Credit Facility Guarantor(s) for all the CFR(s) as mentioned in Annexure-B as mentioned in "PART-B" of this Loan Agreement.

The Guarantor(s) hereby confirms as mentioned: - (1) All the eligibility criterion(s) under PART-A is hereby adhered by the Guarantor(s) (2) All the Terms & Conditions, Rights & Obligations and other details under PART-A have been read and understood and hereby confirmed, acknowledged and agreed in toto. (3) This Covenant is being signed with a free consent and in full consciousness. (4) The Guarantee is being given for the Loan Accounts as mentioned in Annexure-B

Signed by: Mr. Kallam Srinivasa Reddy
 e-Signed using Aadhaar (Sign an)
 Date: 2023-11-18 17:04:32 IST

Signed by: Mr. Nagi Reddy Kallam
 e-Signed using Aadhaar (Sign an)
 Date: 2023-11-18 14:12:15 IST

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ANNEXURE - B

Sr. No.	Name of the CFR(s)	Loan Account No.	Additional Details
1	Vijaya Sai Traders	KFCPLVF0161	

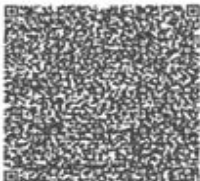
VORNA/IN AR/CFR/ GUARANTOR FORMAT

(iii) From the above CFA, it is noted that at the request of the aforesaid suppliers, the Applicant has provided invoice financing facilities to these suppliers of cotton, for which the Corporate Debtor, who is purchaser of the cotton of these invoices, has

stood as guarantor and undertook to repay the amount to the Applicant.

- (iv) The Applicant has also enclosed the copy of one sample invoice issued by each of the aforesaid three suppliers and one of such invoices is reproduced below:

Tax Invoice e-Invoice



IRN : 6e57dcf46a20d1421d17298f13d549bced8066d1-ef344a244796a588b8207dfd
 Ack No. : 112419306789788
 Ack Date : 22-Feb-24

VIJAYA SAI TRADERS 3RD LINE EXTN SYAMALA NAGAR GUNTUR Andhra Pradesh - 522006, India GSTIN/UIN: 37ADSPK7457L1ZM State Name : Andhra Pradesh, Code : 37 Contact : 9866308399,9866308399	Invoice No. e-Way Bill No. Dated VST02-24L5078 131807336362 22-Feb-24 Delivery Note Mode/Terms of Payment 90 Days Reference No. & Date. Other References Buyer's Order No. Dated Dispatch Doc No. Delivery Note Date Dispatched through Destination Lorry Dhulipalla Bill of Lading/LR-RR No. Motor Vehicle No. AP07TE2529 Terms of Delivery This Invoice is Being Discounted by Kushal Finnovation Capital Pvt Ltd., And No Other Lender This Invoice is Being Discounted for A Period of 90 Days
Consignee (Ship to) Kallam Brothers Cottons Pvt Ltd(Spinning) S.Y.No.160B Dhulipalla Village Sattenapalli Mandal PALNADU DIST Andhra Pradesh - 522412, India GSTIN/UIN : 37AACCK1510A1ZC State Name : Andhra Pradesh, Code : 37	Buyer (Bill to) Kallam Brothers Cottons Pvt Ltd(Spinning) S.Y.No.160B Dhulipalla Village Sattenapalli Mandal PALNADU DIST Andhra Pradesh - 522412, India GSTIN/UIN : 37AACCK1510A1ZC State Name : Andhra Pradesh, Code : 37

Mats & Nos/ Container No.	No. & Kind of PKGS.	Description of Goods	HSN/SAC	Quantity	Rate per	Amount
	150 NOS. of Cotton Lint Bales	Cotton Lint Rate @ 55100/- Per Candy Quality: Mcu-5	52010011	251.10 qtl	15,494.12 qtl	38,90,573.53
C.G.S.T.PAYABLE						97,264.34
S.G.S.T.PAYABLE						97,264.34
Less :						(-)0.21
Total						₹ 40,85,102.00

or Kallam Brothers Cottons (P) Ltd

 Authorised Signatory

Amount Chargeable (in words)
INR Forty Lakh Eighty Five Thousand One Hundred Two Only
 E. & O.E


HSN/SAC	Taxable Value	CGST		SGST/UTGST		Total Tax Amount
		Rate	Amount	Rate	Amount	
52010011	38,90,573.53	2.50%	97,264.34	2.50%	97,264.34	1,94,528.68
Total			38,90,573.53		97,264.34	97,264.34

Tax Amount (in words) : **INR One Lakh Ninety Four Thousand Five Hundred Twenty Eight and Sixty Eight paise Only**
For VIJAYA SAI TRADERS

Declaration
 We declare that this invoice shows the actual price of the goods described and that all particulars are true and correct.

Prepared by _____ Verified _____
 PROPRIETOR

This is a Computer Generated Invoice



- (v) It is noted from the above invoice that the invoice has been discounted by the Applicant for a period of 90 days. Therefore, from the clauses of the CFA and the invoice, it is clear that the credit facility granted by the Applicant is in the nature of the bill discounting.
- (vi) The 'financial debt' has been defined under sub-section 8 of Section 5 of the IBC as below:

“(8) “financial debt” means a debt along with interest, if any, which is disbursed against the consideration for the time value of money and includes—

- (a) money borrowed against the payment of interest;
- (b) any amount raised by acceptance under any acceptance credit facility or its dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which is deemed as a finance or capital lease under the Indian Accounting Standards or such other accounting standards as may be prescribed;
- (e) receivables sold or discounted other than any receivables sold on non-recourse basis;
- (f) any amount raised under any other transaction, including any forward sale or purchase agreement, having the commercial effect of a borrowing;

Explanation.-For the purposes of this sub-clause, -

- (i) any amount raised from an allottee under a real estate project shall be deemed to be an amount having the commercial effect of a borrowing; and
- (ii) the expressions, “allottee” and “real estate project” shall have the meanings respectively assigned to them in clauses (d) and (zn) of section 2 of the Real Estate (Regulation and Development) Act, 2016 (16 of 2016);

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price and for calculating the value of any derivative transaction, only the market value of such transaction shall be taken into account;

(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, documentary letter of credit or any other instrument issued by a bank or financial institution;

(i) the amount of any liability in respect of any of the guarantee or indemnity for any of the items referred to in sub-clauses (a) to (h) of this clause.”

(vii) On perusal of the above definition, we need to examine whether the aforesaid transaction falls clause (e) of sub-section 8 of Section 5 of the IBC i.e. “a debt along with interest, if any, which is disbursed against the consideration for the time value of money and includes receivables sold or discounted other than any receivables sold on non-recourse basis.”

(viii) As per the Webster dictionary, the term non-recourse basis has been defined as below:

“of, relating to, or being a debt whose satisfaction may be obtained on default only out of the particular collateral given and not out of the debtor's other assets.”

(ix) It has been clarified by the Applicant in this IA as well as vide the letter dated 28.11.2025 (page 95-99 of the IA) that in terms of clause 5.1 of the CFA, it has security interest and assets financed (i.e. cotton and related receivables) form the basis of security interest. The relevant extracts of the above letter are reproduced below:

2. As per Clause 5.1 of the Loan Agreement, we have been expressly granted the right to hold a lien over the goods and assets financed under the facility. This contractual right places our exposure in the category of secured lending, as the facility is intrinsically linked to identifiable goods and receivables arising from the underlying transactions.
 3. It is also important to highlight that this facility is structured as Supply Chain Financing, which is fundamentally different from general working capital loans. In supply chain finance, the lender's security is directly tied to the specific goods or trade flows being financed—in this case, the purchase of cotton. In this present matter, the supply financing was financed by the lender (Financial Creditor) to Kallam Cotton Brothers Private Limited (Corporate Debtor) to pay the suppliers for the purchase of cotton which was to be supplied by the suppliers. A sample invoice is attached hereto as Annexure A.
 4. The facility was disbursed exclusively for this defined business/trade purpose, and the assets financed (i.e., the cotton and related receivables) form the basis of our security interest. The same is stated in clause 5.1 of the Credit Facility Agreement as well.
- (x) In view of the above clarification, the debt of the Applicant would fall under the category of 'non-recourse basis' and thus cannot be said to fall within the definition of the 'financial debt' and therefore may either fall under 'operational debt' or 'other debt'
- (xi) However, the Hon'ble NCLAT in the matter of **Canbank Factors Limited v. Brijesh Singh Bhaduria & Anr. (Supra)** has held that the debt would be an operational debt coming within the meaning of Section 5(21) of the Code, having arisen from the Corporate Debtor's procurement of goods from its suppliers during the ordinary course of business operations. The relevant extracts of the above Judgement is reproduced below:

“29., the Appellant, acting as the 'Factor', acquires invoices raised by suppliers on their respective buyers and advances payments to such suppliers against those invoices. The Appellant then assumes the responsibility of recovering the corresponding amounts directly from the buyers, thereby providing

liquidity to suppliers while undertaking the collection risk associated with such receivables. The core dispute revolves around the characterization of the debt while the Appellant claims status as a 'Financial Creditor' under Section 5(8) of the Code and the Respondents maintain that the underlying transaction represents an operational debt under Section 5(21) of the Code, being essentially an assignment of trade receivables arising from supply of goods.

30. We observe that the debt claimed by the Appellant arises out of the discounting of trade receivables originally payable by the Corporate Debtor to its suppliers for goods received in the ordinary course of business. the Appellant, acting as a Factor, purchased such receivables by paying the suppliers upfront, thereby stepping into their shoes for the limited purpose of recovery of dues from the Corporate Debtor. The entire basis of the Appellant's claim stems from trade payables owed by the Corporate Debtor to its suppliers debts that are squarely operational in nature as per the definition under Section 5(21) of the Code. The mere assignment of such operational debts to a third party, including a financial institution or factor, does not convert the nature of the debt into a financial debt. As defined under Section 5(8) of the Code, a "financial debt" involves disbursement against the consideration for the time value of money, such as loans, debentures, bonds, etc. In the present case, the transaction in question does not involve any loan or disbursement made to the Corporate Debtor..... The Appellant merely stepped into finance the suppliers, and any recovery from the Corporate Debtor was in lieu of its operational dues payable to said suppliers. The debt that arose in the above-mentioned transactions between the Corporate Debtor and the Supplier are for the purchase of goods in the normal course of business of the Corporate Debtor, and therefore according to the definition of the Operational Debt given under Section 5(21) of the Code, the debt is Operational in nature.”

- (xii) In view of the aforesaid discussions, we are of the considered view that the debt claimed by the Financial Creditor is an 'operational debt'.

10. The next issue for our consideration is “**Whether there exists any security interest of the Applicant**”.

- (i) The Applicant relying on clause 5.1 of the CFA has claimed to have security interest with effect from the date of CFA i.e. 16.11.2023, however, the R-1 contends that the charge as claimed by the Applicant has not been registered under Section 77 of the CA, 2013 and an unregistered agreement cannot convert an unsecured creditor into a secured creditor. Further, HDFC Bank and Axis Bank hold prior charge over the assets of the Corporate Debtor.
- (ii) Refuting to the R-1's contention, the Applicant has contended that the Hon'ble NCLAT has observed that while Regulation 21 of Liquidation Regulations prescribes evidences for proving the "security interest", no such corresponding provision has been included in CIRP Regulations.
- (iii) The effect of registration of charge is that it is a public notice in rem about the creation of the charge and all future charges created would be subject to the terms and condition of the existing charges already registered. Thus, even if we assume the contention of the Applicant to be tenable, the charge created vide CFA dated 16.11.2023 would be subject to terms and conditions of the charges registered before that date.
- (iv) As per the Master Data available on the website of the Ministry of Corporate Affairs, the Index of charges of the Corporate Debtor is as below:

Index of Charges

Sr. No	SRN	Charge Id	Charge Holder Name	Date of Creation	Date of Modification	Date of Satisfaction	Amount	Address	Whether charge registered by other entity	Asset Holder Name
1	AA1908556	100701029	HDFC BANK LIMITED	29/03/2023	-	-	43,80,00,000	HDFC BANK HOUSESENAPATI BAPAT MARG,LOWER PAREL W,Mumbai, Mumbai, Maharashtra, India, 400013	No	-
2	T74225426	100545481	HDFC BANK LIMITED	13/12/2021	-	-	20,39,998	HDFC BANK HOUSE,SENAPATI BAPAT MARG, LOWER PAREL (W),MUMBAI, Maharashtra, India, 400013	No	-
3	AA1908241	100463993	HDFC BANK LIMITED	23/06/2021	29/03/2023	-	33,80,00,000	HDFC BANK HOUSESENAPATI BAPAT MARG,LOWER PAREL W,Mumbai, Mumbai, Maharashtra, India, 400013	No	-
4	T09096066	100404026	AXIS BANK LIMITED	19/12/2020	09/03/2021	-	2,68,00,000	5-25-92, 3/7 BRODIPET,GUNTUR,GUNTUR, Andhra Pradesh, India, 522002	No	-
5	R66156779	100338025	STATE BANK OF INDIA	03/04/2020	-	05/10/2020	3,00,00,000	Industrial Finance Branch,Kannavarithota,Guntur, Andhra Pradesh, India, 522004	No	-
6	R33630856	100255612	Axis Bank Limited	18/04/2019	-	14/02/2020	5,00,00,000	"Trishul", 3rd Floor, Opp to Samartheshwar Temple, Law Garden, Ellis Bridge,Ahmedabad, Gujarat, India, 380006	No	-
7	R39775424	100239304	KOTAK MAHINDRA BANK LIMITED	25/01/2019	-	13/02/2020	10,00,00,000	27BKC, C 27, G Block,Bandra Kurla Complex, Bandra (E), Mumbai, , India, 400051	No	-
8	B73994774	10200510	AXIS BANK	22/01/2010	07/01/2011	15/04/2013	60,00,000	1st Floor,PR Raju Plaza,11-1- 11,Naaz Center,Guntur, Andhra Pradesh, India, 522001	No	-
9	AA1080450	10142692	AXIS BANK LIMITED	28/01/2009	30/09/2022	-	89,52,00,000	5-25-92, 3/7 BRODIPET,GUNTUR,Guntur, Guntur, Andhra Pradesh, India, 522002	No	-
10	T31510811	10010566	State Bank of India	19/05/2006	20/01/2021	17/07/2021	1,03,39,00,000	Industrial Finance Branch,Kannavarithota,Guntur, Andhra Pradesh, India, 522004	No	-
11	A01039817	90130285	THE VYSYA BANK LTD	14/05/2003	01/01/2005	17/05/2006	0	4/1,ARUNDELPET,GUNTUR, Andhra Pradesh, India,	No	-
12	T96606934	90258679	INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LTD.	30/01/2001	31/05/2004	11/04/2022	81,00,000	CORE-4 A; EAST COURT,1ST FLOOR; INDIA HABITAT CENTRE; LODI ROAD,NEW DELHI, Delhi, India, 110003	No	-
13	T96605811	90258596	INDIAN RENEWABLE ENERGY DEVELOPMENT AGENCY LTD.	03/03/2000	31/05/2004	11/04/2022	4,32,00,000	CORE-4 A; EAST COURT,1ST FLOOR; INDIA HABITAT CENTRE; LODI ROAD,NEW DELHI, Delhi, India, 110003	No	-

- (v) It is noted that the CFA was entered into 16.11.2023, and the default start date in Form-C filed by the Applicant has been stated to be 11.03.2024, however the charge would crystallise only when after the issuance of notice of default has been served on the Applicant in terms of clause 4.2 of the CFA and no such notice has been annexed with the IA.
- (vi) As per the Master Data available on the website of the Ministry of Corporate Affairs, the Directors/ Signatory details of the Corporate Debtors are as below:

Director/Signatory Details

Sr. No	DIN/PAN	Name	Designation	Category	Date of Appointment	Cessation Date	Signatory
1	00057641	SAMBI REDDY POLURI	Director	Promoter	03/04/2003	-	Yes
2	00057613	NAGI REDDY KALLAM	Managing Director	Promoter	27/03/2003	-	Yes
3	00057629	SRINIVASA REDDY KALLAM	Managing Director	Promoter	03/04/2003	-	Yes
4	07486089	PRAVEEN KUMAR REDDY POLURI	Director	Promoter	18/04/2016	-	Yes

- (vii) It is further noted that the CFAs were signed on behalf of suppliers namely Sri Lakshmi Traders, Sri Mahalakshmi Enterprises, and Vijaya Sai Traders by Poluri Sambhi Reddy, Nagi Reddy Kallam and Kallam Srinivas Reddy respectively, who were the Director/ Managing Director at the time of execution of the CFA and therefore, may fall under the category of related party to the Corporate Debtor.

11. The Applicant has contended that the RP has already classified *the* debt as a financial debt in terms of the CFAs executed between the

Applicant and the Corporate Debtor and thus, cannot seek or get relief in this IA. The Applicant has also contended that that without any amendment to the plaint, the Court is not entitled to grant any relief, which has not been asked and therefore, the scope of the present IA is limited to classification of the financial creditor from “secured” to “unsecured”. In this regard, the R-1 in his Counter has submitted that he is re-examining the nature of the claim of the Applicant and other creditors and will file a revised CoC constitution and revised list of creditors before this Adjudicating Authority, if any changes are made. In view of the above submission of the R-1, we are not inclined to pass any Order in this IA.

12. In view of the foregoing discussions and the submissions made by the RP regarding re-examination of the nature and categorisation of the Applicant’s claim, the issue is left open for consideration by the RP. The RP shall take an appropriate decision in accordance with law. **Accordingly, IA (BC)/79/2026 stands disposed of.**

Sd/-
(Umesh Kumar Shukla)
Member (Technical)

Sd/-
(Kishore Vemulapalli)
Member (Judicial)

Shankar/ RSN