S.No.1

IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – 1
VC AND PHYSICAL (HYBRID) MODE
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
19-08-2026 After Court-II

CP (IB) No. 51/7/HDB/2026
u/s. 7 of IBC

IN THE MATTER OF:

M/s. Union Bank of India **…Petitioner/s**

Vs

M/s. Andhra Pradesh Gas Power Corporation Ltd., **…Respondent/s**

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

O R D E R

Order pronounced. Recorded vide separate sheets.

In the result, this CP (IB) No. 51/7/HDB/2026 is allowed.

Sd/-
MEMBER (T)

Sd/-
MEMBER (J)

Apoorva

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

COMPANY PETITION (IB) NO. 51/7/HDB/2026

IN THE MATTER OF ANDHRA PRADESH GAS POWER CORPORATION LIMITED

BETWEEN

UNION BANK OF INDIA
Head Office: 239, Vidhan Bhavan Marg, Nariman Point
Mumbai, Maharashtra – 400021
Branch at: Stressed Assets Management Branch
4th Floor Andhra Bank Building
Sultan Bazar Koti, Hyderabad – 500095

... FINANCIAL CREDITOR

VERSUS

ANDHRA PRADESH GAS POWER CORPORATION LIMITED
Regd. Office: 201, 2nd Floor, My Home Sarovar Plaza, Secretariat Road
Hyderabad – 500063

... CORPORATE DEBTOR

Date of Order: 19.08.2026

CORAM:
SHRI. RAJEEV BHARDWAJ, HON'BLE MEMBER (JUDICIAL)
SHRI. SANJAY PURI, HON'BLE MEMBER (TECHNICAL)

COUNSELS:
For the Applicant: P.B.A. Srinivasan, Barnali Paul, Advocate
For the Respondent: Ms. Sivakumari, Advocate

ORDER

1. The present application is to initiate the corporate insolvency resolution process in respect of Andhra Pradesh Gas Power Corporation Limited under Section 7 of the Insolvency and Bankruptcy Code[1], 2016

Petition:

2. The present application has been instituted through Mr. Srinivas Reddy, Chief Manager, who is stated to be duly authorised to institute and pursue the present proceedings on behalf of the Applicant Bank by virtue of the Power of Attorney[2].

3. It is the case of the Applicant that it had, from time to time, sanctioned various credit facilities, including Open Cash Credit and Bank Guarantee/Letter of Credit facilities, in favour of the Corporate Debtor, which were duly availed of. In support thereof, reliance has been placed on the Sanction Letters, including the Sanction Letter dated 20.10.2009[3], the Composite Agreement dated 16.09.2009[4] and the other loan documentation executed between the parties.

4. It is further the case of the Applicant that the Corporate Debtor executed various security documents in its favour, namely, Demand Promissory Notes, Counter Guarantees, Omnibus Counter Indemnity, Letter of Continuity, Letter of Lien and other ancillary instruments. Reliance has also been placed on the Letters of Acknowledgment of Debt dated 29.10.2019, 31.12.2019 and 04.04.2020, whereunder the Corporate Debtor is stated to have acknowledged its subsisting liability.

5. It is submitted that, at the instance of the Corporate Debtor, the Applicant issued Bank Guarantee No.100620IGFIN0017 dated

[1] Code, 2016
[2] Annexure -1
[3] Annexure -15
[4] Annexure -10

12.06.2020 for Rs.27,00,00,000/- and Bank Guarantee No.77900IGL0003222 dated 05.05.2022 for Rs.38,30,00,000/-, both in favour of GAIL (India) Limited. The said Bank Guarantees, according to the Applicant, came to be invoked by the beneficiary and were duly honoured on 30.08.2024. By communication dated 09.09.2024[5], the Applicant is stated to have apprised the Corporate Debtor of the payment made, the adjustment of the fixed deposit amount, and the resultant outstanding balance, calling upon it to reimburse the said sum. The Corporate Debtor, however, failed to make the reimbursement. It is on this basis that the Applicant contends that the liability arising from the Counter Guarantees, the Omnibus Counter Indemnity and the connected security documents constitutes a "financial debt" within the meaning of Section 5(8) of the Code.

6. It is averred that, on account of the aforesaid non-reimbursement, the loan account of the Corporate Debtor was classified as a Non-Performing Asset on 28.11.2024. The Applicant has, in support, placed on record the Record of Default issued by the Information Utility (NeSL)[6]. A legal notice dated 20.12.2024[7] was thereafter issued calling upon the Corporate Debtor to clear the outstanding dues, which notice too remained unanswered. The amount presently claimed is Rs.28,11,89,870/-.

7. It is further stated that the Applicant has, independent of the present proceedings, initiated recovery proceedings before the Debts Recovery Tribunal-II, Hyderabad, being O.A. No.329 of 2025. In support of the present application, the Applicant has also placed on record the Statement of Account certified under the Bankers' Books Evidence Act, 1891, together with the sanction letters, the Composite Agreement, the loan and security documents and the acknowledgments of debt. It is

[5] Annexure -58
[6] Annexure -6
[7] Annexure -59

submitted that the application is well within limitation, the default having occurred on 28.11.2024 and the application having been filed in the year 2025.

8. The Applicant has proposed the name of Mr. K. Vatsa Kumar, bearing Registration No. IBBI/IPA-002/IP-N00922/2019-2020/12980, for appointment as the Interim Resolution Professional, and has placed on record his written consent in Form-2[8], together with an affirmation that no disciplinary proceedings are pending against him. It is stated that the registered office of the Corporate Debtor falls within the territorial jurisdiction of this Adjudicating Authority and that the default exceeds the threshold prescribed under Section 4 of the Code. On this basis, admission of the application and initiation of CIRP against the Corporate Debtor has been prayed for.

Counter:

9. The Respondent submits that the amount of Rs.28,11,89,870/- claimed by the Applicant, with the date of default shown as 29.11.2024, arises out of the Bank Guarantees issued in favour of GAIL (India) Limited, and that the invocation of those very Bank Guarantees is inextricably linked to the disputes concerning disruption in the supply of natural gas by GAIL. It is contended that the said disputes are pending adjudication in arbitration and other proceedings and that, therefore, the alleged liability has neither crystallised nor attained finality so as to qualify as a "financial debt" or "default" within the meaning of Sections 3(11) and 3(12) of the Code.

10. It is further submitted that the Applicant has already instituted recovery proceedings, being O.A. No.329 of 2025, before the Debts Recovery Tribunal-II, Hyderabad, under Section 19 of the Recovery of Debts and

[8] Annexure -4

Bankruptcy Act, 1993, in respect of the very same amount. The Respondent contends that the order dated 25.09.2025 passed therein is merely interlocutory/procedural in nature and does not adjudicate the liability, and that the Applicant cannot simultaneously pursue recovery proceedings and invoke Section 7 of the Code in respect of the same disputed claim.

11. The Respondent has also disputed the reliance placed on the Information Utility record dated 29.08.2025, contending that it is based solely on information furnished unilaterally by the Applicant Bank and was never authenticated by the Respondent, and cannot, therefore, be treated as conclusive proof of default. The correctness of the amount claimed is likewise denied, on the ground that the credit facilities have been renewed, restructured and operated continuously since 2008, and that, in the absence of a mutually reconciled statement of accounts, the liability claimed remains disputed both as to its existence and quantum.

12. While admitting the particulars of its incorporation and corporate status, including incorporation on 31.10.1988, the Respondent has denied that the financial particulars furnished by the Applicant reflect its present financial position, and has stated that the Company has been under severe financial distress owing to circumstances beyond its control.

13. As regards the proposed Interim Resolution Professional, the Respondent has stated that the particulars furnished are a matter of record and has reserved its right to raise objections to the proposed appointment, should occasion arise.

14. It is further submitted that the sanction letters, renewal letters, Demand Promissory Notes, Composite Agreements, Counter Guarantees, acknowledgments of debt and other documents relied upon by the Applicant merely evidence the historical banking relationship between

the parties and do not, without more, establish an undisputed financial debt, particularly when the underlying liability arising from the invocation of the Bank Guarantees is itself under challenge in pending proceedings.

15. It is submitted that the financial distress of the Respondent is attributable to factors beyond its control, in particular the disruption in the supply of natural gas by GAIL (India) Limited, which adversely affected its power generation operations and necessitated a Lay-off Notice dated 01.11.2022, followed by a Closure Notice dated 01.06.2023, resulting in cessation of operations. It is contended that the alleged default was, accordingly, not wilful.

16. It is further submitted that, notwithstanding these operational difficulties, the Respondent continues to be a going concern, Annual General Meetings having been duly conducted in December 2024, and that discussions are underway with prospective investors towards restructuring and revival. Reasonable time is accordingly sought for reconciliation of accounts, completion of restructuring efforts, and adjudication of the disputes pending before the arbitral forum and the Debts Recovery Tribunal.

17. In view of the aforesaid, the Respondent has prayed for dismissal of the application as premature and not maintainable, or, in the alternative, for deferment of further proceedings until reconciliation of accounts is completed and the pending disputes attain finality.

Observation and Analysis:

18. We have heard the learned counsels appearing for the respective parties and have perused the pleadings and documents placed on record.

19. The material on record discloses that the Applicant extended various credit facilities, including Bank Guarantee facilities, to the Corporate Debtor over the years. In support thereof, sanction letters, Demand Promissory Notes, Composite Agreements, Counter Guarantees, Hypothecation Agreements, Letters of Undertaking, Board Resolutions, acknowledgments of debt and other loan and security documents executed between 2008 and 2023 have been placed on record.

20. The execution of the aforesaid documents stands admitted on record. The Respondent has, in its Counter Affidavit, acknowledged the long-standing banker-customer relationship with the Applicant and the availment of Bank Guarantee facilities. As stated by the Applicant, the aggregate amount of such facilities is Rs.65.30 crores[9]. Accordingly, this Adjudicating Authority is satisfied that the relationship between the parties is that of a Financial Creditor and a Corporate Debtor and that the financial facilities extended by the Applicant constitute "financial debt" within the meaning of Section 5(8) of the Code.

21. The record further shows that Bank Guarantee Nos. 100620IGFIN0017 and 77900IGL0003222 came to be invoked by GAIL (India) Limited, pursuant to which the Applicant remitted an aggregate sum of Rs 65.30 crores to the beneficiary on 30.08.2024. After adjustment of the Corporate Debtor's deposits amounting to Rs 39.32 crores, a sum of ₹26,00,16,083/- remained outstanding[10].

22. By its communication dated 09.09.2024[11], the Applicant called upon the Corporate Debtor to discharge the outstanding dues together with applicable interest, cautioning that the account would be classified as NPA upon expiry of 90 days from the date of invocation, i.e., 28.11.2024,

[9] Annexure -58
[10] Annexure -58
[11] Annexure -58

in the event of non-payment. No such payment having been made, the account was classified as NPA, and the default stood crystallised, a fact borne out by the Record of Default[12], the Information Utility record, the certified statements of account, the legal notice dated 20.12.2024, and the other material on record.

23. The principal defence raised by the Respondent, namely, that the liability is bound up with the disputes pending between the Corporate Debtor and GAIL, does not merit acceptance. The liability of the Corporate Debtor flows from the loan and security documents, including the Counter Guarantee, which stood crystallised the moment the Bank Guarantee was invoked and honoured; the failure to reimburse that amount constitutes the default. The disputes between the Corporate Debtor and GAIL do not efface the Corporate Debtor's independent contractual liability towards the Applicant.

24. In E.S. Krishnamurthy v. Bharath Hi-Tech Builders (P) Ltd., (2022) 3 SCC 161, the Hon'ble Supreme Court held that, while considering an application under Section 7 of the Insolvency and Bankruptcy Code, 2016, the Adjudicating Authority is required to determine whether a debt was due and remained unpaid, thereby establishing the occurrence of default.

25. In the present case, the Applicant Financial Creditor issued the bank guarantee at the instance of the Corporate Debtor and, upon its invocation by the beneficiary, honoured the guarantee by making payment on behalf of the Corporate Debtor. Consequently, the Corporate Debtor's obligation to reimburse the Financial Creditor crystallised into a debt, and its failure to discharge that debt despite demand constitutes default.

[12] Annexure -6

26. Any dispute between the Corporate Debtor and the beneficiary arising from their underlying transaction is collateral to, and neither extinguishes nor suspends, the Corporate Debtor's independent reimbursement obligation towards the Financial Creditor. Accordingly, once the existence of the financial debt and the occurrence of default exceeding the statutory threshold stand established, such a collateral dispute cannot constitute a ground for rejecting the application under Section 7.

27. It is further observed that, beyond a bare assertion, the Respondent has not placed on record any pleadings, arbitral record, interim order or award in substantiation of the arbitration said to be pending against GAIL. Nor is there anything on record to show that invocation of the Bank Guarantees has been stayed, or that the Corporate Debtor's liability towards the Applicant stands discharged. In the absence of such material, the defence set up cannot be permitted to displace the documentary evidence adduced by the Applicant.

28. The objection founded on the pendency of O.A. No.329 of 2025 before the Debts Recovery Tribunal also does not advance the Respondent's case. Proceedings under the Recovery of Debts and Bankruptcy Act, 1993 are in the nature of recovery proceedings inter se the parties, whereas proceedings under Section 7 of the Code are proceedings in rem, directed solely at ascertaining whether the Corporate Debtor has committed a default warranting initiation of CIRP. The pendency of the former does not, therefore, bar the maintainability of the latter.

29. As regards the challenge to the Information Utility record on the ground of non-authentication, it is seen that the Applicant's claim is not founded on that record alone. Certified statements of account, sanction letters, loan and security documents, correspondence relating to invocation of

the Bank Guarantees, the Record of Default, and other contemporaneous material have also been produced, which, taken together, sufficiently establish both the financial debt and the default.

30. On the question of limitation, the record shows that the credit facilities were periodically renewed and fresh security documents executed from time to time, with the Corporate Debtor acknowledging its debt on 29.10.2019, 31.12.2019 and 04.04.2020, and the facilities thereafter renewed, most recently on 17.04.2023. These acknowledgments constitute a clear recognition of subsisting liability sufficient to extend the period of limitation. The default having occurred on 28.11.2024, this Adjudicating Authority finds the present application to be within time.

31. This Adjudicating Authority is not unmindful of the Respondent's plea of financial distress, said to stem from the disruption in gas supply by GAIL (India) Limited, culminating in the Lay-off Notice dated 01.11.2022 and the Closure Notice dated 01.06.2023, nor of its stated efforts at restructuring with prospective investors. However, commercial difficulties of this nature, however genuine, do not furnish a legal defence to an application under Section 7 of the Code once financial debt and default stand established.

32. On a consideration of the pleadings, the documents and the rival submissions, this Adjudicating Authority is satisfied that the Applicant has established the existence of a financial debt and the occurrence of default through the sanction letters, loan and security documents, certified statements of account, the Record of Default[13], the Information Utility record, the legal notice, the acknowledgments of debt, and the other material on record. The application is complete in all material particulars as required under Section 7 of the Code read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority)

[13] Annexure-6

Rules, 2016. The proposed Interim Resolution Professional has furnished his consent in Form-2, and nothing has been shown to suggest that disciplinary proceedings are pending against him.

33. In the result, this Adjudicating Authority finds that the present application satisfies the requirements of Section 7 of the Code. The existence of financial debt and the occurrence of default stand established; the application is complete and maintainable, and it has been filed within limitation.

ORDER

a. The Application is admitted and this Adjudicating Authority orders the commencement of the Corporate Insolvency Resolution Process, which shall ordinarily be completed within the timelines stipulated in the Code, 2016 (as amended), reckoning from the date on which this order is passed.
b. The Applicant has proposed the name of Mr. K. Vatsa Kumar, bearing Registration No. IBBI/IPA-002/IP-N00922/2019-2020/12980, for appointment as the Interim Resolution Professional ("IRP"), and has filed his written consent in Form-2. The proposal to appoint Mr. K. Vatsa Kumar as IRP is approved. The IRP is directed to file his Authorisation for Assignment (AFA), if not already on record, within three days from the date of this Order.
c. The IRP is directed to take charge of the management of the Corporate Debtor, immediately. He is also directed to cause public announcement as prescribed under Section 15 of the Code, within three days from the date of receipt of this Order, and to call for submission of claims in the manner prescribed.
d. Moratorium is, hereby, declared and shall have effect from the date of this Order till the completion of the CIRP, for the purposes

referred to in Section 14 of the Code. It is hereby ordered that all of the following are prohibited:

i. the institution of suits or continuation of pending suits or proceedings against the Corporate Debtor, including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;

ii. transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein;

iii. any action to foreclose, recover or enforce any security interest created by the Corporate Debtor in respect of its property, including any action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002);

iv. the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the Corporate Debtor;

v. notwithstanding anything contained in any other law for the time being in force, a licence, permit, registration, quota, concession, clearance or 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 ground of insolvency, subject to there being no default in payment of current dues arising for the use or continuation of such licence, permit, registration, quota, concession, clearance or grant during the moratorium period.

e. The supply of essential goods or services to the Corporate Debtor shall not be terminated, suspended or interrupted during the moratorium period. Further, if the IRP considers the supply of any goods or services critical to protect and preserve the value of the Corporate Debtor and to manage its operations as a going concern, such supply shall not be terminated, suspended or interrupted during the moratorium period, except where the Corporate Debtor has not paid dues arising from such supply during the moratorium period. The provisions of sub-section (1) of Section 14 shall not apply to such transactions, agreements or arrangements as may be notified by the Central Government in consultation with any financial sector regulator or other authority.

f. The IRP shall comply with the provisions of Sections 13(2), 15, 17 and 18 of the Code. The Directors, Promoters and any other person associated with the management of the Corporate Debtor are directed to extend all assistance and cooperation to the IRP as stipulated under Section 19, for discharging his functions under Section 20 of the Code.
g. The Applicant, as well as the Registry, is directed to send a copy of this Order to the IRP, to enable him to take charge of the assets, etc., of the Corporate Debtor and to comply with this Order in terms of the provisions of the Code.
h. The Registry is directed to communicate this Order to the Applicant and the Respondent.
i. The Registry shall also communicate this Order to the Registrar of Companies, Hyderabad, for updating the status of the Corporate Debtor on the website of the Ministry of Corporate Affairs.

Accordingly, this Company Petition is allowed.

Sd/-	Sd/-
SANJAY PURI	**RAJEEV BHARDWAJ**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**