



**IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT NO. I
KOLKATA
Company Petition (IB) No. 67/KB/2025**

An Application under Section 7 of the Insolvency and Bankruptcy Code, 2016, and Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016.

**IN THE MATTER OF:
SREI Equipment Finance Limited**

... Financial Creditor/ Petitioner.

Versus

Rankini Power Generation Private Limited

... Corporate Debtor/ Respondent.

Date of Pronouncement: 14th May 2026.

Coram:

**SMT. BIDISHA BANERJEE, HON'BLE MEMBER (JUDICIAL)
CMDE SIDDHARTH MISHRA, HON'BLE MEMBER (TECHNICAL)**

Appearance:

For the Financial Creditor:

Mr. Gopal Jain, Sr. Adv.
Mr. Debnath Ghosh, Sr. Adv.
Ms. Pubali Sinha Chowdhury, Adv.
Ms. Mini Agarwal, Adv.
Ms. Rajeshwari Prasad, Adv.

For Corporate Debtor:

Mr. Joy Saha, Sr. Adv.
Ms. Urmilla Chakraborty, Adv.
Mr. Viswarup Acharyya, Adv.

ORDER

- 1.** This Court congregated through hybrid mode.
- 2.** The Learned Senior Counsels/Counsels for both parties were *heard in extenso*.

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3. Factual Matrix

- a. That the present Company Petition has been preferred under Section 7 of the Insolvency and Bankruptcy Code, 2016 by SREI Equipment Finance Limited, the Financial Creditor (FC in short), against Rankini Power Generation Private Limited, the Corporate Debtor (CD in short), seeking initiation of the Corporate Insolvency Resolution Process against the Corporate Debtor.
- b. Financial Creditor claims that pursuant to a Sanction Letter dated 15.10.2018, a loan facility of Rs. 690 Crores was sanctioned in favour of the Corporate Debtor, subject to certain terms and conditions, and subsequently a Rupee Loan Agreement dated 31.10.2018 was executed between the parties.
- c. Under the terms of the Loan Agreement, the repayment schedule contemplated a moratorium period of ten years from the date of first disbursement. The first disbursement was made on 19.03.2019.
- d. Financial Creditor claims that despite repeated requests and reminders, the Corporate Debtor failed to service the interest and other dues payable under the Financing Documents as a result the account of the Corporate Debtor was declared as a Non-Performing Asset (NPA) on 30.09.2021.
- e. Financial Creditor claims that the date of default as 30.06.2021, and the outstanding financial debt as Rs. 1184,02,61,353/-. On the basis of the alleged default, the present petition has been filed.

4. SUBMISSIONS ON BEHALF OF THE APPLICANT

In the course of arguments Learned Senior Advocate Mr. Gopal Jain appearing for the Financial Creditor would submit as follows:

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- a. The Financial Creditor duly sanctioned and disbursed the loan amount to the Corporate Debtor, which constitutes a financial debt under Section 5(8) of the Code.
- b. Under Clause 2.1.2 of the Loan Agreement, non-payment of interest or any other monies payable constitutes “an event of default”.
- c. That interest was payable on a quarterly basis and that the Corporate Debtor failed to make timely payment of interest, thereby committing default.
- d. As a result the account of the Corporate Debtor was classified as NPA on **30.09.2021**.
- e. The default would be clearly evidenced from the records, statements of account, and certificates placed on record.
- f. Despite issuance of notices and recall of the loan, the Corporate Debtor failed to clear the outstanding dues.
- g. Thus a “financial debt” and a “default in repayment” stand established
- h. The threshold is met. Accordingly, the petition deserves to be admitted.

5. SUBMISSIONS ON BEHALF OF THE RESPONDENT

Per Contra the respondent on behalf of the Corporate Debtor, Learned Senior Counsel Mr Joy Saha, would submit as follows:

- a. **CP IS NOT MAINTAINABLE – APPLICATION OF THE PETITIONER UNDER SECTION 66 OF IBC PENDING IN RESPECT OF THE SAME TRANSACTION:**

It is submitted that the petitioner, the Financial Creditor through its Administrator Mr. Rajneesh Sharma has filed **IA No. 1691 of 2022**

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in CP No. 294 of 2021 under the provision of Section 66 of the

IBC praying *inter alia* as follows: -

“a. To grant an Order and declaration that the loan bearing Contact No. 1234 advanced to Respondent No. 1 with a gross loan outstanding sum of Rs. 820.05 crores (Rupees Eight Hundred Twenty Crores Five Lakhs) **is a fraudulent transaction and amounts to fraudulent/wrongful trading under Section 66 of the Insolvency and Bankruptcy Code** for which the Respondents are jointly and severally liable.”

In the said IA No. 1691 of 2022 it has been specifically contended by the Administrator that the transactions between the financial creditor SREI and the corporate debtor Rankini Power are fraudulent in nature. Reliance has been placed on the following portions of IA No. 1691 of 2022:-

Para 32 – Utilization of Loan for giving advances to connected customer of SEFL/SIFL.

“The BDO report notes that SIFL sanctioned a loan to Rankini in October, 2018, out of which SIFL disbursed Rs. 97 crore (Rupees Ninety Seven Crores) to Rankini in march an April, 2019. It appears that Predicate Consultants Private Limited (“Prediate’), another connected entity of SIFL, received Rs. 97 crore (Rupees Ninety Seven Crore) from Rankini in three tranches in March 2019.”

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The case of the petitioner is that the account has been declared as non-performing assets (for short “NPA”) on 30th September, 2021, whereas, at paragraph 30 of the Section 66 application being I.A. No. 1691/KB of 2022, the petitioner has pleaded that the account was categorized as sub-standard as on 30th September, 2021. There can be no basis for such purported categorization as admittedly principal and accrued interest has not fallen due.

Para 36 – Corporate Debtor is the sole lender to Rankini which had poor internal Rating and no external rating.

It is stated that the BDO report, on a review of Rankini’s financial statements, observes that SIFL was the sole lender to Rankini. The fact that no other bank/financial institution has lent funds to Rankini appears to be unusual and raises concerns on the credit worthiness of Rankini. Rankini was in a weak financial position and even then, was given a loan at favourable interest terms and unusually long moratorium without any commercial rationale.

It stated that at the time of proposal evaluation of the loan, no External Ratings were sought, and the Internal Rating of Rankini was SREI 8, i.e. Poor credit quality.

Therefore, it appears that there was no adequate risk management while sanctioning the loan to Rankini and the grant of the loan was without any commercial basis.

Para 37 – Inadequate Security Coverage.

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It is submitted that the BDO report, on exhaustive assessment, suggests that the security cover for the loan was found to be inadequate.”

It is further stated that on a review of the loan proposal, it was noted that the condition of personal/corporate guarantee and promoters’ undertaking was waived off and the rationale for the same was not available in the loan proposal. Therefore, since the value of outstanding loan is more than the scrutiny, the scrutiny provided is clearly inadequate.

Para 38 – Weak Financial Position of Rankini

The BDO report observes that loan was sanctioned to Rankini in October 2018 even though Rankini had no income from operations and had negligible net worth. Till the F.Y. 2019-2020, as there was no revenue generation from the acquisition of plan, the sanctioning of loan for an asset which was non-operational for 5 years appears to be questionable in nature.

Para 39- “Unusual Debt Assignment and Restructuring”

The BDO report has observed the following unusual aspects in loan sanctioned to Rankini:

39.1 Unusual assignment of loan

**39.2 Unusual Disbursement of Loan to Rankini on behalf of
Predicate:**

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Predicate Consultants Private Limited (“Predicate”) is another connected entity of SEFL/SIFL...”

*“On review of the bank statements of SIFL’s Bank Account with ICICI Bank have A/C. No. 000605-16134, it was noted that from the loan sanctioned to Predicate, an amount of Rs. 97 crores (Rupees Ninety Seven Crore) was disbursed to Rankini on **31st January, 2019** instead of Predicate. It was noted in the BDO report that the collection of Rs. 97 crore (Rupees Ninety Seven Crore) from Rankini in the bank account of SIFL was accounted as a purchase consideration from Rankini for the loans of Abhijeet Power Limited (contract 716 and 8340, thus indicating potential round tripping and evergreening of funds. Further, BDO in its report on the review of bank statements of SIFL’s ICICI Bank A/c No. 0006005016134 observed that SIFL had received Rs. 96.63 crore (Rupees Ninety Six Crore Sixty Three Lakhs) from Rankini on the same date thereby indicating potential roundtripping of funds.”*

“Thus, the potential utilization of loan proceeds from SIFL during the F.Y. 2018- 2019 for giving loans and advances to Predicate and repayment of the loans and advances through disbursement of new loan from SIFL to Predicate appears to be unusual in nature and indicates potential roundtripping of funds by Rankini.”

Para 40 to 44 – The Loan granted to Rankini constitutes fraudulent/wrongful trading and attracts Section 66 of the Code.

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The BDO report suggests that

“vii. Disbursement of loan to Rankini instead of Predicate appeared to be questionable in nature.”

Xxx xxx xxx xxx xxx

“ix. Loan proceeds utilized for payment of purchase consideration of assigned loans indicated potential round tripping and evergreening.”

Placing the above it is contended that the financial creditor cannot on one hand, in IA No. 1691 of 2022 in CP No. 294 of 2021 contend that the transactions in question are fraudulent in nature and that the same should be set aside and on the other hand institute the present company petition on the basis of the same fraudulent transactions contending that the corporate debtor be admitted to insolvency for alleged default in payment of the transactions which the petitioner itself had declared to be fraudulent as such completely contradictory and opposing stand taken by the petitioner in IA No. 1961 of 2022 and CP No. 67 of 2025 are in the teeth of the principles against approbation and reprobation. A litigant cannot be permitted to blow hot and cold in the same transaction.

b. Round Tripping

The entire case of the petitioner in IA No. 1691 of 2022 is that the loan allegedly granted by the petitioner to the CD was siphoned off by the petitioner itself from the CD by making wrongful, illegal, fraudulent and

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preferential payment to related and/or connected parties of the petitioner.

Thus, the alleged loans purportedly granted by the petitioner to the CD were re-routed back to the petitioner through related and/or connected of the petitioner.

Which allegation has no rebuttal.

c. Declaration of NPA incorrect:

- I. That, the account was allegedly classified as NPA on 30th September, 2021 (Pg 11 of CP).
- II. Thae date of default is on 30th June 2021 (Pg 14 of CP).
- III. There was no intimation of the account being allegedly classified as NPA by FC on 30th September 2021. No proof of any such intimation has been furnished.
- IV. FC received payment from CD towards interest till July 2022 (Pg 12 of CP).
- V. The first Information of the account being NPA is contained in Section 13(2) SARFAESI Notice dated 5th November 2024 (Pg 357 CP).
- VI. In Para 30 of IA No. 1691 of 2022 (Pg 25, of supplementary affidavit) the FC contended that the account was categorized as sub-standard on 30th September 2021. In the circumstances the said account could not have been classified to be NPA on 30th September, 2021.

It is alleged that the Financial Creditor is conspicuous by its silence on the above allegation.

d. Authorization:

It is alleged that the petition has been affirmed by one Mr. Shounak Chatterjee claiming to be the Chief Manager of the FC. He has relied

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upon a Power of Attorney (page 22 of CP) given to him to show that he is authorized to affirm the said petition, and a purported Board Resolution dated 28th March, 2024 (page 27 of CP). From the Board Resolution it appears that the CEO of the company is authorized, *inter alia*, to execute/issue Power of Attorney for an on behalf of the company in favour of any employee of the company for all legal matters. The Board Resolution does not authorize Mr. Shounak Chatterjee in any manner whatsoever. Whereas the power of Attorney dated 16th April, 2024 shows that one Mr. Shamik Roy claiming to be the Chief Executive Officer of the company has given Power of Attorney to Mr. Shounak Chatterjee to file the petition for SEFL. As such, it is evident that it is a case of sub-delegation. The FC is company. As such, it can authorize any person to act on its behalf only through its broad resolution.

Reference is made to **Palogix Infrastructure Private Limited Vs. ICICI Bank Ltd. reported in 2017 SCC OnLine NCLAT 266, paragraphs 36 to 38, & para 43 – 45**, that a power of attorney holder is not empowered to file application under Section 7 of IBC. Only an authorized officer, who was authorized to sanction a loan and had done so, can file or affirm a section 7 petition.

It is further argued that in the present case, the loan has been sanctioned by SIFL which is a different juristic entity. It is not the case of the petitioner that Mr. Shounak Chatterjee was the authorized officer

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who had sanctioned the loan. As such, he cannot affirm the petition and the petition must fail on the ground of lack of authorization.

Reference is to that effect made to **Rajendra Narottamdas Sheth & Anr. Vs. Chandra Prakash Jain & Anr. Reported in 2021 SCC OnLine SC 843, para 12.**

e. **Suit filed by FC.**

It is submitted that the FC has also filed a commercial suit being M.S. (Com.) 22 of 2025, *inter alia*, against CD on the self-same cause of action before the Learned Commercial Court at Rajarhat for a money decree of Rs. 1184,02,61353/- together with interest and injunction as such, the issues raised in the petition can only be decided by a civil court having jurisdiction. On the said proposition CD has relied upon the following judgments:

- I. **Aruna Oswal Vs. Pankaj Oswal & Ors.** Reported in (2020) 8 SCC 79 (paragraph 27 to 29)
- II. **Nimmi Oberoi & Ors. Vs. Elgin Hotels Private Limited & Ors.**
NCLT Kolkata Bench Judgment 20.12.2024 (paragraph 14 to 22).

f. **The Present Application is Barred By Principles of Estoppel:**

It is claimed that in view of the pleadings made by the FC in the Section 66 application being I.A. No. 1691 of 2022 contending that the said loan transaction is fraudulent and thus null and void, the FC is estopped from making out a different case in the IBC proceeding.

On the proposition of “judicial estoppel”, reliance has been placed on the following judgments:

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- I. **Amar Singh Vs. Union of India** [(2011) 7 SCC 69] (Paragraph 50).
- II. **Joint Action Committee of Airline Pilots Association of India Vs. DG of Civil Aviation** [(2011) 5 SCC 435 paragraph 12].
- III. **Shri Surendra Nayak Vs. AM Mohammad Shafi**, by Karnataka High Court [2016 SCC OnLine Kar 8345].
- IV. Court of Appeals of Minnesota United States of America in the case of **Port Authority St. Paul Vs. Keith T. and Dance N. Harstad**.

g. **Pari Delicto Principle:**

It is argued that under Section 7 of IBC there has to be a “debt” and “default” and “debt” to be recovered has to be a legally recoverable debt. Under Section 7, no admission order can be passed on a transaction which according to the FC himself is illegal and fraudulent. The CD has placed reliance on the definitions of “claim” in Section 3(6); “debt” in Section 3(11) of IBC, as in the following decisions:

- I. **Rajendra Narottamdas Sheth & Anr. Vs. Chandra Prakash Jain & Anr.** [(2022) 5 SCC 600, para 24] (legally recoverable debt.).
- II. **M/s. Meek Pharmaceutical and Chemical Private Limited Vs. M/s. Accurate Infrabuilt Private Limited**, Hon’ble NCLAT Principal Bench judgment dated 29.10.2025 in Company Appeal (AT.) (Insolvency) No. 544 of 2024 (para 15 & 16).

h. **Business Transfer Agreement Not Approved hence FC Cannot Be the Creditor:**

It is the further contention of the CD that the FC, SEFL entered into BTA with its wholly owned subsidiary SIFL in the year 2019. However, the same was given effect to by the lenders as recorded in the CIRP orders passed by this Tribunal of the FC herein.

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The FC itself has admitted the fact that SIFL and SEFL has disbursed loan to the CD. In view thereof, after an internal arrangement, SIFL could not have disbursed loan to CD. Therefore, the FC (SEFL) has no *locus standi* to file the present application.

i. No Default On The Part Of The Corporate Debtor:

It is urged that there is no default on the part of the CD. To substantiate, attention is drawn to the sanction letter issued by the Financial Creditor dated 15th October 2018 (pg 52 and Pg 54 of CP) which provides as follows: -

“Repayment Schedule;- With 6-half-yearly instalment **commencing after ten years from the date of first disbursement.**” (Page 72 of the CP)

“**Interest payment Date**” shall mean, in respect of the period from (and including) the Initial Disbursement Date to (and including) the Final Repayment Date or the Final Settlement Date, as the case may be (i) the last Business Day falling in the quarter **after 10 years of Initial Disbursement;** (ii) each subsequent last Business Day of every quarter falling after the previous Interest Payment Date, and (iii) the Final Repayment Date or the Final Settlement Date, as the case may be.”

Placing above, it is vociferously contended that there was a **moratorium** on the repayment of both the principal and interest for a period of 10 years.

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Further it is submitted that the repayment as such would commence from 2024. Hence, there is no “default” the repayment of the interest was to commence immediately upon disbursement as has been wrongly contended in part-IV of the Form, which is “Outstanding Balance as on 30th September, 2024 on amount claimed to be in default as Rs. 13,24,73,602 (Rupees Thirteen crores twenty-four lakhs seventy-three thousand six hundred and two only) being the interest overdue and payable by the Corporate Debtor.”

That the CD has already repaid a sum far in excess thereof as per particulars given as under:-

SL. No	Date	Amount (In Rs.)
1.	16.03.2019	29,31,617/-
2.	31.03.2019	61,47,946/-
3.	20.06.2019	48,17,958/-
4.	09.08.2019	60,00,00,000/-
5.	31.03.2020	5,36,87,178/-
6.	31.03.2021	6,00,07,355/-
7.	22.12.2021	3,15,86,302/-
8.	01.03.2022	3,18,68,200/-
9.	01.07.2022	50,28,323/-

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Total	----- ----	79,60,74,839/-
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Thus, it is contended that there is no debt or default.

j. **SIFL Is Not The Financial Creditor As There is No Proof Of Disbursement of the Alleged Loan In Favour Of Corporate Debtor:**

It is argued that the Financial Creditor has failed to disclose any document to demonstrate that the loan amount of Rs. 69 crores have been disbursed in favour of Corporate Debtor, The Financial Creditor has merely relied upon a chart at Page 145 of the Petition wherein particulars of alleged disbursement are given without any proof of actual disbursement thereof. The case of SEFL is that the financial debt stood assigned from SIFL to SEFL/ Financial Creditor herein *vide* the business transfer agreement. No copy of the business transfer agreement is annexed to the petition nor is there any proof that post October 1, 2019, disbursement has been made by SEFL to CD. As such the case of SEFL is that it is assignee of the loan is to be disbelieved. SEFL has no locus to file the present petition.

6. Decisions Cited by the Financial Creditor

Learned Senior Advocate Mr. Gopal Jain heavily relies upon the decision of **New Era Propcon Private Limited v.SREI Equipment Finance Limited** [2024 SCC Online NCLAT 1551], to contend that

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pendency of an application under Section 66 will have no bearing in the present case.

7. Case Laws Cited the Petitioner Distinguished:

In course or arguments Learned Senior Counsel Mr. Joy Saha would distinguish the decision in **New Era Propcon Private Limited v.SREI Equipment Finance Limited** [2024 SCC Online NCLAT 1551]

Learned Senior Counsel would vehemently deny that the decision would lend any support, and that the said case is completely distinguishable from the present case due to reason furnished *inter alia, as follows:*

- a. In the said case the appellant was not even a shareholder of the corporate debtor and thus it was held that it had no right to question the admission order passed under Section 7.
- b. In the said matter the appellant offered to clear and/or repay the debt by making payment of Rs. 2999 crores. Hence, debt and default was admitted.
- c. In the said present case the corporate debtor does not admit that any money is due by it to the financial creditor and has never offered to repay any part and portion of the said claim.
- d. In the said case a settlement award in the arbitration proceedings between the parties had been passed. In the present case there is no settlement award between the parties.
- e. In the present case there is no debt and consequently no default in that it is the specific case of the petitioner itself in IA No. 1691 of 2022 that the transaction was round tripped and the money brought into the corporate debtor was again taken out by making

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fraudulent payment to *alter egos* and/or connected and/or related companies of the financial creditor.

- f. In the said case the appellant had filed an application for intervention at a belated stage while in the present case the CD itself is opposing any admission into insolvency.
- g. In the said case the appellant had entered into a Share purchase agreement to acquire certain shares of the CD which had not fructified. In the present case the challenge to the petition under Section 7 is not by any individual nor by any shareholder but by the CD itself.

8. We have heard Ld. Sr. Counsels at length, considered the rival contentions and perused the records.

9. Analysis and Findings

Issues:

The present Petition being filed under Section 7 of the Insolvency and Bankruptcy Code, 2016, at the stage of admission, this Adjudicating Authority is required to determine the following:

- (i) Whether there exists a genuine financial debt;
- (ii) Whether default has occurred; and threshold is met;
- (iii) Whether the application is complete and filed within the prescribe limitation period.

10. Discussions

(i) Whether there exists a genuine financial debt

- a. The Financial Creditor has relied upon a Sanction Letter dated 15.10.2018 and a Rupee Loan Agreement dated 31.10.2018 under which a facility of Rs. 690 Crores was admittedly sanctioned to the Corporate Debtor.

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- b. The disbursement of funds pursuant to the said agreement is not specifically denied by the Corporate Debtor but that the funds have been transferred to *alter egos* of SEFL/SIFL shown as after 10 years with interest.
- c. Creation of charge have not been specifically denied.
- d. It is not in dispute that the loan sanctioned and disbursed had to be repaid and with interest
- e. The CD has admitted repayment of Rs. 79 crores and odds towards interest.
- f. Hence, the transaction squarely falls within the definition of “financial debt” under Section 5(8) of the Code, being money disbursed against consideration for the time value of money.

(ii) Whether default has occurred; and threshold is met

- a. The Financial Creditor would contend that quarterly interest payments were due and payable and non-payment thereof constituted an event of default under Clause 2.1.2 of the Loan Agreement, that the account was classified as NPA on 30.09.2021 and recall notices were issued.
- b. Whereas the Corporate Debtor would argue that the Loan Agreement expressly provides for a ten-year moratorium from the date of first disbursement, i.e., 19.03. 2019. The moratorium would continue till and therefore neither principal nor interest had fallen due as on 30.06.2021. Hence default is not established.
- c. Therefore, the pivotal issue is whether the alleged default dated 30.06.2021 stands established. Here, the clauses of the agreements would be very relevant.
- d. Relevant clauses of the Rupee Loan Agreement:

Definitions:

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1. **“Event(s) of default”** shall mean any one of the events specified in Section 8.1 of this Agreement.

2. **“Interest”** shall mean :

(i) at relevant time, the interest as per schedule on the Loan or as may be revised from time to time including the interest rate as reset on the Spread Reset Dates: and/or

(ii) any other interest payable by the Borrower in terms of this Agreement including but not limited to the penal interest.

3. **Clause 2.5 Terms of Disbursement**

*2.5.1. The disbursement shall be made by the Lender in the account of the Borrower by way of cheque(s)/authorizations/demand draft/ RTGS, or any other mode of disbursement as the Lender may, in their sole discretion, agree, and all applicable collection/remittance and/or other charges in this behalf will be borne by the Borrower. **The interest on the Loan will accrue from the date of such cheque(s)/demand draft** and, in the case of authorization(s), from the value date as from the date the amount of the Disbursement(s) is debited from the account of the Lender(s).*

4. **Clause 2.6 Interest**

2.6.1 The borrower shall pay to Lender at the rate and in the manner and on the date(s) as mentioned in Schedule I, plus the Spread(if any), on the loans outstanding from time to time on the Interest Payment Date. The payment of interest shall commence on the first Interest Payment Date falling immediately after the disbursement date.

The general conditions applicable to determination and payment of Interest are set out in Schedule I hereto

5. **Clause 2.10 Repayment of the Loans**



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2.10.1 (a) *The Loan facility shall be repaid as follows:*

*With 6 half-yearly instalments commencing after 10
years from Initial Disbursement Date.*

6. Clause 8.1 Events of Default

*The following events and occurrences shall constitute an
Event of Default got purposes of this Agreement;*

8.1.1. Non-payment of Repayment Instalment

*Non-payment by the borrower to Lender of any Repayment
Instalment on the Repayment Date or on such payment if by
way of cheque, the dishonour of the cheque:*

8.1.2. Non-Payment of Interest or Other Dues

*Non-payment by the Borrower of Interest or any other
monies payable by the Borrower under the Financing
Documents on the days when such amount falling due for
payment, under the terms of this Agreement or on payment
if by way of Cheque, the dishonour of the cheque;*

**7. Clause 8.2 Notice to Lender on the happening of an Event
of Default**

*If any Event of default or any event which, after the notice,
or lapse of time, or both, would constitute an Event of Default
has happened, the Borrower shall, forthwith give notice to
Lender in writing specifying the nature of such Event of
Default, or of such event.*

8. Clause 8.3 Consequences of Event of Default

*If one or more of the events of Default specified in Sections
8.1 occur or are continuing, whether voluntarily or*



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involuntarily, then, without derogation from the rights mentioned in this agreement and without prejudice to any other right or action Lender shall have the following rights:

Clause 8.3.1. Acceleration

Lender may declare the Loans and all accrued interest thereon and all other monies in respect of the Loans, to be forthwith due and payable, whereupon such amounts shall become forthwith due and payable without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein to the contrary.

Clause 8.3.6. Cancellation of Loan Facility

Declare the Loan Facility to be cancelled.

- e. This Adjudicating Authority has carefully perused the pleadings and the relevant contractual clauses placed on record. It appears from careful perusal of the clause 2.5.1 above of the loan agreement shows that interest on the loan will accrue from the date of the disbursement by way of cheque demand draft or debit from the account of lender. Thus it seems that interest was payable quarterly notwithstanding the moratorium from the very date of disbursement. As evident from the records, the CD also has started repayment on quarterly basis shortly after the date of disbursement
- f. The “Interest Repayment Clause”, probably to acknowledge its liability to service interest immediately after disbursement as relied upon by the Corporate Debtor, to contend that interest payment fell due after moratorium or that the clause

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contemplates deferment of repayment obligations for ten years from first disbursement, could not be countenanced given the clause 2.5.1 of payment schedule of the CD.

g. Further, the Sanction letter dated 15.10.2018 (Annexure D) contains the following terms; as reproduced verbatim hereunder for clarity:



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Summary Terms of Sanction

This Summary Terms of Sanction does not attempt to describe all other terms and conditions that would pertain to this Loan nor do its terms suggest the specific phrasing for the documentation. This Summary Terms of Sanction is intended to outline certain basic points of business understanding around which the Loan could be structured. The closing of any financial transaction relating to this Loan shall be subject to various condition precedent, including without limitation, the conditions set forth in this Summary Terms of Sanction, due diligence by SREI and execution of the definitive documentation to the satisfaction of SREI.

Borrower	Rankini Power Generation Private Limited ("RPGPL")
Type of Facility	Term Loan (TL)
Financial commitment	Rs.690,00,00,000/- (Rupees Six Hundred Ninety crore only)
Purpose	Towards financing the acquisition and operations of 240 MW power plant at Nagpur and for investment in other power projects
Availability Period	September 30, 2022
Disbursement	Disbursement can be availed in one or more tranches within the Availability Period. (Date of first Disbursement is referred to as the "Initial Disbursement Date").
Repayment Schedule	With 6 half-yearly installments commencing after 10 years from the date of first disbursement
Put / Call option	Annually at the end of every year on December 31 commencing from December 31, 2019
Upfront /Processing Fee	NIL
Interest/ Coupon	Fixed interest rate @ 1% p.a. payable quarterly in arrears However, the Borrower has to maintain IRR @12% at the time of prepayment / repayment of the loan
Interest reset	SREI reserves the right to alter the Interest suitably if: (i) Any Market Disruption Event occurs during the tenure of the Loan; or (ii) There occurs a downgrading of the internal/ external credit risk rating of the Guarantor/ Borrower during tenure of the Loan; For the purpose of this clause, "Market Disruption Event" means any material adverse change in the international capital markets, loan/ financing markets, financial markets of India or the domestic Indian market for loans and debt securities, as determined by SREI.

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Security	<p>Loan along with other dues shall be secured by:</p> <ol style="list-style-type: none"> 1. Pledge of fully paid up unencumbered equity shares of the Borrower; 2. First Charge on all movable assets and current assets of the company, both present and future; 3. First charge on all immovable assets of the company, both present and future; and 4. Demand Promissory Note <p>Cross Security- All securities, provided by the Borrower or any of its other group company or associate company including the Project assets (if requisite permission/approval is taken from concerned authority for creation of security on such project asset) to SREI or any of SREI's group entities under any facility shall also secure this Loan and vice versa.</p>
Prepayment Option	<p>The Borrower may prepay the entire outstanding principal of the Loan or any part thereof at any point of time before the final repayment date, by giving 7 Business Days' prior written notice without the payment of any prepayment premium.</p> <p>However, the company has to pay differential interest amount at the time of prepayment / repayment considering IRR @ 12% p.a. on the amount prepaid.</p>
Mandatory Prepayment	<p>On occurrence of any of the following events viz. :</p> <ol style="list-style-type: none"> 1. Any liquidity event in the Borrower whatsoever (including but not limited to raising of equity/ quasi equity/preference shares/debentures/debt/loan or the excess of cash flows after payment to the concerned senior lender(s) on any securitization or raising of funds by any other instrument/mode; and/or 2. Any divestment and/ or sale of any or all the assets of the Borrower. 3. Any additional secured/ unsecured borrowing (except unsecured loan from promoters, related parties) shall be compulsorily utilized for prepayment of Loan. 4. SREI will have the unconditional rights for the cash sweep of entire cash accruals after meeting the operational expenses as recognized by SREI and statutory payments. <p>On the occurrence of a Mandatory Prepayment event, the Loan shall be accelerated and the entire outstanding amount will be due and payable within 5(five) business days from the date of occurrence of such an event.</p>
Penal Interest	<p>SREI reserves the right to charge penal interest @2% p.m. for non-payment of any principal and/or interest, breach of / noncompliance of terms of sanction or violation of covenants.</p>
Conditions	<p>The Borrower shall satisfy certain condition precedents, including but not</p>



- h. Although the Sanction Letter does not clearly specify payment of interest after 10 years moratorium rather it clearly provides for interest payable quarterly, principal repayable after 10 years and repayment of outstanding principal of the loan at any point of time before repayment date. The CD claims that although not due, the repayment of Rs. 79 crores and odds have been done towards interest due.
- i. The Financial Creditor has however not produced any contemporaneous demand letter prior to June 2021 specifically

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invoking interest payment obligations in a manner consistent with the alleged quarterly schedule.

- j. But the financial Creditor has also produced a payment schedule and according to the FC the default was of Rs. 13 crores.
- k. Thus, the Corporate Debtor having unequivocally admitted that payments aggregating approximately Rs. 79.60 Crores were made till July 2022, has categorically acknowledged its liability to pay interest before the principal payment fell due. The Financial Creditor has however not placed a detailed statement reconciling the outstanding amount after giving credit to such payments, but that does not wipe away the liability of the CD to Service interest even during the Moratorium
- l. The Corporate Debtor has heavily relied upon classification of the account as NPA on 30.09.2021 and has treated it as wrongful. It is settled law that classification as NPA is a relevant factor but not determinative. The Adjudicating Authority must independently assess whether debt had become due.
- m. The Corporate Debtor however contends that no prior intimation of NPA was issued and that contradictory stand was taken in IA No. 1691/KB/2022.
- n. However, NESL records established the debt as due on 30/06/2021.

(iii)Section 66 Petition and its impact:

Since, the present CP is filed and the transaction seems genuine and has also been partly repaid, Section 66 seems to have no effect. Pendency of a petition under Section 66 of the IBC against the CD in a CP connected to the insolvency proceedings of SREI group will have no bearing as in the present case a genuine “debt and default” is established, the CD has admitted its liability to repay the FC.

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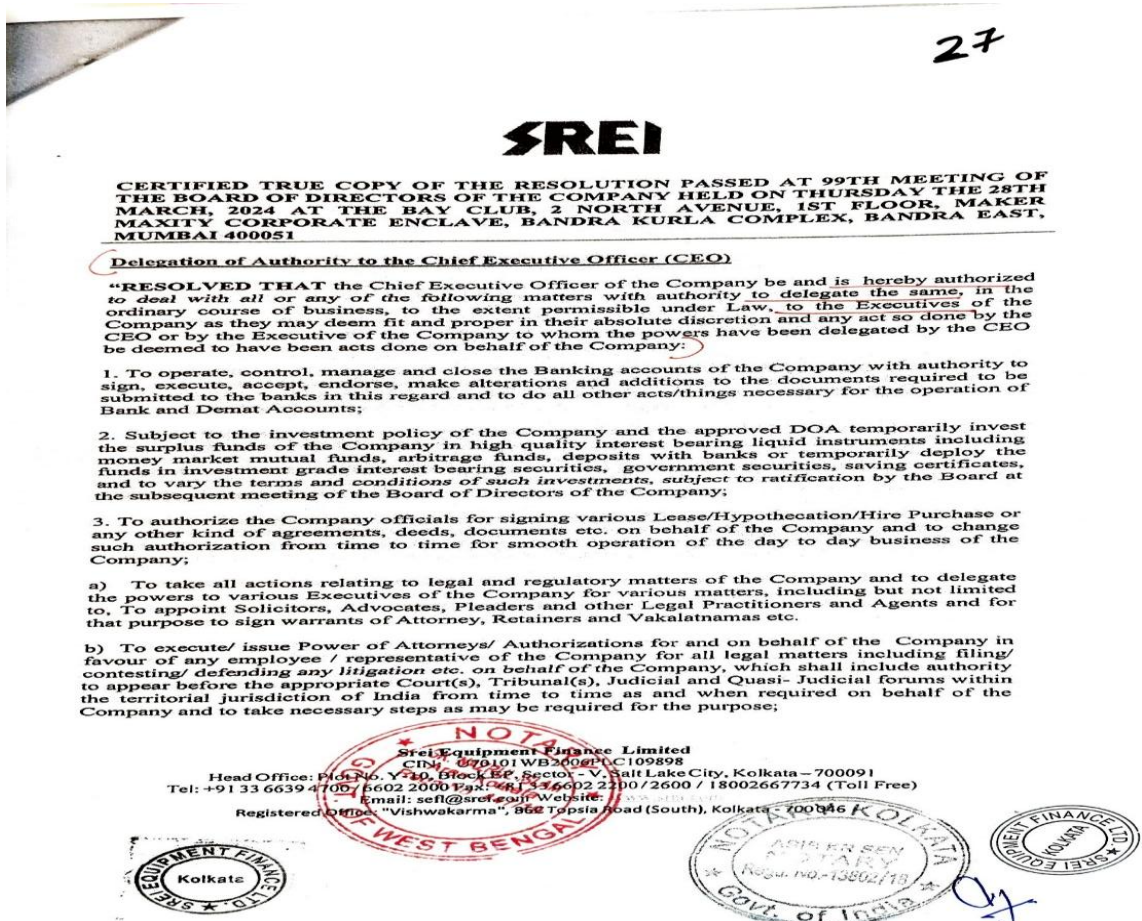


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However the admission of Section 7 of petition may have an impact as the pending PUFEE application against the present Corporate Debtor.

(iv) Validity of Authorization

- a. The CD has questioned validity of authorization to the instant CP. We note that Mr Shamik Roy the CEO has been authorized by way of Board Resolution (Page 27) to delegate his authority, a copy of the Board Resolution reads as under:



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- c) To execute/ issue Power of Attorneys/ Authorizations for and on behalf of the Company in favour of any employee / representative of the Company before the Income Tax, Sales Tax, Service Tax, GST and other Authorities in all Courts and Offices and before all Officers and to appear before the appropriate Court(s), Tribunal(s), Judicial and Quasi- Judicial forums within the territorial jurisdiction of India from time to time as and when required on behalf of the Company and to take necessary steps as may be required for the purpose;
- d) To enter into leave & license agreements for lease of any property on behalf of the Company required for carrying on the business of the Company as per the approval of the Board;
- e) Any other matter incidental to the above;
4. To apply for, obtain and renew all licenses, permits, sanctions etc. as may be necessary or requisite for the purpose of carrying on the existing business of the Company;
5. To designate, appoint and authorise from time to time in their discretion such of the officers/employees of the Company as the Designated Directors deems fit, to make, sign, draw, accept, indorse, negotiate, sell and transfer on behalf of the Company all Cheques, Bills of Exchange, Drafts, Promissory Notes, Sales Tax/Excise Forms and documents and any other documents and papers and other negotiable instruments and securities;
6. To pay the costs, charges and expenses incidental to the running of business and affairs of the company as provided in the approved DOA;
7. To execute powers of attorney authorizing and appointing an authorized representative;
8. To develop and implement operational policies and plans as approved by the Board;
9. To appoint or authorize Head of Human Resource Department and/or any other senior executives to appoint executives for various functions and departments of the Company as per manpower plan and to transfer, remove, dismiss, discharge, terminate, or suspend agents, assistants, officers or other employees subject to recommendation from NRC wherever required.
10. Implementing the policies and code of conduct;
11. Ensuring compliance of all regulations, rules and laws of the Country as may be applicable to the Company;
12. Setting up and implementing efficient Internal Control Systems and procedures commensurate with the business requirements of the Company;
13. To authorize respective Head of various Departments to undertake all activities in relation to their area of activity or in absence of Head of Department, authorize specific officers to undertake such responsibilities;

Srei Equipment Finance Limited

CIN: U70101WB2006PLC189898

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Email: sefl@srei.com Website:

Registered Office: "Vishwakarma", 86C Topsia Road (South), Kolkata - 700046



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- b. Further Shamik Roy has delegated this authorization to Mr. Shouak Chatterjee the Chief Manager as evident from records.
- c. Upon examination of the Board Resolution and Power of Attorney placed on record, this Tribunal is satisfied that the Petition has been instituted by an authorized representative.

This objection, therefore, does not stand.

(v) Whether pendency of a commercial suit is a bar to proceedings under Section 7.

We have already the detailed contractual terms and their intermediation and considered allegations of fraudulent structuring, which are best adjudicated in a civil forum. However, debt and default stands established, hence quantum of debt being subject better of commercial suit have no relevance in the present case. Moreover, a pre-existing dispute or pendency of suit will have no impact a petition under Section 7 of IBC. The right of a Financial Creditor to initiate CIPR against a Corporate Debtor is independent and unaffected by any ongoing suits or even proceedings under DRT.

In the case of **Karan Goel v. Pashupati Jewellers & Anr [2019] 156 SCL 653 (NCLAT)** the Hon'ble Appellate Tribunal held that:

"7. XXXXXXXXXXXX Merely because a suit has been filed by the Appellant and pending, cannot be a ground to reject the application under Section 7 of the I&B Code. Pre-existing dispute cannot be a subject matter of Section 7, though it may be relevant under Section 9 of the I&B Code."

The Hon'ble Supreme Court of India in **A. Navinchandra Steels Pvt. Ltd. v. SREI Equipment Finance Ltd. & Ors [(2021) ibclaw.in 25]** held that:

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“27. Dr. Singhvi and Shri Ranjit Kumar have vehemently argued that SREI has suppressed the winding up proceeding in its application under Section 7 of the IBC before the NCLT and has resorted to Section 7 only as a subterfuge to avoid moving a transfer application before the High Court in the pending winding up proceeding. These arguments do not avail the Appellant for the simple reason that Section 7 is an independent proceeding, as has been held in catena of judgments of this Court, which has to be tried on its own merits. Any “suppression” of the winding up proceeding would, therefore, not be of any effect in deciding a Section 7 petition on the basis of the provisions contained in the IBC. Equally, it cannot be said that any subterfuge has been availed of for the same reason that Section 7 is an independent proceeding that stands by itself. As has been correctly pointed out by Shri Sinha, a discretionary jurisdiction under the fifth proviso to Section 434(1)(c) of the Companies Act, 2013 cannot prevail over the undoubted jurisdiction of the NCLT under the IBC once the parameters of Section 7 and other provisions of the IBC have been met. For all these reasons, therefore, the appeal is dismissed and the interim order that has been passed by this Courton 18.12.2020 shall stand immediately vacated.”

Hon’ble Karnataka High Court while deciding **State Bank of India vs M/S Patel Engineering Limited [COMAP No. 372 of 2024]**, this is an appeal arising from an order passed by the Hon’ble Additional City Civil and Sessions Judge, Bengaluru (Commercial Court), in this impugned order, the Hon’ble Commercial Court had restrained SBI from proceeding in respect of the Respondent’s corporate guarantee till the disposal of the suit. In the meantime, SBI had filed a petition under Section 7 of the Insolvency and Bankruptcy Code, 2016 before the National Company Law Tribunal. It had, prior to the initiation of the suit, also issued a

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notice under Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, demanding the amounts claimed from PEL as a guarantor. In view of the impugned order, SBI is precluded from pursuing its petition before the NCLT or under the Recovery of Debts and Bankruptcy Act, 1993 for recovery of the amounts claimed by it. The court held that:

81. In terms of Section 7(1), the financial creditor (in this case SBI) is entitled to file an application for initiating CIRP against a corporate debtor (in this case PEL) before the adjudicating authority (NCLT).

82. SBI has made a demand for payment of the dues claimed by it and PEL has not discharged the said demand. According to SBI, a default has occurred. Thus, consistent with it stand, SBI has initiated the CIRP by filing an application under Section 7 of IBC. In terms of Sub-section (4) of Section 7 of IBC, the Adjudicating Authority is required to ascertain the existence of a default from the records of an information utility or on the basis of other evidence furnished by the financial creditor. The question of whether PEL has defaulted, thus has to be ascertained by the learned NCLT on the basis of the material produced, which would necessarily also include the guarantee deed admittedly executed by the PEL.

83. In terms of Section 63 of the IBC no Civil Court has authority or jurisdiction to entertain any proceedings in respect of any matter on which NCLT or National Company Law Appellate Tribunal [NCLAT] has jurisdiction under the IBC. It is relevant to refer to Section 63 of the IBC, which bars the jurisdiction of a Civil Court. The same is set out below:

“63. Civil court not to have jurisdiction.—No civil court or authority shall have jurisdiction to entertain any suit or proceedings in respect of any matter on which National Company Law Tribunal or the National Company Law Appellate Tribunal has jurisdiction under this Code”.

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84. *By virtue of Section 63 of IBC, no Civil Court has authority or jurisdiction to entertain a suit or proceedings in respect of any matter on which NCLT or NCLAT has jurisdiction under that law*

85. *Section 60 of the IBC stipulates that the Adjudicating Authority in relation to insolvency, resolution and liquidation for corporate persons, including corporate debtors of the company, is the NCLT, having territorial jurisdiction over the place where the registered office of the corporate person is located.*

86. *Thus, the learned NCLT has exclusive jurisdiction to decide on SBI's application and to ascertain whether there is a default on the part of PEL. Plainly, the learned Commercial Court has no jurisdiction to interdict the learned NCLT from exercising its jurisdiction to ascertain whether PEL has defaulted in its financial obligations. The order injuncting SBI from proceeding pursuant to the guarantee deed, in effect, interdicts SBI from pursuing its application before the learned NCLT.*

(vi) Limitation:

The alleged date of default is 30.06.2021. The present Petition filed in 2025, barring the excluded period under *Suo Motu* decision, of the Hon'ble Apex Court, the application appears to be filed within three years. Hence, the petition is not barred by limitation.

11. Conclusion:

In view of the foregoing discussion, this Adjudicating Authority holds that the Financial Creditor has been succeeded in establishing occurrence of default within the meaning of Section 3(12) of the Code.

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Accordingly, the Petition **Company Petition (IB) No. 67/KB/2025** meets the threshold for admission **under Section 7 and is therefore admitted.**

12. ORDER:

a. In terms of the foregoing discussion, we ALLOW the petition bearing Company Petition (IB) No. **NO. 67/KB/2025** filed under Section 7 of the IBC, 2016, and accordingly, we order the initiation of Corporate Insolvency Resolution Process (“CIRP”) in respect of the Corporate Debtor by the following Orders:

b. The Petition filed by SREI Equipment Finance Limited (Financial Creditors, under Section 7 of the Insolvency & Bankruptcy Code, 2016, is hereby, **ADMITTED** for initiating the Corporate Insolvency Resolution Process in respect of Rankini Power Generation Private Limited (Corporate Debtor).

c. As a consequence of this Petition being admitted in terms of Section 7 of the IBC, 2016, moratorium as envisaged under the provisions of Section 14(1) of the Code, shall follow in relation to the Respondent/(CD) as per clauses (a) to (d) of Section 14(1) of the Code. However, during the pendency of the moratorium period, terms of Section 14(2) to 14(3) of the Code shall come into force.

d. Moratorium under Section 14 of the IBC, 2016, prohibits the following, as:

a. 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:

b. Transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its asset or any legal right or beneficial interest therein;

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- c. Any action to foreclose, recover or enforce any security interest created by the Corporate Debtor in respect of its property including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002);
- d. The recovery of any property by an owner or lessor where such property is occupied by or in possession of the Corporate Debtor

[Explanation.--For the purposes of this sub-section, it is hereby clarified that notwithstanding anything contained in any other law for the time being in force, a license, permit, registration, quota, concession, clearances or a similar grant or right given by the Central Government, State Government, local authority, sectoral regulator or any other authority constituted under any other law for the time being in force, shall not be suspended or terminated on the grounds of insolvency, subject to the condition that there is no default in payment of current dues arising for the use or continuation of the license, permit, registration, quota, concession, clearances or a similar grant or right during the moratorium period;]

- e. The supply of essential goods or services to the corporate debtor as may be specified shall not be terminated or suspended or interrupted during the moratorium period.
- f. The provisions of sub-section (1) of the Section 14 shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.
- g. The Applicant has proposed the name of Mr. Bijay Murmura, having Registration No. IBBI/IPA-001/IP-00007/2016-17/10026(Email ID: bijay_murmura@sumedhamanagement.com)

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(the Interim Resolution Professional (“IRP”). We have perused that there is a written communication and consent of IRP in Form- 2 with Declaration, annexed at pages 481-490, as per the requirement of Rule 9(l) of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016. In addition, further necessary disclosures have been made by “Mr. Bijay Murmuria” as per the requirement of the IBBI Regulations. Accordingly, he satisfies the requirement of Section 7(3)(b) of the code. Hence, we appoint “Mr. Bijay Murmuria” as the Interim Resolution Professional (IRP) of the Corporate Debtor to carry out the functions as per the IBC subject to submission of a valid Authorisation of Assignment in terms of regulation 7A of the Insolvency and Bankruptcy Board of India (Insolvency Professional) Regulations, 2016. The fee payable to IRP or the RP, as the case may be, shall be compliant with such Regulations, Circulars and Directions as may be issued by the Insolvency & Bankruptcy Board of India (IBBI). The IRP shall carry out his functions as contemplated by sections 15, 17, 18, 19, 20 and 21 of the I&B Code. The Registration Certificate of the IP is valid upto 31.12.2026 as reflected on the IBBI Website.

h. In pursuance of Section 13 (2) of the Code, we direct the IRP or the RP, as the case shall cause a public announcement immediately with regard to the admission of this application under Section 7 of the Code and call for the submission of claims under Section 15 of the Code. The public announcement referred to in Clause (b) of sub-section (1) of Section 15 of the IBC, 2016, shall be made immediately. The expression immediately means within three days as clarified by Explanation to Regulation 6 (1) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

i. During the CIRP period, the management of affairs of the Corporate Debtor shall vest in the IRP or the RP, as the case may

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be, in terms of Section 17 of the IBC, 2016. The officers and managers of the Corporate Debtor shall provide all documents in their possession and furnish every information in their knowledge to the IRP within one week from the date of receipt of this Order, in default of which coercive steps will follow. There shall be no future opportunities in this regard.

j. The Interim Resolution Professional is also free to take police assistance to take full charge of the Corporate Debtor, its assets and its documents without any delay, and this Court hereby directs the concerned Police Authorities and/or the Officer-in-Charge of Local Police Station(s) to render all assistance as may be required by the Interim Resolution Professional in this regard.

k. The IRP or the RP, as the case may be, shall submit to this Adjudicating Authority periodical report with regard to the progress of the CIR Process in respect of the Corporate Debtor.

l. The Financial Creditors shall be liable to pay to IRP a sum of Rs. 3,00,000 /-(Rupees Three Lakhs only) as payment to meet the cost of CIRP arising out of issuing public notice and inviting claims etc., as per Regulation 33(3) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, which amount shall be adjusted at the time of final payment. The expenses relating to the CIRP are subject to the approval of the Committee of Creditors (CoC).

m. In terms of sections 7(5) and 7(7) of the Code, the Registry of this Adjudicating Authority is hereby directed to communicate this Order to the Financial Creditor, the Corporate Debtor and the Interim Resolution Professional by Speed Post and through email immediately, and in any case, not later than two days from the date of this Order.

n. Additionally, the Registry of this Adjudicating Authority shall serve a copy of this Order upon the Insolvency and Bankruptcy

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Board of India (IBBI) for their record and also upon the Registrar of Companies (RoC), Kolkata to whom the company is registered with, by all available means for updating the Master Data of the Corporate Debtor.

o. The Resolution Professional shall conduct CIRP in a time-bound manner as per Regulation 40A of IBBI (Insolvency Resolution Process for Corporate Persons) Regulation, 2016.

p. The IRP/RP shall be liable to submit the periodical report including the minutes of the CoC of the Corporate Debtor, with regard to the progress of the CIR Process in respect of the Corporate Debtor to this Adjudicating Authority from time to time.

q. The order of moratorium shall cease to have effect as per Section 14(4) of the I&B Code.

13. Certified copies of this order, if applied for with the Registry of this Adjudicating Authority, be supplied to the parties upon compliance with all requisite formalities.

14. Post the Company Petition on 22/06/2026 for filing the Periodical Progress Report by the IRP/RP as appointed herein.

Cmde Siddharth Mishra
Member (Technical)

Bidisha Banerjee
Member (Judicial)

The Order signed this, on the 14th day of May 2026.

S. Chakraborty (Steno)/RKM(LRA)