

**IN THE NATIONAL COMPANY LAW TRIBUNAL,
DIVISION BENCH – II, CHENNAI
CP(IB)/164(CHE)/2024**

*(Filed under Section 7 of the Insolvency and Bankruptcy Code, 2016, R/w, Rule 4 of the
Insolvency and Bankruptcy Rules, 2016)*

In the matter of Lokaa Housing Private Limited

S. SIVAKUMAR,
S/o Late Shri Sundram,
Residing at No. 14,
Lynwood Lane, Mahalingapuram,
Chennai – 600 034.

... Petitioner/ Financial Creditor
V/s

LOKAA HOUSING PRIVATE LIMITED,
Plot No.5/ Flat No.101, 1st Floor, No. 14,
Kannappa Nagar Extension,
Thiruvannamiyur, Chennai, Tamilnadu – 600 041.

... Respondent/ Corporate Debtor

Order pronounced on 12.09.2025

CORAM:

SHRI. JYOTI KUMAR TRIPATHI, MEMBER (JUDICIAL)

SHRI. RAVICHANDRAN RAMASAMY, MEMBER (TECHNICAL)

Present:

For Applicant: Mr. M. Roshan Atiq, Advocate

For Respondent: Mr. Rajesh Bohra, Advocate

ORDER

(Heard through Hybrid Mode)

Under consideration is a petition under Section 7 of IBC filed by **S. Sivakumar**, Petitioner/ Financial Creditor herein against **Lokaa Housing**

Private Limited, Respondent / Corporate Debtor herein for initiating Corporate Insolvency Process (CIRP) against the Corporate Debtor.

2. SUBMISSIONS OF THE APPLICANT

2.1. Part I of the Application contains the particulars of the Applicant S. Sivakumar. Part II of the Application sets out the details of the Corporate Debtor. It was incorporated on 17.07.2018 with paid up share capital of Rs. 5,00,000/- and address at Plot No.5/ Flat No.101, 1st Floor, No. 14, Kannappa Nagar Extension, Thiruvanmiyur, Chennai, Tamilnadu — 600041, within the jurisdiction of this Tribunal. In Part III of the application, the Financial Creditor has proposed S Hari Karthik, Reg No. IBBI/1PAZ002/1P-NO.1201/2021-2022/14009 as the IRP. Part IV of the application sets out the details of the debt being Rs.47,66,56,000/- (Rupees Forty seven crores sixty six lakh fifty six thousand only) principal along with interest as on 01.05.2024. This application has been filed on 26.07.2024.

2.2. It is submitted that on 11.05.2018 the applicant had entered into an Agreement with Lokaa Developers Private Limited, an associate of the Corporate Debtor, under which he invested a sum of Rs.14,00,00,000/- (Rupees Fourteen Crores only) towards allotment of 50,000 sq. ft. of built-up area in the project titled “Lokaa Pride of Porur”, being developed jointly by the Corporate Debtor and its group entities. The said agreement

stipulated that the construction would be completed within January 2021, and in case of delay, the developer would pay interest at the rate of 24% per annum. It also provided for a buyback arrangement, whereby the Financial Creditor was assured a consideration of Rs.25,00,00,000/- on or before 31.05.2021, at his option.

2.3. It is submitted that the project was not completed within the stipulated time, and the Applicant accordingly exercised his option for buyback. However, Lokaa Developers Private Limited and the group entities failed to honour the buyback obligation. The Applicant pursued repayment and consequently, on 21.08.2022, a Memorandum of Agreement was executed between the Applicant, the Corporate Debtor (Lokaa Housing Private Limited), and its associates namely Lokaa Pride of Porur LLP, Lokaa Developers Private Limited, Style One Retail Concepts Private Limited, and their Directors, Mr. P. Santhosh Sharma and Mrs. Kalpana Sharma. Under this Memorandum, the Corporate Debtor and its associates expressly undertook to settle the dues of Rs.25,00,00,000/- (Rupees Twenty-Five Crores only) together with interest on or before 01.01.2023, failing which the said sum would be treated as a loan repayable with interest at the rate of 24% per annum from 01.05.2021 until full repayment.

2.4. The Applicant further submitted that despite repeated follow-ups, the Corporate Debtor failed to comply with the terms of the Memorandum. In order to demonstrate bonafides, the Corporate Debtor issued certain post-dated cheques, including one cheque dated 04.03.2024 for Rs.2,00,00,000/- (Rupees Two Crores only). However, the said cheque when presented was dishonoured and returned on 06.03.2024, thereby evidencing the inability of the Corporate Debtor to make payment. Prior thereto, the Applicant had issued a legal notice dated 07.03.2023 demanding repayment, but no response or repayment was forthcoming.

2.5. The Applicant submits that the date of default is 01.01.2023, being the date on which the Corporate Debtor failed to discharge its obligation under the Memorandum of Agreement dated 21.08.2022. As on 01.05.2024, the total outstanding debt due from the Corporate Debtor stands at Rs.47,66,56,000/- (Rupees Forty-Seven Crores Sixty-Six Lakhs and Fifty-Six Thousand only), comprising of principal of Rs.25,00,00,000/- and accrued interest of Rs.22,66,56,000/- calculated at 24% per annum. The computation of the claim has been furnished, showing accrual of interest from 01.05.2021 to 01.05.2024.

2.6. It is further submitted that the default is further evidenced by the bank certificate dated 04.03.2024 issued by Bank of Baroda confirming that no payments were received by the Applicant from the Corporate Debtor between 21.08.2022 and 03.03.2024, the dishonoured cheque and return memo dated 06.03.2024, copies of post-dated cheques issued by the Corporate Debtor, and the legal notice issued by the Applicant. It was also submitted that the record of default with the Information Utility has been annexed.

2.7. The Applicant therefore contends that the debt owed clearly falls within the definition of “financial debt” under Section 5(8) of the Code, the occurrence of default stands established, and the evidence placed on record satisfies all requirements under Section 7 of the IBC.

3. SUBMISSIONS OF THE RESPONDENT

3.1. The Learned Counsel for the Respondent/Corporate Debtor submitted that the present petition filed under Section 7 of the Insolvency and Bankruptcy Code, 2016 is not maintainable either in law or on facts.

3.2. At the outset, it is contended that the Applicant does not qualify as a “Financial Creditor” within the meaning of Section 5(7) of the Code, inasmuch as the transaction relied upon by the Applicant is not in the

nature of a financial loan but rather an investment in a real estate project with an assured return.

3.3. It is submitted that the Applicant entered into an Agreement dated 11.05.2018 with Lokaa Developers Private Limited, and not with the present Corporate Debtor, Lokaa Housing Private Limited Under the said Agreement, the Applicant agreed to advance Rs.14,00,00,000/- (Rupees Fourteen Crores only) towards allotment of 50,000 sq. ft. of built-up area in the project “Lokaa Pride of Porur.” The Agreement envisaged that in the event the project was not completed within the stipulated period, an assured return or buyback consideration of Rs.25,00,00,000/- would be provided. It is the case of the Respondent that such an arrangement partakes the character of a speculative investment in a real estate venture and cannot be re-characterised as a financial debt under Section 5(8) of the Code.

3.4. The Respondent further submits that the Corporate Debtor was not a signatory to the Agreement dated 11.05.2018 and therefore cannot be saddled with any liability arising out of the same. The reliance placed by the Applicant on the Memorandum of Agreement dated 21.08.2022 is also contested. It is submitted that the said Memorandum was executed in

peculiar circumstances and under undue pressure exerted by the Applicant, and therefore cannot be treated as a voluntary acknowledgment of liability by the Corporate Debtor. It is further argued that the Memorandum cannot alter the original nature of the transaction, which was always an investment and not a borrowing.

3.5. With respect to the claim of Rs.47,66,56,000/- said to be due as of 01.05.2024, the Respondent contends that the calculation of interest at 24% per annum is wholly excessive, arbitrary, and in the nature of a penalty. The very fact that such an exorbitant rate of return was agreed to, according to the Respondent, establishes that the arrangement was structured as an investment contract with an assured return, rather than as a loan carrying interest. Consequently, the alleged debt cannot be classified as a “financial debt,” nor can the Applicant be deemed a “financial creditor.”

3.6. The Respondent also submits that the Applicant has already invoked parallel remedies before other fora, and the attempt to invoke the jurisdiction of this Tribunal is nothing but a misuse of the insolvency framework for recovery of investment. The IBC, it is urged, is not a debt recovery tool but a legislation intended for revival of genuinely insolvent

companies. The present proceedings are therefore an abuse of process and liable to be dismissed.

4. SUBMISSIONS OF THE APPLICANT IN REJOINDER

4.1. It is submitted that the attempt of the Respondent to characterize the transaction as a mere “investment” is wholly misconceived and contrary to the documents on record. The Agreement dated 11.05.2018 as well as the subsequent Memorandum of Agreement dated 21.08.2022 clearly establish that the sum of Rs.14,00,00,000/- advanced by the Applicant carried a fixed obligation for repayment together with assured returns, and the Corporate Debtor and its group entities had unequivocally undertaken to repay Rs.25,00,00,000/- on or before 01.01.2023. The very structure of the Memorandum satisfies the ingredients of “financial debt” under Section 5(8) of the Code.

4.2. The Applicant further points out that the Respondent’s plea that the Corporate Debtor was not a party to the original Agreement dated 11.05.2018 is untenable. In fact, the Memorandum of Agreement dated 21.08.2022 was executed by the Corporate Debtor along with its group companies, thereby acknowledging their liability and treating the dues as a loan repayable with 24% interest per annum in case of default. It is

specifically submitted that the Respondent cannot now be permitted to resile from a solemn undertaking voluntarily entered into.

4.3. The Applicant has also relied upon the General Power of Attorney Deed dated 14.11.2019, under which Lokaa Housing Private Limited was expressly constituted as the power agent by the promoters and associate entities, thereby demonstrating that the Corporate Debtor was in full control and management of the project “Lokaa Pride of Porur.” This, according to the Applicant, conclusively disproves the Respondent’s attempt to disown liability and establish that the Corporate Debtor was integrally connected with the transaction from inception.

4.4. With respect to the plea of the Respondent that the claim is inflated due to levy of interest at 24% per annum, the Applicant contends that such interest was expressly agreed between the parties both under the original Agreement as well as the Memorandum dated 21.08.2022. Having acted upon such terms and having issued post-dated cheques in furtherance thereof, the Corporate Debtor cannot now challenge the rate of interest.

4.5. The Applicant also refutes the allegation that the present proceedings amount to misuse of the IBC. It is emphasized that the default is clearly evidenced by the dishonour of cheque dated 04.03.2024 for

Rs.2,00,00,000/-, return memo dated 06.03.2024, the bank certificate dated 04.03.2024 confirming non-payment, and the legal notice issued on 07.03.2023. These materials conclusively prove that a financial debt is due and payable by the Corporate Debtor and that default occurred on 01.01.2023, as recorded in the Memorandum.

4.6. Accordingly, the Applicant submits that all essential requirements of Section 7 of the Code stand satisfied, namely: (i) existence of a financial debt, (ii) liability of the Corporate Debtor under the Memorandum of Agreement, and (iii) occurrence of default. The rejoinder therefore prays that the objections raised in the counter are without merit and the petition deserves to be admitted by this Tribunal.

5. WRITTEN SUBMISSIONS OF THE APPLICANT

5.1. The Applicant/ Financial Creditor submitted that the Applicant advanced a sum of Rs.14,00,00,000/- under Agreement dated 11.05.2018 executed with Lokaa Developers Private Limited, for allotment of 50,000 sq. ft. of built-up area in the project “Lokaa Pride of Porur.” The said Agreement provided for repayment of Rs.25,00,00,000/- by 31.05.2021 in the event of default or non-completion of the project.

5.2. It is further submitted that when the project was not completed within the stipulated time, the Applicant exercised the buyback clause. After negotiations, the Applicant entered into a Memorandum of Agreement dated 21.08.2022 with the Corporate Debtor, Lokaa Housing Private Limited, along with its group entities, whereby the Respondents expressly undertook to repay Rs.25,00,00,000/- together with interest at 24% p.a. on or before 01.01.2023. The agreement further recorded that upon default, the said sum would be treated as a loan repayable with interest from 01.05.2021 till realization.

5.3. The Applicant submits that the Corporate Debtor failed to honour its commitments under the Memorandum of Agreement. A legal notice dated 07.03.2023 was issued demanding repayment, but no payment was made. Further, cheques issued by the Corporate Debtor towards repayment, including cheque dated 04.03.2024 for Rs.2,00,00,000/-, were dishonoured upon presentation on 06.03.2024. The dishonour of cheques and non-payment of dues clearly evidence the default.

5.4. It is contended that as on 01.05.2024, the total outstanding dues amount to Rs.47,66,56,000/-, comprising principal of Rs.25,00,00,000/- and interest of Rs.22,66,56,000/- at 24% per annum. The claim is supported by

computation statements, bank certificates, dishonoured cheque memos, and the record of default.

5.5. The Applicant refutes the objections raised by the Respondent, including the contention that the Memorandum of Agreement is fabricated. It is submitted that the Corporate Debtor not only executed the Memorandum of Agreement but also issued post-dated cheques in furtherance thereof, thereby acknowledging its liability. The Applicant further places reliance on the General Power of Attorney dated 14.11.2019, under which the Corporate Debtor was constituted as Power Agent by the promoters, demonstrating its control over the project.

5.6. The Applicant argues that the transaction satisfies the essential ingredients of “financial debt” under Section 5(8) of the Code, as the advance made by the Applicant had the commercial effect of a borrowing, coupled with an obligation to repay with interest. The occurrence of default is evidenced by the dishonour of cheques and failure to repay as per the Memorandum of Agreement.

5.7. Accordingly, the Applicant submits that the petition deserves to be admitted under Section 7 of the Code, the Corporate Insolvency Resolution Process be initiated against the Corporate Debtor, and the proposed

Interim Resolution Professional be appointed to take charge of the Corporate Debtor's affairs.

6. WRITTEN SUBMISSIONS OF THE RESPONDENT

6.1. The Respondent/ Corporate Debtor, Lokaa Housing Private Limited, has filed written submissions opposing the admission of the present petition. At the outset, it is contended that the petition is wholly misconceived, devoid of merit, and a gross abuse of the insolvency process.

6.2. It is submitted that the Applicant had entered into an Investment/Co-Development Agreement dated 11.05.2018 with Lokaa Developer Private Limited, an associated entity of the Corporate Debtor, for investment of Rs.14 Crores in consideration of 50,000 sq. ft. of built-up area, with a buyback clause of Rs.25 Crores. The said Agreement, under Clause 6.3, expressly clarifies that the arrangement does not constitute a loan, borrowal, or partnership, and therefore, no financial debt arises within the meaning of Section 5(8) of the Code.

6.3. The Corporate Debtor submits that the development of the project was severely impacted by the Covid-19 pandemic, which constituted a force majeure event, resulting in unavoidable delays. Parallel disputes also arose in respect of another project, culminating in arbitral proceedings

before the Hon'ble High Court of Madras. It is further pointed out that other petitions have been filed against associated entities of the Respondent on manipulated facts, and criminal proceedings, including an FIR and ED investigation, have caused undue prejudice to the promoter.

6.4. The Respondent specifically assails the reliance placed by the Applicant on an alleged agreement dated 21.08.2022 (hereinafter, "the Disputed Agreement"), which the Corporate Debtor contends is fabricated and fraudulently procured. A police complaint has been lodged on 21.10.2024, alleging forgery, impersonation, and misrepresentation of material facts. The Respondent submits that the said document suffers from fundamental defects, namely: (i) it is unregistered and therefore unenforceable under the Registration Act, 1908; (ii) it bears no independent witnesses, only close associates and relatives of the Applicant; (iii) there is no Board Resolution authorising the execution of such a financial commitment as mandated under Sections 179 and 180 of the Companies Act, 2013; and (iv) the absence of any custody or exchange clause renders its authenticity doubtful.

6.5. It is further contended that the post-dated cheques allegedly relied upon by the Applicant were never issued as acknowledgement of liability,

but were misused by the Applicant after being obtained through a third party, thereby rendering the claim untenable. The Respondent also disputes the NeSL record of default, pointing out that it was generated on the basis of a single email communication at a time when the promoter was in judicial custody, thereby rendering it wholly unreliable.

6.6. The Respondent asserts that the essential ingredients of a financial debt, namely disbursement against consideration for the time value of money, are absent in the present case. The Agreement dated 11.05.2018 is in the nature of an investment and does not constitute a financial loan. No disbursement has been made to the Corporate Debtor; even the alleged amounts pertain to another entity, viz. Lokaa Developer Private Limited. Reliance is placed on authoritative pronouncements, including *Shubha Sharma v. Mansi Brar Fernandes (NCLAT)* and *Anuj Jain v. Axis Bank (Supreme Court)*, to contend that investment arrangements devoid of time value of money cannot be categorised as financial debt.

6.7. It is urged that the present petition is a blatant misuse of the insolvency mechanism, initiated with fraudulent intent and falling squarely within the ambit of Section 65 of the Code. The Hon'ble Supreme Court in *Orator Marketing Private Limited v. Samtex Desinz Private*

Limited and the Hon'ble NCLAT in *Smaaash Entertainment Private Limited v. Balrampur Chini Mills Ltd.* have deprecated the use of IBC as a debt recovery tool. The Respondent, therefore, prays that the present petition be dismissed with exemplary costs, and that strict action be taken against the Applicant under Section 65 of the Code for abuse of process.

7. FINDINGS OF THE TRIBUNAL

7.1. We have carefully considered the pleadings, documents, and submissions of both parties.

7.2. The Applicant has established that a sum of Rs.14 Crores was advanced under the Agreement dated 11.05.2018, followed by the Memorandum of Agreement dated 21.08.2022, wherein the Corporate Debtor along with its group entities undertook to repay Rs.25 Crores with interest. The Corporate Debtor's liability is further evidenced by issuance and dishonour of post-dated cheques, legal notice dated 07.03.2023, and the Bank Certificate confirming non-payment.

7.3. The plea of the Respondent that the Memorandum of Agreement is fabricated cannot be sustained, particularly in light of its express execution by the Corporate Debtor and absence of any credible material disproving the same. The objections regarding non-registration and alleged misuse of

cheques are matters of disputed fact, which cannot defeat a clear acknowledgment of liability.

7.4. It is the case of the Applicant that a sum of Rs.14,00,00,000/- was advanced under an Agreement dated 11.05.2018 executed with Lokaa Developers Private Limited, for allotment of 50,000 sq. ft. of built-up area in the project "Lokaa Pride of Porur." The said Agreement contained a buyback clause, under which the Applicant was assured repayment of Rs.25,00,00,000/- in the event of non-completion of the project. Subsequently, on 21.08.2022, a Memorandum of Agreement was executed by the Corporate Debtor, Lokaa Housing Private Limited, along with its associate entities, acknowledging liability to repay Rs.25,00,00,000/- on or before 01.01.2023, and further providing that in the event of default, the amount shall be treated as a loan carrying interest at the rate of 24% per annum with effect from 01.05.2021.

7.5. The Applicant has produced on record the Memorandum of Agreement dated 21.08.2022, the dishonoured cheque dated 04.03.2024 for Rs.2,00,00,000/-, return memo dated 06.03.2024, legal notice dated 07.03.2023, bank certificate dated 04.03.2024 confirming non-payment, and the record of default filed with the Information Utility (NeSL), which

reflects the status as “deemed to be authenticated.” These materials, in our considered view, constitute prima facie evidence of debt and default.

7.6. The Respondent, on the other hand, has opposed admission by contending that the original Agreement dated 11.05.2018 was in the nature of an investment contract with an assured return, and that no “financial debt” arises under Section 5(8) of the Code. It is further contended that the Memorandum of Agreement dated 21.08.2022 is a fabricated document, procured through misuse of blank signed papers, and suffers from legal defects such as non-registration, absence of independent witnesses, and lack of Board authorization. The Respondent has also argued that the cheques relied upon were misused and that the NeSL record is unreliable.

7.7. It is observed that firstly, the Memorandum of Agreement dated 21.08.2022 bears the signatures of the promoters/directors of the Corporate Debtor and expressly records that the liability of Rs.25,00,00,000/- would be treated as a loan repayable with interest at 24% per annum in the event of default. This document, therefore, squarely falls within the ambit of “financial debt” as defined under Section 5(8) of the Code, being a disbursement with the commercial effect of a borrowing. In *Innoventive Industries Ltd. v. ICICI Bank (2018) 1 SCC 407*, the Hon’ble Supreme Court

has held that once a debt and default are established, the Adjudicating Authority must admit the petition.

7.8. Secondly, the dishonour of cheques issued by the Corporate Debtor, including the cheque dated 04.03.2024, is an unequivocal indicator of default. The Corporate Debtor cannot escape liability by alleging misuse, particularly when such cheques were issued in furtherance of the admitted Memorandum.

7.9. Thirdly, the Information Utility (NeSL) record of default, which shows status as “deemed to be authenticated,” is entitled to statutory presumption under Section 215 of the Code and has significant evidentiary value. The Respondent has not furnished any cogent material to rebut such statutory presumption.

7.10. Fourthly, the contention that the Memorandum required registration or independent witnesses does not hold merit. The IBC is a special legislation, and the existence of a financial debt and default is to be determined on the basis of the substance of the transaction rather than technical defects. The execution of the Memorandum of Agreement by the Corporate Debtor itself constitutes a clear acknowledgment of liability.

7.11. We also find no merit in the plea of force majeure or pendency of other disputes. The scope of enquiry under Section 7 of the Code is limited to determination of the existence of debt and occurrence of default. It is well-settled that this Tribunal is not required to adjudicate on disputed questions of fraud or contractual breach, which fall within the domain of civil courts or arbitral forums.

7.12. Finally, we also deal with the Respondent's plea that the original transaction was merely an investment in real estate with an assured return, which does not constitute a financial debt. This contention stands squarely answered by judicial precedent. In *Nikhil Mehta & Sons (HUF) v. AMR Infrastructure Ltd.* [2017 SCC OnLine NCLAT 377], the Hon'ble NCLAT held that amounts advanced under "assured return" schemes in real estate projects do in fact constitute financial debt as they involve consideration for the time value of money. Similarly, in *Manish Kumar v. Union of India* (2021) 5 SCC 1, the Hon'ble Supreme Court reiterated that homebuyers and investors with assured returns are financial creditors under Section 5(8)(f) of the Code.

7.13. The Respondent's reliance on *Shubha Sharma v. Mansi Brar Fernandes* (NCLAT) and *Anuj Jain v. Axis Bank Ltd.* (Supreme Court) is

misplaced. In those cases, the essential element of time value of money was absent. In the present case, however, the Memorandum of Agreement dated 21.08.2022 unequivocally records that the sum of Rs.25 Crores would be treated as a loan repayable with 24% interest per annum in the event of default, thereby satisfying the test of Section 5(8). Thus, the Applicant's claim is not in the nature of a speculative investment, but rather a financial debt duly acknowledged by the Corporate Debtor.

7.14. In view of the above, we are satisfied that:

- i. A financial debt exists within the meaning of Section 5(8) of the Code;
- ii. The Corporate Debtor has committed default in repayment of the said financial debt, the date of default being 01.01.2023; and
- iii. The Applicant has produced sufficient documentary evidence, including the Memorandum of Agreement, dishonoured cheques, bank certificate, legal notice, and NeSL record of default, to substantiate the claim.

7.15. In view of the facts as stated supra and also in view of the 'financial debt' which is proved by the Financial Creditor and the 'default' being committed on the part of the Corporate Debtor, this Tribunal admits the

present petition and initiates the Corporate Insolvency Resolution Process in relation to the Corporate Debtor and appoint the proposed Interim Resolution Professional to take charge of the affairs of the Corporate Debtor in accordance with law.

7.17. In the present case, the Financial Creditor has named Mr. S Hari Karthik as the Insolvency Resolution Professional in Part – III of the Application. But we find that his registration has been suspended with effect from 11th October 2025. This Tribunal hence appoints Mr. S. R. Shriraam Shekher, with Registration No: IBBI/IPA-003/IP-N00144/2017-2018/11598 (email id: shekhershriraam@gmail.com) who is having Authorization for Assignment till 31.12.2025 as the “Interim Resolution Professional” (IRP) in respect of the Corporate Debtor. The IRP appointed shall take in this regard such other and further steps as are required under the Code, more specifically in terms of Section 15,17,18 of the Code and file the report within 20 days before this Bench. The powers of the Board of Directors of the Corporate Debtor shall stand superseded as a consequence of the initiation of the CIRP in relation to the Corporate Debtor in terms of the provisions of IBC, 2016.

7.18. As a consequence of the Application being admitted in terms of Section 7 of the Code, the moratorium as envisaged under the provisions of Section 14(1) and as extracted hereunder shall follow in relation to the Corporate Debtor:

- a. The institution of suits or continuation of pending suits or proceedings against the respondent including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;*
- b. Transferring, encumbering, alienating or disposing of by the respondent any of its assets or any legal right or beneficial interest therein;*
- c. Any action to foreclose, recover or enforce any security interest created by the respondent in respect of its property including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;*
- d. The recovery of any property by an owner or lessor where such property is occupied by or in the possession of the respondent.*

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

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

“(2) The supply of essential goods or services to the Corporate Debtor as may be specified shall not be terminated or suspended or interrupted during moratorium period.

(2A) Where the interim resolution professional or resolution professional, as the case may be, considers the supply of goods or services critical to protect and preserve the value of the Corporate Debtor and manage the operations of such Corporate Debtor as a going concern, then the supply of such goods or services shall not be terminated, suspended or interrupted during the period of moratorium, except where such Corporate Debtor has not paid dues arising from such supply during the moratorium period or in such circumstances as may be specified.

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

(a) such transactions, agreements or other arrangement as may be notified by the Central Government in consultation with any financial sector regulator or any other authority;

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

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

“(4) The order of moratorium shall have effect from the date of such order till the completion of the Corporate Insolvency Resolution Process:

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

7.21. The Financial Creditor is directed to pay a sum of **Rs.2,00,000/- (Rupees Two Lakhs only)** to the Interim Resolution Professional upon the

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

8. Based on the above terms, the **CP(IB)/164(CHE)/2024** stands admitted in terms of Section 7 (5) of IBC, 2016 and the moratorium shall come in to effect as of this date. A copy of the Order shall be communicated to the Financial Creditor as well as to the Corporate Debtor above named by the Registry. In addition, a copy of the Order shall also be forwarded to IBBI for its records. Further, the Interim Resolution Professional above named who is figuring in the list of Resolution Professionals forwarded by IBBI be also furnished with copy of this Order forthwith by the Registry, who will also communicate the initiation of the CIRP in relation to the Corporate Debtor to the Registrar of Companies concerned.

-Sd/-

RAVICHANDRAN RAMASAMY
MEMBER (TECHNICAL)

-Sd/-

JYOTI KUMAR TRIPATHI
MEMBER (JUDICIAL)