

**IN THE NATIONAL COMPANY LAW TRIBUNAL**  
**JAIPUR BENCH**

**CORAM: MS. REETA KOHLI,**  
**HON'BLE JUDICIAL MEMBER**

**MS. KAVITA BHATNAGAR**  
**HON'BLE TECHNICAL MEMBER**

**CP No. (IB)-93/7/JPR/2025**

*(Under Section 7 of the Insolvency and Bankruptcy Code, 2016, Read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016)*

**IN THE MATTER OF:**

**MR. ASHOK JINDAL**

**...Financial Creditor/ Petitioner**

**VERSUS**

**M/S TARUN ALLOYS LIMITED**

**...Corporate Debtor/ Respondent**

**MEMO OF PARTIES**

**Mr. Ashok Jindal,**  
C-125, Pushpanjali Enclave,  
Pitampura, New Delhi

**...Financial Creditor/ Petitioner**

**VERSUS**

**M/s Tarun Alloys Ltd.,**  
A-905, Phase-III, Industrial Area,  
Bhiwadi-301019, Rajasthan

**...Corporate Debtor/ Respondent**

For the Financial Creditor

: Milan Singh Negi, Adv.

For the Corporate Debtor

: Karan Valecha, Adv.

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**Order Pronounced On: 24.03.2026**

**ORDER**

**Per: Ms. Kavita Bhatnagar Technical Member**

1. The instant petition having *CP No. (IB)-93/7/JPR/2025* has been filed by *Mr. Ashok Jindal* ('Petitioner'/ 'Financial Creditor') against *M/s Tarun Alloys Limited* ('Respondent'/ 'Corporate Debtor') under Section 7 of the Insolvency and Bankruptcy Code, 2016 (the 'IBC'/ 'Code') seeking initiation of the Corporate Insolvency Resolution Process ('CIRP') against *M/s Tarun Alloys Limited* ('Corporate Debtor'/ 'Respondent').
2. The Respondent / Corporate Debtor is a non-government company limited by shares having CIN No. U27101RJ1995PLC011262, incorporated under the Companies Act, 1956 on 22.12.1995, duly registered with the Registrar of Companies, Jaipur. The Registered Office of the Company is situated at - *905, Phase-III, Industrial Area, Bhiwadi, Rajasthan-301019*. The Authorized Share Capital of the Respondent Company is Rs. Rs.4,40,00,000/- (Rupees Four Crore Forty Lakhs Only) and the Paid-Up Share Capital is Rs. 4,32,74,930/- (Rupees Four Crore Thirty-Two Lakh Seventy-Four Thousand Nine Hundred Thirty Only). As the company is registered in Rajasthan, hence, it comes under the jurisdiction of NCLT, Jaipur Bench.

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3. The Financial Creditor has stated that the Corporate Debtor had availed certain credit facility from the Canara Bank for its business operations. The account of the Corporate Debtor became irregular and the Corporate Debtor approached the bank for settlement of its dues through One Time Settlement (OTS). In order to comply with the terms of the OTS proposal the Corporate Debtor required an upfront payment to be deposited with the bank. The Corporate Debtor, through its director approached the Financial Creditor for seeking financial assistance.
4. On the basis of understanding between the parties, the Financial Creditor issued five cheques dated 15.02.2021 totalling Rs. 50,00,000/- (Rupees Fifty Lakh Only) in favour of Canara Bank on behalf of the Corporate Debtor, which were encashed by the Bank on 19.02.2021 and were credited to be appropriated towards the OTS amount. The details of cheques issued by the Financial Creditor on behalf of the Corporate Debtor to Canara Bank are as under: -

Issued Date	Cheque No.	Amount	Encashment date
15.02.2021	374108	10,00,000/-	19.02.2021
15.02.2021	374109	10,00,000/-	19.02.2021
15.02.2021	374110	10,00,000/-	19.02.2021
15.02.2021	374111	10,00,000/-	19.02.2021
15.02.2021	374112	10,00,000/-	19.02.2021

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5. Later on, the parties have executed a Loan Agreement dated 10.06.2021 recording the aforesaid financial arrangement and it was stated that the Corporate Debtor shall repay the amount of Rs. 50,00,000/- (Rupees Fifty Lakh Only) along with interest @ 18 % per annum to be compounded quarterly from the date of disbursement. As per the terms of agreement, the loan amount along with interest was to be repaid by the Corporate Debtor upon expiry of three years from the date of disbursement i.e. on 19.02.2024.
6. It has been further stated by the Financial Creditor that despite repeated demands and correspondence between the parties. The Corporate Debtor failed to discharge its liability. Consequently, a demand notice was issued by the Financial Creditor calling upon the Corporate Debtor to repay the outstanding amount which is due and payable for a sum of Rs. 1,21,09,516/- (Principal Rs. 50,00,000/-, + Contractual Interest: 34,76,342/-, + Penal Interest: 36,33,174/-) on 31.08.2025.
7. The Respondent / Corporate Debtor had filed its reply vide Dairy No. 487/2026 dated 12.03.2026 wherein stated as under: -
  - 7.1 The CD has opposed the present petition and has raised objections regarding the maintainability of the petition. The Corporate Debtor has submitted that the sum of Rs. 50,00,000/- (Rupees Fifty Lakh Only) was paid directly by the FC to the Canara Bank and not to the CD and therefore the said amount cannot constitute a financial debt owed by the CD within the meaning of Section 5(8) of the Code.

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7.2 It is also stated that the balance-sheet of the CD acknowledge only the principal amount of Rs. 50,00,00/- (Rupees Fifty Lakh Only) and not the interest as claimed by this FC. The CD has also stated that the interest claimed is excessive and was never agreed between the parties.

7.3 It has also been contended by the CD that the alleged debt does not even meet the threshold as prescribed in Section 4 of the Code. The allegation by the CD is that the FC has inflated the amount by including interest.

Another objection of the CD is that application is barred by limitation as the amount was disbursed in February, 2021 while the petition has been filed in October, 2025.

Further there is no record of default shown in Information Utility (IU).

Hence, the application is defective.

### **Analysis and Findings**

8. We have heard both the counsels and have perused the material on record and we are of the opinion that the Financial Creditor had issued cheques totalling Rs. 50,00,000/- (Rupees Fifty Lakh Only) on behalf of the CD to the Canara Bank for the purpose of depositing upfront payment required for One Time Settlement (OTS) of the CD account.

9. It is a fact that the payment was made directly to the Bank and the amount was given to the Bank was at the behest of the CD and for its benefit. The

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loan agreement dated 10.06.2021 also records this financial arrangement between the parties and also states that the repayment of the said amount is with interest. This satisfied the qualification for financial debt under Section 5(8) of the Code. The money was disbursed against consideration for the time value of money.

10. The Tribunal is satisfied that the default has occurred and the loan amount was disbursed on 19.02.2021 and was to be repaid upon expiry of three years from the date of disbursement i.e. 19.02.2024. The CD has not shown any evidence / record for the repayment of the loan. The Financial Creditor has also placed on record a copy of the letter dated 15.02.2021 issued by the CD to Canara Bank wherein the CD informed the bank regarding the deposit of cheques issued by the FC towards the upfront amount required under the OTS proposal. The said document read together with the copies of the cheques and the subsequent loan agreement dated 10.06.2021 indicates that the payments made by the FC was with the knowledge of and for the benefit of the CD and towards discharge of its liability with Canara Bank. The Corporate Debtor has not denied that the said amount was utilized for the purpose of its OTS settlement with the bank.
11. In these circumstances the contentions that the amount was not disbursed to the CD cannot be accepted as the material on record demonstrates that the funds were advanced for the benefit of the CD and were subsequently acknowledged between the parties through the loan agreement which also

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stipulated that the interest will be charged at 18% per annum to be compounded quarterly from the date of disbursement.

12. It is well settled that the expression disbursement Section 5(8) of the Code does not necessarily require physical transfer of money directly to the borrower provided the funds are advanced for the benefit of the borrower and at its request.
13. In the present case the CD approached the FC for its financial assistance in order to deposit the upfront amount required for settlement of its account with Canara Bank under the OTS scheme. The Financial Creditor issued cheques to Canara Bank on behalf of the CD for settlement of its account for OTS.
14. In *Innoventive Industries Ltd. vs. ICICI Bank*, the Supreme Court held that at the stage of Section 7(5), the Adjudicating Authority has to ascertain whether a default has occurred, and once satisfied that a default has occurred, the application must be admitted unless it is incomplete. In *E.S. Krishnamurthy vs. Bharath Hi-Tech Builders Pvt. Ltd.*, the Supreme Court reiterated that the Adjudicating Authority under Section 7(5) is empowered only to verify whether a default has occurred or not, and based on that determination, must either admit or reject the application; it cannot travel beyond that limited jurisdiction to compel settlement or otherwise recast the dispute.

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15. Therefore, a mere dispute raised by the Corporate Debtor as to the interest component or the precise computation would not by itself defeat admission, once the existence of financial debt and default is established on the record.
16. The petition is within time as the limitation period for filing an application under Section 7 of the Code begins from the date of default and not from the disbursement. The default occurred on 19.02.2024 and the petition was filed in October, 2025. Although there is no record of Information Utility (IU) but they are sufficient records which establishes debt and default.

**Conclusion:**

17. On the basis of above findings, this Adjudicating Authority is satisfied that the Applicant / Petitioner is a Financial Creditor and there exists a debt and default. Accordingly, the application filed under Section 7 of the Code is admitted and CIRP is initiated against the Corporate Debtor i.e., Tarun Alloys Limited.
18. Under Clause (b) of sub-section (3) of Section 7 of the Code, the Financial Creditor may propose the name of a Resolution Professional to be appointed as Interim Resolution Professional ('IRP'). In the instant case, the Financial Creditor has proposed the name of Mr. Akarsh Kashyap, bearing Registration No. IBBI/IPA-001/IP-P00566/2017-18/11042 with the address *C-10, LGF, Lajpat Nagar Part-III, New Delhi-110024* as the IRP in the present matter. The said IRP has filed his written consent to act as an interim

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resolution professional in Form-2 provided under Rule 9 of the Insolvency and Bankruptcy Board of India (Application to Adjudicating Authority) Rules, 2016.

19. We hereby appoint Mr. Akarsh Kashyap having registration No. No. IBBI/IPA-001/IP-P00566/2017-18/11042 as Interim Resolution Professional (IRP) of the Corporate Debtor to carry out the functions as per the Code, subject to there being no disciplinary proceedings pending against him and subject to all compliances under the IBC and IBBI regulations.
20. The IRP is directed to take all such steps as are required under the statute, inter-alia in terms of Sections 15, 17, 18, 19, 20 and 21 of the Code and transact proceedings with utmost dedication, honesty and strictly in accordance with the provisions of the Code, and Rules and Regulations thereunder. The Interim Resolution Professional to check the genuineness of the claim while admitting the operational dues of the Applicant.
21. Consequences of initiation of CIRP shall be *inter-alia* as follows: -
  - 21.1 The IRP appointed by the Adjudicating Authority is directed to take over the affairs of the Corporate Debtor and duties as required to be performed by him under the provisions of Code including issue of publication in widely circulated Newspapers as contemplated under the provisions of the Code and calling for claims from the creditors of the Corporate Debtor; and collation of the same.

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21.2 Further, as a sequel of admission, moratorium as envisaged under Section 14 of the Code is invoked in relation to the Corporate Debtor which will be in vogue during the CIRP of the Corporate Debtor. The IRP shall carry out CIRP strictly as per the timelines specified and as envisaged under the provisions of the Code in relation to the Corporate Debtor.

21.3 The said IRP shall act strictly in accordance with the provisions of the Code. This Bench also directs for an advance payment of **Rs. 1,00,000/-** (Rupees One Lakh only) to be paid by the Petitioner to the Interim Resolution Professional immediately to initiate the process which shall be adjusted towards the expenses payable to the Resolution Professional. In terms of Section 17 and 19 of the Code all personnel of the Corporate Debtor including promoters and Board of Directors, whose powers shall stand suspended, shall extend all cooperation to the IRP during his tenure as such and the management of the affairs of the Corporate Debtor shall vest with the IRP.

21.4 In terms of Section 7 of the Code, this order shall be communicated at the earliest, not exceeding one week from today, to the Applicant, the Corporate Debtor as well as the IRP appointed by this Adjudicating Authority to carry out CIRP. A copy of this order shall also be communicated to IBBI for its records.

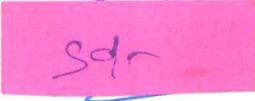
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22. Accordingly, *CP No. (IB)-93/7/JPR/2025 is admitted.* The Registry is directed immediately to send a soft copy of the instant Application along with this order to the parties along with the IRP appointed herein.

  
**REETA KOHLI**  
**JUDICIAL MEMBER**

  
**KAVITA BHATNAGAR**  
**TECHNICAL MEMBER**