

NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH COURT VI



IN THE NATIONAL COMPANY LAW TRIBUNAL MUMBAI BENCH-VI

CP (IB) No.730/MB/2026

[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:

STATE BANK OF INDIA

[TAN-MUMS8615F]

Stressed Assets Management Branch - II

at Raheja Chambers, Ground Floor

B Wing, Free Press Journal Marg

Nariman Point

Mumbai – 400021, Maharashtra.

...Financial Creditor/Applicant

V/s

BHAKTI EXTRACTIONS PRIVATE LIMITED

[CIN: U15143MH2004PTC146230]

31, Gur Market, Old Mondha, Near Bus Stand

Tq. And District-Jalna-431203

Maharashtra.

...Corporate Debtor

Pronounced: 30.09.2026

CORAM:

HON'BLE SHRI NILESH SHARMA, MEMBER (JUDICIAL)

HON'BLE SHRI SAMEER KAKAR, MEMBER (TECHNICAL)

Appearances: Hybrid

Financial Creditor: Adv. Mr. Devesh Khara a/w Adv. Mr. Abhinav Kalia a/w
Adv.Mr. Devesh Dubey a/w Adv. Ms. Saumya Sahu a/w
Adv. Mr. Bismit Nayak a/w Adv. Mr. Lakshya Bhatia a/w
Adv. Mr. Devendra Kumar Singh.

Corporate Debtor: Adv. Mr. Anand Shaw i/b Adv.Mr. Aniruth Purushothaman



ORDER

[PER: BENCH]

1. **BACKGROUND**

- 1.1 This is an Application bearing C.P.(IB) No.730/MB/2026 filed on 25.06.2026 by State Bank of India, the Applicant (Financial Creditor) under Section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as “the Code”) read with Rule 6 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 (hereinafter referred to as “the AAA Rules”) through Mr. Vimal Homi Vachha, Assistant General Manager, State Bank of India, Stressed Assets Management Branch - II authorised vide letter dated 06.04.2026 for initiating Corporate Insolvency Resolution Process (hereinafter referred to as “CIRP”) in respect of Bhakti Extractions Private Limited, the Corporate Debtor (CD).
- 1.2 The Applicant is a statutory body, incorporated and existing under the State Bank of India Act, 1955 read with the Regulations issued thereunder, primarily engaged in the business of Banking. The CD is engaged in the business of solvent extractions of oil seeds and cakes.
- 1.3 The Applicant has proposed the name of Mr. Mukesh Verma to act as an IRP. The Applicant has attached Form 2 of the proposed IRP thereby stating that no disciplinary proceedings are pending against the proposed IRP. The Applicant has also attached AFA in Form B of the proposed IRP having validity till 30.06.2027.
- 1.4 The Applicant has relied on the following documents:
- i. Copy of Letter of Authority dated April 06, 2026 by way of which Mr. Vimal Homi Vachha was appointed as the authorised representative of State Bank of India *in re* the captioned matter before this Tribunal



- ii. Copy of the Master Data of the Corporate Debtor as available on the web portal of Ministry of Corporate Affairs
- iii. Copy of Written Consent of Proposed IRP alongwith Validity certificate and AFA
- iv. Copy of the Board Resolution dated October 12, 2004 to avail sanctioned facilities and to execute documents along with true copy of the Board Resolution dated September 12, 2007 by way of which the Corporate Debtor confirmed receiving the credit facility sanctioned by the Financial Creditor
- v. Copy of the General Agreement for grant of advances to SSI Advances & Hypothecation of movables dated November 22, 2004
- vi. Copy of the Letters of Arrangement dated 25.09.2004, 29.12.2005, 16.10.2006, 11.09.2007, 16.10.2008, 26.03.2010, 10.08.2011, 22.02.2013, 07.11.2013, 12.03.2015, 04.04.2017, 15.05.2018, 24.01.2020, 28.01.2020, 05.10.2020, 18.08.2021, 05.09.2021, 21.11.2023, 30.08.2024 for sanctioning/renewal of the Credit Facilities issued by the Financial Creditor
- vii. Copy of the Agreement of Loan for Overall Limit dated June 29, 2017 to secure the aggregate credit facility from the Financial Creditor
- viii. Copy of the Supplemental Agreement of Loan for increase in the Overall Limit dated July 31, 2018 to secure the aggregate credit facility by way of which the Financial Creditor agreed to grant the individual limit within the Overall Limit to the Corporate Debtor
- ix. Copy of the letters regarding the grant of individual Limits within Overall Limits dated June 29, 2017
- x. Copy of the Revival Letters dated 26.10.2006, 06.10.2007, 03.11.2008, 07.11.2013, 04.04.2016, 26.11.2018, 31.08.2021 and 30.08.2024, issued by the Corporate Debtor for the of acknowledging their liability of repayment of the



- outstanding and ensuring the continuing enforceability of the Guarantee Agreement, under Section 18 of the Limitation Act, 1963
- xi. Copy of the Link Letters dated October 26, 2006, October 06, 2007, and September 26, 2018 confirming that earlier executed various security documents in the formats relating to SBF/SSI/C&I segment Advances are as per the Bank's policy which are in full force, valid and be binding upon the Corporate Debtor and its successors and assigns for all purposes and to all intents and their liability thereunder is valid and subsisting as on this day
 - xii. Copy of the Balance Confirmations as on March 31, 2024 and March 31, 2025, issued by the Corporate Debtor, acknowledging their liability to the Bank along with interest incurred or to be incurred on the outstanding
 - xiii. Copy of the Loan recall cum Demand Notice dated August 28, 2025 issued by the Financial Creditor, calling upon the Corporate Debtors and Guarantors to pay sum of Rs. 61,14,08,476/- due as on August 22, 2025, along with further interest accrued thereon
 - xiv. Copy of the Deeds of Mortgage dated November 22, 2004, October 20, 2006, March 19, 2013, April 28, 2015, June 30, 2017, October 23, 2017, executed by the Corporate Debtor in favour of the Financial Creditor for the sanction/renew the credit facility
 - xv. Copy of the Agreement of Pledge of Goods and Assets dated June 29, 2017 executed by the Corporate Debtor in favour the Financial Creditor wherein the Corporate Debtor pledging all the borrower' goods, book-debts, movable and other assets to secure the credit facility
 - xvi. Copy of the Supplemental Agreements of Pledge and Assets for Increase in the Overall Limit dated July 31, 2018, and September 26, 2018, executed by the Corporate Debtor in favour of the Financial Creditor



- xvii. Copy of the Hypothecation Agreement dated November 22, 2004, executed by the Corporate Debtor in favour of the Financial Creditor
- xviii. Copy of the Agreement of Loan Cum Hypothecation dated October 26, 2006, executed by the Corporate Debtor in favour of the Financial Creditor
- xix. Copy of the Supplemental Agreements of Loan Cum Hypothecation dated October 06, 2007, November 1, 2008, August 29, 2011, March 15, 2013, November 08, 2013, April 28, 2015, which were executed by the Corporate Debtor in favour of the Financial Creditor
- xx. Copy of the Guarantee Agreements dated November 22, 2004, October 26, 2006, October 06, 2007, October 31, 2008, August 29, 2011, November 08, 2013, April 28, 2015, executed by the guarantors of the Corporate Debtor in favour of the Financial Creditor to secure the credit facility
- xxi. Copy of the Deed of Guarantee for Overall Limit dated June 29, 2017 executed by the guarantors of the Corporate Debtor in favour of the Financial Creditor to secure the credit facility
- xxii. Copy of the Supplemental Deed of Guarantee for increase for in Overall Limit dated June 29, 2017 executed by the guarantors of the Corporate Debtor in favour of the Financial Creditor to secure the credit facility
- xxiii. Copy of documents and schedule of charges dated August 30, 2024
- xxiv. Copy of the Deeds of Further Charge October 06, 2007, August 29, 2011, March 19, 2013, November 08, 2013, April 28, 2015, executed by the mortgagors of the Corporate Debtor in favour of the Financial Creditor to secure the credit facility
- xxv. Copy of the ROC Search Report of the Corporate Debtor dated July 03, 2024
- xxvi. Copy of record from information utility in Form-D



xxvii. Copy of Commercial Credit Information Report of the Corporate Debtor dated June 04, 2026

xxviii. Copy the statement of Loan Accounts i.e. FITL Loan Account No. 40477333085, WCTL Loan Account No. 40477455232 and Cash Credit Loan Account No. 10370000672 till June 05, 2026 as per the Bankers Books Evidence Act, 1891 along with Audited Balance Sheet of Corporate Debtor

2. **AVERMENTS OF THE APPLICANT**

2.1 As per Part -IV of the Application the amount claimed to be in default by the Applicant is Rs. 66,27,77,523.79/- (Sixty-Six Crore Twenty-Seven Lakhs Seventy-Seven Thousand Five Hundred and Twenty-Three Rupees and Seventy-Nine Paise) due as on 05.06.2026 with the following details:

Sr. No.	Particulars of Account	Amount including interest
1.	FITL Loan Account No. 40477333085	Rs. 2,28,35,706.95 (Two crore twenty-eight lakh thirty-five thousand seven hundred six rupees and ninety-five paise)
2.	WCTL Loan Account No. 40477455232	Rs. 24,21,81,550.00 (Twenty-four crore twenty-one lakh eighty-one thousand five hundred fifty rupees)
3.	Cash Credit Loan Account No. 10370000672	Rs. 39,73,10,245.84 (Thirty-nine crore seventy-three lakh ten thousand two hundred forty-five rupees and eighty-four paise)
Total Outstanding dues as June 05, 2026		Rs. 66,27,77,523.79/- (Sixty-six crore twenty-seven lakh seventy-seven thousand five hundred twenty-three rupees and seventy-nine paise only)



2.2 The date of default is mentioned as 31.01.2025.

2.3 The total amount of debt granted to the CD is as follows:

Sr. No.	DATE OF SANCTION	TOTAL CREDIT FACILITY
1.	September 25, 2004	Rs. 3,00,00,000/-
2.	December 29, 2005	Rs. 3,00,00,000/-
3.	October 16, 2006	Rs. 6,00,00,000/-
4.	September 11, 2007	Rs. 9,50,00,000/-
5.	October 16, 2008	Rs. 22,25,00,000/-
6.	March 26, 2010	Rs. 22,25,00,000/-
7.	August 10, 2011	Rs. 33,80,00,000/-
8.	February 22, 2013	Rs. 45,65,00,000/-
9.	November 7, 2013	Rs. 63,00,00,000/-
10.	March 12, 2015	Rs. 71,00,00,000/-
11.	April 04, 2017	Rs. 89,61,00,000/-
12.	May 15, 2018	Rs. 95,72,00,000/-
13.	January 28, 2020, and October 05, 2020	Rs. 65,72,00,000/-
14.	August 18, 2021, and September 05, 2021	Rs. 66,12,00,000/-
15.	November 21, 2023	Rs. 60,35,00,000/-
16.	August 30, 2024	Rs. 57,84,00,000/-

2.4 The above facilities were in various forms such as Cash Credit, Stand by line of Credit, FBWC (Pledge Limit), Term Loan, Working Capital Term Loan (WCTL), Forward Contract/Derivative Limit, etc.

2.5 The Applicant filed an Additional Affidavit dated 07.07.2026 and has placed on record Certificate under Section 2A of the Bankers' Book Evidence Act, 1891 certifying the authenticity of the Statement of Accounts pertaining to the Loan Accounts bearing numbers viz. 10370000672, 40477455232 and 40477333085 of the CD.

2.6 The credit facilities granted to the CD are secured by:

1.Primary Securities:

- i. CC - Hypothecation of stocks of raw materials, consumables/spares/finished goods, book debts and all other movable assets of the company, both present & future;



- ii. TL I & II - Hypothecation of Plant & Machinery and Electronic Appliances in SEP section and seed clearing section at unit at Plot No. G-1, Additional MIDC Area, Jalna.

2.Collateral Securities (owned by the Corporate Debtor):

- i. All Piece and Parcel of Factory Land & Building at Plot No. G-1, Phase-II, Additional MIDC Area, Jalna, Admeasuring 20000 Sq. Mtr Phase II Additional MIDC, at Village Daregaon, Tq. & Dist Jalna;
- ii. All Piece and Parcel of Plot No. F- 36 admeasuring 152.5 sq. mt., Survey No. 182, Chattrapati Shivaji Maharaj Bazar Sankul, Village Jalna, Tq & Dist Jalna;
- iii. All Piece and Parcel of Plot No. F-37 admeasuring 152.5 sq.mt., Survey No. 182, Chattrapati Shivaji Maharaj Bazar Sankul, Village Jalna, Tq & Dist Jalna;
- iv. All Piece and Parcel of Plot No. 9, 10, 11 combined in Agro Processing Zone, "Chhatrapati Shivaji Maharaj Sankul", Survey. No. 181, New Market Yard, Deolgaon Raja Rd, Tq. & Dist. Jalna total admeasuring 193.25 Sq. Mtr.;

3.Securities held by way of Pledge:

- a. Agreement of Pledge of Goods and Assets between the parties pledging all the borrower' goods book- debts movable and other assets;
- b. Pledge of Shares of Bhakti Extractions Pvt. Ltd. of 625000 units belonging to Shri Pradeep Totla
- c. Pledge of Shares of Bhakti Extractions Pvt. Ltd. of 825000 units belonging to Shri Atish Chechani;



- d. Pledge of Shares of Bhakti Extractions Pvt. Ltd. of 825000 units belonging to Shri Atul O Mantri & Ashish O. Mantri;

4.Securities held by way of Personal Guarantee of the following Guarantor and properties mortgaged by them:

- i. **Atish Subhashchandra Chechani**
- ii. **Atul Omprakash Mantri:** All Piece and Parcel of Gut No 77 (P) Admeasuring Area 2H OR situated at Village Majrewadi, Jalna - Jintur Road, Jalna
- iii. **Ashish Omprakash Mantri:**
- a. All Piece and Parcel of Plot cum Shop No. K-382, Admeasuring 91.00 Sq Mtr Survey No. 183, New Market Yard, Deolgaon Raja Road, Jalna Tq. & Dist. Jalna and
- b. All Piece and Parcel of non-agricultural land bearing Gut No. 77 area 2H 14R, Gut No. 77 area 2H, Gut No. 78 area 32R, Gut No.79 area 32R & Gut No.80 area 11R, at Village Majrewadi, Jalna - Jintur Road, Jalna
- iv. **Pramila Omprakash Mantri:**
- a. All Piece and parcel of Property Plot No. 122, admeasuring 110 Sq. Mtr, C.T.S. no. 11494/A, Survey No. 127/3 situated at Jalna Tq & Dist. Jalna;
- b. All Piece and parcel of Property Plot No. 123, admeasuring 220 Sq. Mtr, C.T.S. no. 11494/A, Survey No. 127/3 situated at Jalna Tq & Dist. Jalna;



- c. All Piece and parcel of Property Plot No. 124, admeasuring 220 Sq. Mtr, C.T.S. no. 11494/A, Survey No. 127/3 situated at Jalna Tq & Dist. Jalna; and
- d. All Piece and Parcel of non-agricultural land at Gut No.175, Admeasuring 1.75 Acre, situated at Jalna-Jintur Road, Village Rammurti, Tq & Dist Jalna

v. Pradeep Babulal Totla

3. CONTENTIONS OF CORPORATE DEBTOR

- 3.1 The CD filed Affidavit-in-Reply dated 05.08.2026 affirmed by Mr. Atul Mantri- authorised signatory of the CD *vide* Board Resolution dated 24.07.2026.
- 3.2 The Applicant has failed to appreciate that initiation of proceedings under Section 7 of the Code is subject to compliance with all statutory requirements governing the lending relationship, including the mandatory regulatory framework applicable to Micro, Small and Medium Enterprises ("MSMEs"), which the Applicant was legally bound to follow before classifying the account of the CD as a Non-Performing Asset.
- 3.3 The CD had obtained registration under the statutory MSME regime much prior to the events giving rise to the present proceedings. The Udyog Aadhaar Memorandum issued by the Ministry of Micro, Small and Medium Enterprises records the CD as a Micro Enterprise carrying Udyog Aadhaar No. MH13B0006436 in the name of Bhakti Extraction Private Limited.
- 3.4 The mandatory character of the framework is reinforced by Clause 4.7(ii) of the Master Directions, which obligates every Scheduled Commercial Bank to formulate and implement a Board-approved policy governing rehabilitation and restructuring of MSMEs. The relevant portion provides:



“ii) In the light of the recommendations of the Working Group on Rehabilitation of Sick MSEs (Chairman: Dr. K.C. Chakrabarty), all commercial banks are advised vide our circular RPCD. SME & NFS.BC.No.102/06.04.01/2008-09 dated May 4, 2009 to:

(a) put in place loan policies governing extension of credit facilities, Restructuring/Rehabilitation policy for revival of potentially viable sick units / enterprises (now read with guidelines on Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises issued on March 17, 2016) and non- discretionary One Time Settlement scheme for recovery of non-performing loans for the MSE sector, with the approval of the Board of Directors”

3.5 The aforesaid direction demonstrates that the regulatory scheme does not contemplate immediate recovery action upon the occurrence of financial stress. On the contrary, it obligates banks to first examine the possibility of revival, rehabilitation and restructuring before permitting the account to proceed towards NPA classification.

3.6 The legal position has now been conclusively settled by the Hon'ble Supreme Court in *M/s Pro Knits v. Board of Directors of Canara Bank & Ors.*, SLP (C) No. 7898 of 2024, decided on 01.08.2024.

3.7 The Applicant has failed to establish that the Application has been instituted by a person duly authorised in law to invoke the insolvency jurisdiction of this Tribunal.

3.8 The Applicant has relied upon Annexure A-1 of the main petition, styled as a "To Whomsoever It May Concern" certificate, purportedly issued by a Deputy General Manager of the State Bank of India, certifying that Shri Vimal Vachha, Assistant General Manager, is authorised to appear and sign documents before various forums, including the NCLT and NCLAT, "as per Regulation 76 of SBI Regulations". The said document is merely a certificate asserting the existence of authority. It is neither the



source of authority nor does it disclose the legal foundation upon which such authority is claimed to exist.

3.9 The Applicant has failed to place on record:

- a. the Board Resolution authorising delegation of powers for institution of insolvency proceedings; and
- b. the document demonstrating that Shri Vimal Vachha was authorised, in terms of such delegation, to institute proceedings under Section 7 of the Insolvency and Bankruptcy Code.

3.10 In *Palogix Infrastructure Pvt. Ltd. v. ICICI Bank Ltd.*, the Hon'ble National Company Law Appellate Tribunal held that a Financial Creditor, being a juristic person, can act only through an authorised representative and that the Board of Directors of a company or bank is empowered to authorise or delegate such powers to its officers. The emphasis in *Palogix* is therefore not on the existence of a certificate but on the existence of a lawful delegation by the Board of Directors.

3.11 The reliance placed upon Annexure A-1 of the main Petition is insufficient to demonstrate compliance with the requirement recognised in *Palogix* that the authority must flow from the Board of Directors through a valid delegation.

4. WRITTEN SUBMISSIONS OF THE APPLICANT and CD

- 4.1 The Applicant submits that it has duly complied with all applicable rules/direction/circulars/framework before declaring the loan accounts of the CD as NPA. Furthermore, the entire record fails to exhibit any objection regarding such a framework by the CD in any communication.
- 4.2 Further, the Letter of Authority issued by the Applicant in favour of Mr. Vimal Homi Vachha, Assistant General Manager is strictly in accordance with the applicable Rule/Law governing such authorisation.



- 4.3 The written submissions of CD are similar to the contentions made in its reply, hence, the same is not reiterated for the sake of brevity.

5. ANALYSIS AND FINDINGS

- 5.1 We have heard the Ld. Counsels for the Applicant and the CD and have perused the records as placed before us. Our findings in the matter are as under: -
- 5.2 The CD approached the Applicant to avail certain credit facilities. The Applicant sanctioned the initial credit facilities aggregating to Rs. 3 Crores *vide* sanction letter dated 28.09.2004 which were enhanced/modified from time to time and were secured through executing various security documents such as Deed of Hypothecation dated 22.11.2004, Mortgage Deeds dated 22.11.2004, 20.10.2006, 19.03.2013, 28.04.2015, 30.06.2017 and 23.10.2017 and Personal Guarantees. The sanction of the credit facility was acknowledged by the CD *vide* a Board Resolution dated 12.10.2004 passed by the CD.
- 5.3 Further, the said credit facilities were enhanced and modified on the request of the CD in form of Cash Credit, Stand by line of Credit, FBWC (Pledge Limit), Term Loan, Working Capital Term Loan Forward Contract/ Derivative Limit, etc. by way of the following letters of arrangements:



Sr. No.	DATE OF SANCTION	EXISTING CREDIT FACILITY LIMITS	MODIFIED CREDIT FACILITY LIMITS
1.	September 25, 2004		Rs. 3,00,00,000/-
2.	December 29, 2005	Rs. 3,00,00,000/-	Rs. 3,00,00,000/-
3.	October 16, 2006	Rs. 3,00,00,000/-	Rs. 6,00,00,000/-
4.	September 11, 2007	Rs. 6,00,00,000/-	Rs. 9,50,00,000/-
5.	October 16, 2008	Rs. 9,50,00,000/-	Rs. 22,25,00,000/-
6.	March 26, 2010	Rs. 22,25,00,000/-	Rs. 22,25,00,000/-
7.	August 10, 2011	Rs. 19,80,00,000/-	Rs. 33,80,00,000/-
8.	February 22, 2013	Rs. 36,25,00,000/-	Rs. 45,65,00,000/-
9.	November 7, 2013	Rs. 40,65,00,000/-	Rs. 63,00,00,000/-
10.	March 12, 2015	Rs. 63,00,00,000/-	Rs. 71,00,00,000/-
11.	April 04, 2017	Rs. 66,85,00,000/-	Rs. 89,61,00,000/-
12.	May 15, 2018	Rs. 88,86,00,000/-	Rs. 95,72,00,000/-
13.	January 24, 2020, January 28, 2020, and October 05, 2020	Rs. 95,72,00,000/-	Rs. 65,72,00,000/-
14.	August 18, 2021, and September 05, 2021	Rs. 69,16,00,000/-	Rs. 66,12,00,000/-
15.	November 21, 2023	Rs. 60,35,00,000/-	Rs. 60,35,00,000/-
16.	August 30, 2024	Rs. 57,84,00,000/-	Rs. 57,84,00,000/-

5.4 From perusal of the above table and other records we observe that the last enhancement was made by the Applicant *vide* a letter of arrangement dated 30.08.2024 for an amount of Rs. 57,84,00,000/-. The sanction history demonstrates that the lending relationship between the parties is longstanding and that the facilities were repeatedly renewed, enhanced and restructured over the years.

5.5 The terms of the payment as per the renewed sanction letters was “on demand”.

5.6 The CD executed Revival Letters dated 26.10.2006, 06.10.2007, 03.11.2008, 07.11.2013, 04.04.2016, 26.09.2018, 31.08.2021 and 30.08.2024, wherein the CD acknowledged the liabilities.

5.7 Further, as the CD stopped making regular payments as can be seen from the statement of accounts, the account of the CD was declared as NPA on 31.03.2025.

5.8 It is seen that the CD acknowledged the debt *vide* letters dated 05.04.2024 and another letter, which is undated.



5.9 Consequently, the Applicant sent a Recall-cum-Demand Notice dated 28.08.2025 to the CD and its guarantors, calling upon them to clear the outstanding amount.

5.10 The Applicant has placed on record certificate of Bankers Book Evidence Act, 1891 under Section 2A confirming the accounts of the CD with the bank.

5.11 The CD raised the objection that the Applicant has not placed on record the relevant board resolution authorising Mr. Vimal Vachha to file this Application. The CD relied on the judgment of Hon'ble NCLAT in *Palogix Infrastructure Pvt. Ltd. v. ICICI Bank Ltd* (2017) ibclaw.in 16 NCLAT. We observe that the Applicant placed on record the Letter of Authority dated 06.04.2026 wherein Mr. Vimal Vachha is appointed as authorised representative of the Applicant, which is signed by Deputy General Manager of SBI. Further, the Applicant relied on the judgment on Hon'ble NCLAT in ***Amit Dineshchandra Patel vs. State Bank of India and Anr. in Company Appeal (AT) (Insolvency) No. 1826 of 2024***, wherein it was held that,

"20. This brings us to another technical ground raised by the Appellant in claiming that the Section 95 application had been filed without any authority. It has been pointed out that the Respondent No.1 Bank has placed a reliance upon a Letter of Authority dated 15.04.2021 issued by the Deputy General Manager in favour of Assistant General Manager to file the Section 95 application. The Appellant has claimed that the signing power given to any particular officer is not the decision-making power given to any particular officer of State Bank of India. Decisions have to be taken at the board level for initiating any legal proceedings and only thereafter authority is given to any particular officer to sign pleadings. No such authority had been delegated by the Executive Committee of the Central Board to initiate legal proceedings in the present case thereby rendering the Section 95 application not maintainable. The Respondent No.1 has repelled this argument by placing reliance upon a Gazette notification dated 27.03.1987 issued pursuant to Regulation 76 of the State Bank of India General Regulations, 1955 read with Section 50 of the State Bank of India Act, 1955 to contend that the signatory of the application, Shri Nitin Chauhan was duly authorised to file the Section 95 application.

*21. This matter has already been decided in a recent judgment of this Tribunal in ***Mavjibhai Nagarbhai Patel Vs State Bank of India in CA(AT)(Ins) No. 1702 of 2024*** wherein a similar contention raising objections to the validity of a Section 95 application of IBC having been filed by an Assistant General Manager of State Bank of India above the level of SMGS-IV was repelled. The relevant excerpts of the said judgment is as reproduced below:*



“23. This brings us to the second question on whether the Section 95 application has been validly filed. It is an admitted fact that the Authority Letter authorising the AGM to file the Section 95 application was signed by the Deputy General Manager. It was clarified by the Ld. Counsel for the Respondent No.1 Bank during the oral submissions that the AGM of the Respondent No1 Bank being SMGS-V was statutorily competent to sign any petition by virtue of The Gazette of India Notification dated 02.05.1987 which notified that in pursuance of Regulations 76(1) of the State Bank of India General Regulations, 1955 framed under Section 50 of the State Bank of India Act, 1955 the Executive Committee of the Central Board of the State Bank of India authorized all Officers in the Grade of SMGS-IV and above to exercise Signing Power in respect of documents connected with the current or authorized business of the Bank. Since the Gazette of India Notification lies in the public domain and is subsisting, we are not impressed by the plea raised by the Appellant that the Section 95 application signed by an AGM level Officer of the Respondent No.1 Bank to be unauthorized. Thus, to reply to the second question, we are of the considered view that the Section 95 application filed by the Respondent No.1 Bank is valid and therefore reject this technical plea raised by the Appellant.”

In view of the above, we reject the contention of the Appellant that the Section 95 petition was not signed by a validly authorised person.”

5.12 In view of the above judgment, it is noticed that Mr. Vimal Vachha is the Assistant General Manager and by virtue of The Gazette of India Notification dated 02.05.1987 which notified that in pursuance of Regulations 76(1) of the State Bank of India General Regulations, 1955 framed under Section 50 of the State Bank of India Act, 1955, all officers in the Grade of SMGS-IV and above have the signing power in respect of all documents connected with the functioning of the bank. Hence, the objection of the CD is rejected.

5.13 Further, the CD contests that the Applicant has failed to comply with the mandatory statutory framework governing the MSME before classifying the account of the CD as NPA and relied upon the judgments of M/s Pro Nits (supra).

5.14 The judgment of the Hon'ble Supreme Court in Pro Knits (Supra) has been reaffirmed and elaborated by another judgment of the Hon'ble Apex Court in *Shri Shri Samarth Construction and Finance Solution Vs Board of Directors of NKGSB Co-op. Bank Ltd.* 2025 SCC OnLine SC 1566, which is to the following effect:



“8. Pro Knits is a decision of a co-ordinate Bench of this court holding, inter alia, that the notification is binding on the lending banks/secured creditors. Finding to the contrary by the High Court of Bombay in the judgment and order under challenge in the appeal was, thus, quashed. Though while stressing that the terms of the framework need to be followed by the lending banks/secured creditors before the account of an micro, small and medium enterprise is classified as non-performing asset, this decision also lays stress on the obligation of the micro, small and medium enterprises by holding that it would be equally incumbent on the part of the micro, small and medium enterprises concerned to be vigilant enough to follow the process laid down under the said framework, and bring to the notice of the banks concerned, by producing authenticated and verifiable documents/material to show its eligibility to get the benefit of the said framework.

(Emphasis Supplied)

5.15 We see that the CD has failed to bring any document on record to demonstrate that it had approached the Applicant with the necessary request, duly supported by the documents evidencing its eligibility, for seeking restructuring of its debt under the MSME framework. This Tribunal is of the considered view that there can be no dispute regarding the binding nature of the RBI Directions and the MSME Framework upon banks. However, the limited jurisdiction of this Adjudicating Authority under Section 7 of the Code is to ascertain whether a financial debt exists and whether a default, as defined under Section 3(12) of the Code, has occurred. In terms of Sections 7(3), 7(4) and 7(5), the existence of default is to be determined from the Information Utility records or other documentary evidences placed on record, and in the present case the Applicant has placed on record the Sanction Letters, Loan Agreements, duly certified Bank Statements, Revival Letters, security documents and authenticated NeSL record of default.

5.16 Moreover, it is pertinent to note that as per the guidelines issued by the Reserve Bank of India (RBI) vide Circular dated March 17, 2016, titled "Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises (MSMEs)", the applicability of the said framework is strictly confined to MSMEs having aggregate loan limits up to



Rs. 25 Crore, including accounts exposure under consortium or Multiple Banking Arrangements (MBA). The relevant portion of the circular is reproduced below:

“3. Eligibility of Framework: The provisions made in this framework shall be applicable to MSMEs having loan limits up to Rs.25 crore, including accounts under Consortium or Multiple Banking Arrangement (MBA).”

5.17 Upon a careful perusal of the Master Data of the CD alongside the credit facilities extended by the Applicant Bank, it emerges that the total financial facilities availed by the CD substantially exceed the prescribed threshold limit of Rs. 25 Crore. Consequently, the CD falls outside the purview of the aforesaid RBI Circular dated March 17, 2016, and is rendered ineligible to seek the benefits of revival and rehabilitation under the said Framework. Therefore, the plea of the CD in this regard is not tenable.

5.18 The Applicant has placed on record the NeSL records of default in Form D, which reflects the Status of Authentication of default as ‘Authenticated’.

5.19 The date of default is mentioned as 31.01.2025, which is when the account of the CD was declared as NPA. The CD executed various Revival Letters which resulted into acknowledgment of debt. The Applicant filed this Application on 25.06.2026, hence, we find that the Application filed by the Applicant is within limitation period.

5.20 Further, this Tribunal places reliance on the judgment of ***Hon’ble Supreme Court in Power Trust (Promoter of Hiranmaye Energy Ltd.) v. Bhuvan Madan, IRP of Hiranmaye Energy Ltd. and Ors. [Civil Appeal No(s). 2211/2024 decided on 18.02.2026]*** wherein Hon’ble Supreme Court while examining the validity of the admission of the Corporate Debtor to CIRP, has laid down as under: -

“B. Validity of CIRP Admission

28. The other aspect on which the Appellant has heavily relied is the acceptance of various sums of money paid by the Corporate Debtor purportedly under the 1st and 2nd restructuring proposals, which according to them amounts to deemed approval



of such proposal. As discussed earlier, such argument flies in the face of the fact that the 2nd Respondent had resolutely maintained and rightly so, that the restructuring proposals were underpinned on pre-implementation conditions which the Corporate Debtor had failed to fulfil. Under such circumstances, receipt of various sums of money would not amount to acceptance of the restructuring proposals, thereby novating the earlier loan agreement. Neither would such part payments constitute full satisfaction of the existing debt so as to render the Section 7 application inadmissible.

29. It has also been vociferously contended that the Corporate Debtor is an ongoing concern and does not lack the ability to repay the debt. It has a subsisting PPA for 25 years with WBSEDCL, and has raised bills of Rs. 906 crore from 01.11.2024 to 31.03.2025. It also has a continuous fuel supply arrangement with Mahanadi Coalfields Ltd. under the SHAKTI scheme and had earned EBIDTA of Rs. 20 crore per month during the CIRP. These facts though attractive at first blush, do not yield either legal or factual justification to rebut the admission of the Section 7 application.

*30. On the legal score, one must bear in mind the scope and purpose for which IBC was promulgated. The main objective of its enactment was to create a complete code for easy, prompt and seamless resolution of insolvency process and thereby ensure that the net worth of the corporate debtor is not dissipated and the entity is salvaged from corporate death through a viable resolution plan accepted by its CoC. The Code prescribes whenever a corporate debtor defaults on a debt that is due and payable, an insolvency process may be initiated. Section 3(12) defines "default" as non payment of a debt which has become due and payable, and includes default in respect of a part or instalment thereof. Such insolvency process may be initiated either by the corporate debtor itself, or by its creditors who are classified as financial creditor or operational creditor. "Financial creditor" is defined as any person to whom a financial debt is owed and includes a person to whom such debt has been legally assigned.²⁶ A "financial debt" means a debt along with interest if any, which is disbursed against the consideration for time value of money and includes money borrowed against payment of interest.²⁷ "Operational creditor" is defined as a person to whom an operational debt is owed and includes any person to whom such debt has been legally assigned.²⁸ "Operational debt" is a claim in respect of the provision of goods or services including employment or a debt in respect of payment of dues arising under any law for the time being in force and payable to the Central or State government, or any local authority.²⁹ 31. In *Swiss Ribbons (P) Ltd. v. Union of India* [(2019) ibclaw.in 03 SC],³⁰ such classification of creditors as financial creditors and operational creditors has been held to be constitutionally valid. The Bench underscored the essential differences between a financial creditor and operational creditor and held that financial creditors were mostly secured creditors like banks and financial institutions who extended finance to enable a corporate debtor to set up and/or operate its business. Such credit is extended to a corporate debtor under well-defined loan agreements having specified repayment schedules and reserving rights to recall the loan in case of default or restructure the same enabling a corporate debtor to tide over unforeseen financial stress. On the contrary, operational creditors are mostly unsecured creditors and their claims are relatable to supply of goods and services in the operation of the business. Ordinarily,*



operational debts are not based on admitted documents and the possibility of genuine disputes with regard to such debts is much higher compared to financial debts.

32. *In light of such classification, the Code makes a distinction in the manner in which an insolvency process may be initiated by a financial creditor under Section 7, IBC in contradistinction to an operational creditor under Section 8 and 9, IBC. Unlike an operational creditor, a financial creditor may trigger an insolvency process under Section 7 in respect of default of any financial debt, whether owed to itself or to any other financial creditor. While the financial creditor may directly file an application under Section 7 setting out the particulars of the financial debt and evidence of default, the operational creditor, on the occurrence of a default, is to first deliver a demand notice of the unpaid debt to a corporate debtor and the latter may within 10 days of receipt of such demand notice bring to the notice of the operational creditor the existence of a dispute or record the pendency of a pre-existing suit or arbitration proceeding in respect of such debt. Once a corporate debtor demonstrates a dispute regarding the existence of the debt, the insolvency process stands aborted vis-à-vis the operational creditor. But when the financial creditor initiates the insolvency process for the purposes of admission, the Adjudicating Authority is only to ascertain the existence of a default from the records of the information utility or the evidence furnished by the financial creditor within fourteen days from the receipt of such application. At this stage, neither is a corporate debtor entitled nor is the Adjudicating Authority required to examine any dispute regarding the existence of such debt. This significantly reduces the scope of enquiry at the stage of a time-bound admission of an insolvency process by a financial creditor which has been succinctly summed up in Innoventive (supra):*

“30..... in the case of a corporate debtor who commits a default of a financial debt, the adjudicating authority has merely to see the records of the information utility or other evidence produced by the financial creditor to satisfy itself that a default has occurred. It is of no matter that the debt is disputed so long as the debt is “due” i.e. payable unless interdicted by some law or has not yet become due in the sense that it is payable at some future date. It is only when this is proved to the satisfaction of the adjudicating authority that the adjudicating authority may reject an application and not otherwise.”

33. *Reiterating the ratio in Innoventive (supra), this Court in ES Krishnamurthy v. Bharath Hi-Tech Builders (P) Ltd. [(2021) ibclaw.in 173 SC]32 held as follows: “34. The adjudicating authority has clearly acted outside the terms of its jurisdiction under Section 7(5) IBC. The adjudicating authority is empowered only to verify whether a default has occurred or if a default has not occurred. Based upon its decision, the adjudicating authority must then either admit or reject an application, respectively. These are the only two courses of action which are open to the adjudicating authority in accordance with Section 7(5). The adjudicating authority cannot compel a party to the proceedings before it to settle a dispute.”*

34. *In a similar vein, the Adjudicating Authority is not required to go into the inability of a corporate debtor to pay its debt. This is a clear departure from the scheme of winding up envisaged under Section 433(e) of the erstwhile Companies Act, 1956*



which required the Adjudicating Authority to come to a finding with regard to the inability of the company to pay the debt and thereby arrive at a requisite satisfaction whether it is just and equitable to wind up the company.

The Code restricts the scope of enquiry for admission of an insolvency process by a financial creditor merely to the existence of default of a debt due and payable and nothing more. The legislative intent behind such prompt and summary intervention is “to ensure revival and continuation of the corporate debtor by protecting the corporate debtor from its own management and from a corporate death by liquidation.”

35. The Appellant has heavily relied on Vidarbha (supra) to argue that the Adjudicating Authority has ample discretion to apply its mind to relevant factors including the feasibility of initiation of insolvency process notwithstanding the existence of default on a debt due and payable by the Corporate Debtor. In Vidarbha (supra), this Court observed:-

“61. In our view, the Appellate Authority (NCLAT) erred in holding that the adjudicating authority (NCLT) was only required to see whether there had been a debt and the corporate debtor had defaulted in making repayment of the debt, and that these two aspects, if satisfied, would trigger the CIRP. The existence of a financial debt and default in payment thereof only gave the financial creditor the right to apply for initiation of CIRP. The adjudicating authority (NCLT) was required to apply its mind to relevant factors including the feasibility of initiation of CIRP, against an electricity generating company operated under statutory control, the impact of MERC’s appeal, pending in this Court, order of Aptel referred to above and the overall financial health and viability of the corporate debtor under its existing management.

.....

90. We are clearly of the view that the adjudicating authority (NCLT) as also the Appellate Tribunal (NCLAT) fell in error in holding that once it was found that a debt existed and a corporate debtor was in default in payment of the debt there would be no option to the adjudicating authority (NCLT) but to admit the petition under Section 7 IBC.”

36. However, in review, this Court clarified that observations made in Paragraph 90 are restricted to the facts of Vidarbha (supra):-

“6. The elucidation in para 90 and other paragraphs [of the judgment under review] were made in the context of the case at hand. It is well settled that judgments and observations in judgments are not to be read as provisions of statute. Judicial utterances and/or pronouncements are in the setting of the facts of a particular case.”

37. Finally, the apparent dichotomy between Innoventive (supra) and Vidarbha (supra) was set at rest in M. Suresh Kumar Reddy (supra), wherein this Court observed: “14. Thus, it was clarified by the order in review that the decision in Vidarbha Industries was in the setting of facts of the case before this Court. Hence, the decision in Vidarbha Industries cannot be read and understood as taking a view



which is contrary to the view taken in Innoventive Industries and E.S. Krishnamurthy. The view taken in Innoventive Industries still holds good.”

38. In light of the ratio in M. Suresh Kumar Reddy (supra) there is no cavil that the ratio in Innoventive (supra) lays down the correct proposition of law and the observations in Vidarbha (supra) were made in the facts of the case and do not operate as binding precedent.

39. Even otherwise on facts, Vidarbha (supra) does not come to the aid of the Appellant. In Vidarbha (supra), this Court had taken note of an award passed by APTEL in favour of the corporate debtor which far exceeded the claim of the financial creditor, and held in the setting of such facts, initiation of CIRP was unwarranted. In the present case, Appellant’s contention regarding Corporate Debtor’s viability is highly dubious. Though the Corporate Debtor strenuously demonstrates its commercial viability, the NCLAT has noted that the extent of outstanding liability as on 02.01.2024 was Rs. 3103.31 crore, which far exceeds the bills raised on WBSDDL to the tune of Rs 906 crore and EBITDA of Rs. 20 crore per month during the CIRP.

40. For these reasons, we are of the opinion the admission of the Section 7 application was lawful and does not call for interference.”

(emphasis wherever required supplied)

5.21 To summarize the above judgment, we observe as under:

- a. The Code prescribes whenever a corporate debtor defaults on a debt that is due and payable, an insolvency process must be initiated. Section 3(12) defines “default” as non-payment of a debt which has become due and payable, and includes default in respect of a part or instalment thereof.
- b. When the financial creditor initiates the insolvency process for the purposes of admission, the Adjudicating Authority is only to ascertain the existence of a default from the records of the information utility or the evidence furnished by the financial creditor within fourteen days from the receipt of such application. At this stage, neither is a corporate debtor entitled nor is the Adjudicating Authority required to examine any dispute regarding the existence of such debt. This significantly reduces the scope of enquiry at the stage of a time-bound admission of an insolvency process by a financial creditor.



- c. The adjudicating authority is empowered only to verify whether a default has occurred or if a default has not occurred. Based upon its decision, the adjudicating authority must then either admit or reject an application, respectively. These are the only two courses of action which are open to the adjudicating authority in accordance with Section 7(5).
- d. The Adjudicating Authority is not required to go into the inability of a corporate debtor to pay its debt.
- e. The Code restricts the scope of enquiry for admission of an insolvency process by a financial creditor merely to the existence of default of a debt due and payable and nothing more.

5.22 Thus, it is clear from perusal of the record that an amount more than the threshold limit of Rs.1 Crore under Section 4 of the Code was due and payable by the CD to the Applicant. Hence, we find that the Applicant has been able to substantiate the existence of a financial debt due and payable by the CD, which remained unpaid. The debt so owed by the CD to the Applicant falls within the definition of “financial debt” under Section 5(8) of the Code.

5.23 The Applicant has proposed the name of Mr. Mukesh Verma to act as the Interim Resolution Professional (IRP) and has given his declaration in Form 2, *inter alia*, stating that no disciplinary proceeding is pending against him. The AFA in Form B of the IRP on record is valid till 30.06.2027.

5.24 In view of the above, we find that requisite conditions necessary to trigger CIRP in respect of the CD are fulfilled and that the Application is complete as all the relevant documents have been attached by the Applicant along with the Application. As a result, the matter deserves to be admitted under Section 7 of the Code.

5.25 We make it clear that at this stage we have not crystalized the amount as claimed in this Application, the same is left to be collated by the IRP.



ORDER

In view of the aforesaid findings, Application bearing C.P.(IB) No.730/MB/2026 filed under Section 7 of the Code by State Bank of India, the Applicant, for initiating CIRP in respect of **Bhakti Extractions Private Limited** the Corporate Debtor is hereby **admitted**.

We further declare moratorium under Section 14 of the Code with consequential directions as mentioned below: -

- I. We prohibit-
 - 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 assets or any legal right or beneficial interest therein;
 - 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 Securitisation 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 possession of the Corporate Debtor.
- II. That the supply of essential goods or services to the Corporate Debtor, if continuing, shall not be terminated or suspended or interrupted during the moratorium period.
- III. That the order of moratorium shall have effect from the date of this order till the completion of the CIRP or until this Tribunal approves the resolution plan under



Section 31(1) of the Code or passes an order for the liquidation of the Corporate Debtor under Section 33 thereof, as the case may be.

- IV. That the public announcement of the CIRP shall be made in immediately as specified under Section 13 of the Code read with Regulation 6 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 and other Rules and Regulations made thereunder.
- V. That this Bench hereby appoints **Mr. Mukesh Verma** a registered Insolvency Professional having Registration Number **IBBI/IPA-001/IPP01665/2019-2020/12522** and e-mail address ip.mukeshverma@gmail.com having valid Authorisation for Assignment up to 30.06.2027 as the IRP to carry out the functions under the Code.
- VI. That the fee payable to IRP/RP shall be in accordance with such Regulations/Circulars/ Directions as may be issued by the IBBI.
- VII. That during the CIRP Period, the management of the Corporate Debtor shall vest in the IRP or, as the case may be, the RP in terms of Section 17 or Section 25, as the case may be, of the Code. The officers and managers of the Corporate Debtor are directed to provide effective assistance to the IRP as and when he takes charge of the assets and management of the Corporate Debtor. Coercive steps will follow against them under the provisions of the Code read with Rule 11 of the NCLT Rules for any violation of law.
- VIII. That the IRP/IP shall submit to this Tribunal quarterly reports with regard to the progress of the CIRP in respect of the Corporate Debtor.
- IX. In exercise of the powers under Rule 11 of the NCLT Rules, 2016, the Applicant is directed to deposit a sum of Rs.3,00,000/- (Rupees Three Lakh) with the IRP to meet the initial CIRP cost arising out of issuing public notice and inviting claims, etc. The amount so deposited shall be interim finance and paid back to the



Applicant on priority upon the funds available with IRP/RP from the Committee of Creditors (CoC). The expenses incurred by IRP out of this fund are subject to approval by the CoC.

- X. A copy of this Order be sent to the Registrar of Companies, Maharashtra, Mumbai for updating the Master Data of the Corporate Debtor.
- XI. The IRP is directed to issue notice of admission upon all the statutory authorities of the Corporate Debtor without fail within a period of 7 days from the date of this order.
- XII. A copy of the Order shall also be forwarded to the IBBI for record and dissemination on their website.
- XIII. The Registry is directed to immediately communicate this Order to the Applicant, the Corporate Debtor and the IRP by way of Speed Post, e-mail and WhatsApp.
- XIV. **Compliance report of the order by Designated Registrar is to be submitted today.**

Sd/-

**NILESH SHARMA
MEMBER (JUDICIAL)**

//VM//

Sd/-

**SAMEER KAKAR
MEMBER (TECHNICAL)**