



IN THE NATIONAL COMPANY LAW TRIBUNAL
NEW DELHI BENCH
COURT-IV

C.P. (IB) NO. 3/ND/2025

A petition under section 7 of the Insolvency and Bankruptcy Code, 2016 read with Rule 4 of the Insolvency & Bankruptcy (Application to Adjudicating Authority) Rules, 2016.

IN THE MATTER OF:

CENTRAL BANK OF INDIA

SAM BRANCH, JEEVAN TARA BUILDING,
5, PARLIAMENT STREET, NEW DELHI-110001

...APPLICANT/FINANCIAL CREDITOR

VERSUS

M/S RANGOLI INTERNATIONAL PRIVATE LIMITED

9H, HANSALYA BUILDING 15,
BARAKHAMBA ROAD, CENTRAL DELHI,
NEW DELHI-110001

...RESPONDENT/CORPORATE DEBTOR

ORDER DELIVERED: 02.09.2025

CORAM:

SHRI MANNI SANKARIAH SHANMUGA SUNDARAM,
HON'BLE MEMBER (JUDICIAL)

SHRI ATUL CHATURVEDI,
HON'BLE MEMBER (TECHNICAL)

APPEARANCES:

For the Applicant : Mr. B. K. Mishra, Mr. Ambuj Maurya
For the Respondent : Ms. Astha Gumber, Ms. Farah Khan

ORDER

PER: MANNI SANKARIAH SHANMUGA SUNDARAM, MEMBER (JUDICIAL)

1. This is a Company Petition filed under section 7 of the Insolvency and Bankruptcy Code, 2016 (for brevity "the Code") read with rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority)



Rules, 2016, by Central Bank of India through its Chief Manager, Mr. M.K. Gupta (hereinafter referred to as 'Financial Creditor'), seeking to initiate Corporate Insolvency Resolution Process ("CIRP") against M/s Rangoli International Private Limited ("Corporate Debtor").

2. The Corporate Debtor i.e., M/s Rangoli International Private Limited (erstwhile known as Ria Overseas Limited and thereafter M/s Runflat Overseas Private Limited was incorporated on 16th March 2009, having CIN: U51909DL2009PTC188454 under the Companies Act, 1956. Its registered office is at 9H, Hansalya building 15, Barakhamba Road, Central Delhi, New Delhi-110001, therefore, this Bench has jurisdiction to deal with this petition.
3. The present application was filed on 23.10.2024 before this Adjudicating Authority on the ground that the Corporate Debtor has defaulted to make a payment of a sum of Rs.70,66,49,017.24/- (Rupees Seventy Crore Sixty-Six Lakh Forty-Nine Thousand Seventeen and Twenty-Four Paise Only) and the date of default is 01.04.2015 as stated in Part-IV of the application preferred under Section 7 of the Code.

Submissions of the Financial Creditor: -

4. The details of transactions leading to the filing of this petition as averred by the Financial Creditor are as follows:
 - i. On the request of the Corporate Debtor, a Consortium of Banks was formed to grant credit facilities. Since the loan facility was disbursed under a Consortium, an Inter- Se Agreement dated 21.10.2014 was signed between the Consortium Banks, Punjab National Bank, was appointed as the Lead Bank of the Consortium.
 - ii. The Corporate Debtor availed certain credit facilities of Financial Debt in the form of (ILC/FLC) Post shipment credit/sub-limit pre-shipment credit/ NFB of Rs. 25 Crore with Total Limits of Rs. 124 Cr under Consortium arrangement from a consortium of Banks including the Applicant Bank with Punjab National bank being the Consortium leader. The said limit were sanctioned by the



Central Bank of India vide Sanction letter dated 04.02.2010 to M/s Rangoli International Pvt. Ltd.

- iii. The Corporate Debtor availed certain credit facilities of Financial Debt in the form of Post shipment credit, Sub-limit pre-shipment credit NFB (ILC/FLC) again for enhancement cum renewal of facilities of Rs. 33 Crore with Total Limits of Rs. 149.20 Cr under Consortium arrangement from a consortium of Banks including the Applicant Bank with Punjab National bank being the Consortium leader. The said limit were sanctioned by the Central Bank of India vide Sanction letter dated 27.07.2012 to M/s Rangoli International Pvt. Ltd.
- iv. The Corporate Debtor availed certain credit facilities of Financial Debt in the Form of Post shipment credit Sub-limit pre-shipment credit/ NFB ILC/FLC) of Rs. 44 Crore with Total Limits of Rs. 200 Cr under Consortium arrangement from a consortium of Banks including the Applicant Bank, Punjab National bank being the Consortium leader. The said limits were sanctioned by the Central Bank of India vide Sanction letter dated 28.03.2014 to M/s Rangoli International Pvt. Ltd.
- v. It is further submitted that the Corporate Debtor had executed the loan documents in the year 2011 in favour of the consortium and the Applicant Bank was one of the members of the said consortium. The Corporate Debtor made part payment/s of the loan on various dates and in this manner, acknowledged its loan liabilities.
- vi. As the Corporate Guarantor failed to repay the loan amount to the Applicant, the Principal Borrower account was classified as NPA on 01.04.2015. Thereafter, The Applicant recalled the loan vide notice dated 23.07.2015 under Section 13(2) of the SARFAESI Act, 2002.
- vii. The applicant jointly with other consortium lenders also filed Original Application No. 1005/2016 in DRT-II Delhi, against the CD. The final amount of debt as quantified by the Applicant bank



stands at Rs. 70,66,49,017.24/- (Rupees Seventy Crore Sixty-Six Lakh Forty-Nine Thousand Seventeen and Twenty-Four Paise only) as on 05.04.2024. The default has also been recorded with Central Repository of Information on Large Credits (CRILIC).

viii. Hence, the instant application has been filed.

ANALYSIS AND FINDINGS

5. We have heard the Learned Counsels for the Financial Creditor and perused the averments made in the petition.
6. Since the registered office of the Corporate Debtor is in Delhi, this Tribunal which has territorial jurisdiction over the Union Territory of Delhi, is the Adjudicating Authority in relation to the prayer for initiation of Corporate Insolvency Resolution Process in respect of the respondent Corporate Debtor under Section 7 of the Code.
7. The present application was reserved on the issue of maintainability with respect to the limitation on admissibility of the present application.
8. It is undisputed fact that the account of principal debtor was classified as a Non-Performing Asset (NPA) on 01.04.2015. Consequently, the Financial Creditor issued a demand notice under section 13(2) of the SARFAESI Act on 23.07.2015 to both the Principal Borrower and the Corporate Debtor, requesting repayment of the entire loan along with interest. On failure, the consortium of banks including the Financial Creditor initiated proceedings against the borrower and the Corporate Debtor before the Debt Recovery Tribunal (DRT) under the SARFAESI Act. However, on 21.03.2020, a recovery certificate (RC No. 131/2020) was issued after final adjudication of OA No. 1005/2016 by the Debt Recovery Tribunal.
9. The Financial Creditor is relying on the Recovery Certificate dated 21.03.2020 to establish the financial debt and default of the Corporate Debtor. On perusal of the record, it is observed that although the



Recovery Certificate was issued on 21.03.2020, the same also directed the Respondent to appear before the Recovery Officer on 18.05.2020 for further consideration.

10. It is pertinent to note that in terms of Rule-2 of the Second Schedule of the Income Tax Act, 1961, once a recovery certificate is received by the Tax Recovery Officer, it does not automatically trigger recovery. The relevant extract of the Rule 2 of the Second Schedule of the Income Tax Act, 1961 reproduced hereunder: -

2. When a certificate has been received by the Tax Recovery Officer from the Income-tax Officer for the recovery of arrears under this Schedule, the Tax Recovery Officer shall cause to be served upon the defaulter a notice requiring the defaulter to pay the amount specified in the certificate within fifteen days from the date of service of the notice and intimating that in default steps would be taken to realise the amount under this Schedule.

The Rule mandates that the Tax Recovery Officer must serve a notice to the defaulter requiring payment within fifteen days, and only upon default thereof can enforcement steps be taken. Thus, mere issuance of a Recovery Certificate does not ipso facto result in the crystallization of default. The default, for the purposes of the code, must be understood as the date when the debt became due and remain unpaid, triggering legal consequences.

11. In the present case, the directions for enforcement and appearance before the Recovery Officer were scheduled on 18.05.2020. Considering this, the alleged default arose during the period covered under section 10A of the Insolvency and Bankruptcy Code which prohibits the filing of application for initiation of CIRP for any default occurring on or after 25.03.2020. Therefore, the present petition is barred under section 10A and is not maintainable.



12. Moreover, the issuance of Recovery Certificate does not give rise to a fresh cause of action, but merely evidences an existing liability and, at best, extend the period of limitation. In the present case, the Applicant has relied on a Recovery Certificate dated 21.03.2020 as the basis for initiating proceedings under section 7 of the Insolvency and Bankruptcy Code, 2016. Whereas the present application has been filed on 13.05.2024 which is ex facie barred by limitation, being filed well beyond the prescribed statutory period. Accordingly, the instant application is rendered non-maintainable on the ground of limitation.
13. At this juncture, it is appropriate to reproduce the Hon'ble Supreme Court judgment in **Kotak Mahindra Bank Limited V. A Balakrishnan, (2022) 9 SCC 186** where it has been observed that *"the issuance of Recovery Certificate in favor of a financial creditor would give rise to a fresh cause of action to initiate proceedings under IBC within a period of three years from the date of issuance of Recovery Certificate. Whereas, in the present case, the Applicant Financial Creditor failed to initiate the proceedings under IBC within the prescribed period of limitation i.e. within three years from 21.03.2020 and has further failed to explain any reason for the said delay, thereby rendering the same to be hopelessly barred by limitation."*
14. This Adjudicating Authority, having analyzed the pleadings, documents and legal submissions of both parties, hereby arrives at the conclusion that the Financial Creditor has succeeded in demonstrating that the existence of a financial debt and a corresponding default has been committed by the Corporate Debtor. However, the initiation of the Corporate Insolvency Resolution Process (CIRP) is subject to the fulfilment of jurisdictional thresholds under the Code, including adherence to the prescribed limitation period. As this Tribunal is not vested with any power to condone delay in filing of petitions under Section 7 of the Insolvency and Bankruptcy Code, 2016, the petition, being barred by limitation, is not maintainable.



15. Further, this Adjudicating Authority deems it necessary to reiterate, as it has time and again, that banks and financial institutions must not treat the Code as a remedy of last resort. It is observed that in numerous cases brought before us, banks have approached this Tribunal after an inordinate delay of many years from the date of default. While such applications may still fall within the period of limitation, the delay significantly undermines the value of the corporate debtor's assets. The primary objective of the IBC is value maximization, which is defeated when lenders adopt a delayed approach. This bench emphasizes that banks must remain vigilant and act expeditiously in protecting and recovering dues, especially considering that these involve public funds entrusted to them. Delay in initiating insolvency proceedings not only jeopardizes the interest of creditors but ultimately causes grave prejudice to the public interest at large. Approaching the Adjudicating Authority at a belated stage only after all recovery efforts have failed is a misuse of the Code and defeats its core objective.
16. For the reasons recorded above, we are satisfied that the present petition under Section 7 of the Insolvency and Bankruptcy Code, 2016 is not maintainable and accordingly, the present petition i.e., **C.P. (IB) No. 3/ND/2025 is hereby dismissed**. However, this order shall not preclude the Applicant from seeking remedies, if so advised, under other laws that may be applicable in the facts of the case. There shall be no order as to costs.

Sd/-
ATUL CHATURVEDI
MEMBER (TECHNICAL)

Sd/-
MANNI SANKARIAH SHANMUGA SUNDARAM
MEMBER (JUDICIAL)