



**NATIONAL COMPANY LAW TRIBUNAL
CHANDIGARH BENCH (COURT-II), CHANDIGARH**

CP(IB) No.320/Chd/Pb/2024

(An application under 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:

Punjab & Sind Bank

Having its registered office at
Circular Road, Abohar - 152 116
Through its Chief Manager
Sh. Ashwani Agarwal

.....Applicant/ Financial Creditor

Vs.

Kay Bee Cotgin Pvt. Ltd.

Having its registered office at
Village Burj Muhar, Fazilka Road,
Abohar, Punjab - 152116

.....Respondent/Corporate Debtor

Order delivered on: 10.03.2026

**CORAM: MR. KHETRABASI BISWAL, MEMBER (JUDICIAL)
MR. KAUSHALENDRA KUMAR SINGH, MEMBER (TECHNICAL)**

Present:-

For the Petitioner : Mr. Pulkit Goyal, Advocate

For the Respondent : None (Respondent set Ex-Parte vide Order dated 04.11.2025)



JUDGEMENT

The instant application was filed by **Punjab & Sind Bank** (Financial Creditor/Applicant) through its Chief Manager, Sh. Ashwani Agarwal, under Section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as the “**Code**” or “**IBC**”) read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 for initiation of Corporate Insolvency Resolution Process (hereinafter referred to as ‘CIRP’) against **Kay Bee Cotgin Pvt. Ltd.** (Corporate Debtor/Respondent) for the default amount of Rs. 6,50,14,022/- as on 30.09.2024. The date of default is 27.01.2022.

2. The averments made by the Financial Creditor/Applicant in its Application and as argued by the learned counsel are summarised as under:

- (i) The Corporate Debtor was in need of financial facilities and, in view thereof, approached the Applicant–Financial Creditor from time to time for financial assistance for its business. Various credit facilities were sanctioned/enhanced/renewed/reviewed, including Cash Credit Limit (CC Limit) and Overdraft against Property (ODP Limit), on 17.10.2007, 10.11.2010, 05.10.2012, 07.03.2014 and 16.01.2015. Copies of the sanction letters dated 17.10.2007, 10.11.2010, 05.10.2012, 07.03.2014 and 16.01.2015 are attached as **Annexure-7** of the petition.



(ii) The Respondent-Corporate Debtor was in need of further financial facilities and in view of the same approached Applicant-financial creditor for financial assistance for their business and upon request of the corporate debtor the Applicant-financial creditor had lastly sanctioned financial facilities in form of Cash Credit (Hypothecation) to the tune of Rs.4,60,00,000 by way of sanction letter dated 25.02.2021. The copy of the sanction letter dated 25.02.2021 is attached as Annexure-8 of the petition.

Nature of facility	Last Sanction/Enhance/Review date	Sanctioned amount (Rs. in lacs)
Punjab and Sind Bank		
Cash Credit Limit (Hypothecation)	25.02.2021	460.00
Total		460.00

(iii) The aforesaid facilities were sanctioned and operated through the loan account bearing No. 02731600000267 maintained with the Applicant-Financial Creditor.

(iv) The Corporate Debtor to secure the financial facilities, had mortgaged various movable and immovable properties as mentioned in the notice under section 13 (2) of the SARFAESI Act attached alongwith the petition as Annexure-15. The fact of creation of the mortgage is confirmed by the corporate debtor by letters of Continuity of mortgage,



addressed to the Applicant/Financial Creditor acknowledging receipt of title deeds. Copies of these letters have been attached as Annexure-4 of the petition. Copies of ROC Charge created on the secured assets are attached as Annexure-5 of the petition. The estimated value of the above mentioned immovable properties is Rs. 7.10 crores.

(v) Further, for securing the credit facilities, Shri Ashok Kumar Gandhi, Amit Gandhi, Ashish Gandhi, Neera Gandhi and Ravinder Chalana executed a Deed of Guarantee dated 25.02.2021, thereby undertaking joint and several liability for repayment of the dues of the Corporate Debtor. The said Deed of Guarantee is annexed as Annexure-14 of the petition.

(vi) The Corporate Debtor failed to maintain financial discipline and committed default in repayment of its dues. Consequently, the loan account was classified as Non-Performing Asset (NPA) on 27.01.2022.

(vii) Thereafter demand notice under section 13(2) of the SARFAESI act dated 28.01.2022 was issued by the Applicant Financial Creditor to the Corporate Debtor demanding an amount of Rs. 4,69,63,480 as on 31.12.2021 along with future interest at the contractual rate along with incidental expenses. It is also stated that an earlier demand notice dated 01.08.2020 under Section 13(2) of the SARFAESI Act had been issued in respect of the term loan account, demanding Rs. 5,04,97,366/- as on 30.06.2020.



(viii) As on 30.09.2024, the total outstanding amount due and payable by the Corporate Debtor to the Financial Creditor is stated to be Rs. 6,50,14,022. The certified bank statements maintained under the Bankers' Books Evidence Act, 1891 along with the interest computation are placed on record as **Annexure-3 of the petition.**

(ix) The Financial Creditor has also placed on record the authenticated record of default issued by the Information Utility, NeSL, dated 15.10.2024 (authenticated on 16.07.2024), annexed as **Annexure-6** of the petition.

(x) Apart from the proceedings under the SARFAESI Act, the Financial Creditor has filed Original Application bearing OA No. 1892 of 2023 before the Hon'ble DRT-I, Chandigarh claiming Rs. 5,75,70,581.12 as on 30.09.2023, which is stated to be **pending for adjudication.**

(xi) As per Part-III of the petition, the Applicant has proposed the name of Sandeep Kumar Chitkara as the Interim Resolution Professional ('IRP') and its consent form, AFA & IBBI certificate is appended as Annexure 16 to the petition. It is stated in the consent form that there are no disciplinary proceedings pending against the proposed IRP with the Board or The ICAI Institute of Insolvency Professionals.

3. Vide order dated 16.12.2024, notice was issued to the Respondent Corporate Debtor to show cause as to why this Application be not admitted. Applicant also filed an affidavit of service with Copy of Postal Receipts, Tracking



Report & Returned envelope, copy of email receipt of Respondent And Newspaper Publication Clippings. However, even after multiple opportunities were provided to file a reply, Respondent failed to do so and thereafter was proceeded ex parte vide order dated 04.11.2025. The Petitioner was directed to serve a copy of order dated 04.11.2025 upon the Respondent to ensure that they are informed about the order setting them ex parte and compliance of the same was done by the Applicant.

4. We have considered the submissions made by the learned counsel for the applicant and perused the material available on record.

5. The present Application has been filed under Section 7 of the Insolvency and Bankruptcy Code, 2016 by the Financial Creditor against the Respondent Corporate Debtor for the default amount of Rs. 6,50,14,022/- as on 30.09.2024.

6. Despite service of notice and grant of multiple opportunities, the Corporate Debtor failed to file any reply or raise any objection to the present application. Consequently, vide order dated 04.11.2025, the Corporate Debtor was proceeded against ex parte. From the material available on record, this Adjudicating Authority is satisfied that service of notice was duly effected in accordance with law.

7. In the absence of any reply or contest from the Corporate Debtor, the averments made in the petition remain unchallenged. However, even in ex parte proceedings, this Adjudicating Authority is required to independently satisfy



itself regarding the existence of financial debt, occurrence of default, completeness of the application, and limitation.

8. As regards limitation, the present petition was filed on 18.10.2024 and the admitted date of default is 27.01.2022 as on this day its accounts were declared as NPA. The application has thus been filed within the prescribed period of limitation of three years from the date of default and is well within time.

9. The Applicant–Financial Creditor has placed reliance upon the following documents in support of the present petition:

Copy of Bank Account statement along with Banker books Certificate	30.09.2024
Copy of NeSL	15.10.2024
Sanction letters	17.10.2007 10.11.2010 05.10.2012 07.03.2014 16.01.2015
Sanction letter	25.02.2021
Resolution	25.02.2021
Copy of Demand Promissory Note Form No. 15 (R)	25.02.2021
Copy of Cash Credit (Hypothecation) and Book Debt Facility alongwith addendum	25.02.2021
Copy of Deed of Hypothecation	25.02.2021
Copy of Various Undertakings	25.02.2021
Copy of Deed of guarantee	25.02.2021
Copy of notice u/s 13 (2) of SARFAESI Act	28.01.2022



10. From the documents placed on record, including the sanction letters, loan and security documents, certified statements of account under the Bankers' Books Evidence Act, the record of default issued by the Information Utility (NeSL), and the SARFAESI demand notices, it stands established that a financial debt was disbursed by the Petitioner to the Corporate Debtor. The Corporate Debtor committed default, and the account was classified as NPA on 27.01.2022. The amount claimed is above the threshold prescribed under the Code; the application is complete in terms of Section 7(2) of the Code read with Rule 4 of the Rules.

11. Accordingly, we admit this Application and Order as under:

(i) The Corporate Debtor **Kay Bee Cotgin Pvt. Ltd.** is admitted in the Corporate Insolvency Resolution Process under Section 7 of the Insolvency and Bankruptcy Code, 2016.

(ii) The moratorium under section 14 of the Insolvency and Bankruptcy Code, 2016 is declared for prohibiting all of the following in terms of Section 14(1) of the said Code.

(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 the 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 Corporate Debtor.

(e) the Order of moratorium shall have effect from the date of this Order till the completion of the Corporate Insolvency Resolution Process or until this Adjudicating Authority approves the Resolution Plan under sub-section (1) of Section 31 or passes an order for the liquidation of the Corporate Debtor Company under Section 33 of the Insolvency & Bankruptcy Code, 2016, as the case may be.

(iii) As proposed, **Mr. Sandeep Kumar Chitkara**, having Registration Number: IBBI/IPA-001/IP-P-01976/2020-2021/13084 to act as Interim Resolution Professional, Email - sandchit9@gmail.com and Mobile No: 79886-49622 is appointed to act as Interim Resolution Professional (IRP) under Section 13(1)(c) of the Insolvency and Bankruptcy Code, 2016. He shall conduct the Corporate Insolvency Resolution Process as per the provisions of the Insolvency and Bankruptcy Code, 2016, r.w. Regulations made thereunder. The IRP shall make a public announcement of the initiation of the Corporate Insolvency Resolution Process and call for submission of claims under Section 15 as required by Section 13(1) (b) of the Insolvency and Bankruptcy Code, 2016.

(iv) 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. The Corporate Debtor is to provide effective assistance to



the IRP as and when it takes charge of the assets and management of the Corporate Debtor.

(v) The IRP shall perform all its functions as contemplated, inter alia, by sections 17, 18, 20 & 21 of the Insolvency and Bankruptcy Code, 2016. It is further made clear that all personnel connected with Corporate Debtor, its Promoter, or any other person associated with the management of the Corporate Debtor are under legal obligation under Section 19 of the Insolvency and Bankruptcy Code, 2016, to extend every assistance and co-operation to the IRP. Where any personnel of the Corporate Debtor, its Promoter, or any other person, is required to assist or co-operate with the IRP, do not assist or co-operate, the IRP is at liberty to make an appropriate Application to this Adjudicating Authority with a prayer for passing an appropriate Order.

(vi) The IRP shall be under a duty to protect and preserve the value of the property of the 'Corporate Debtor Company' and manage the operations of the Corporate Debtor Company as a going concern as a part of the obligation imposed by Section 20 of the Insolvency and Bankruptcy Code, 2016.

(vii) The Financial Creditor is directed to pay an advance of Rs. 3,00,000/- (Rupees Three lakh only) to the IRP within two weeks from the date of receipt of this Order for smooth conduct of Corporate Insolvency Resolution Process and IRP to file proof of receipt of such amount before the Adjudicating Authority along with First Progress Report. Subsequently, the IRP may raise further demands for Interim funds, which shall be provided as per the Rules.

(viii) The Registry is directed to communicate a copy of this Order to the Financial Creditor, Corporate Debtor, and the Interim Resolution Professional



and the concerned Registrar of Companies, after completion of the necessary formalities, within seven working days, and upload the same on the website immediately after pronouncement of the Order.

(ix) The IRP shall also serve a copy of this Order to the various departments, such as **Income Tax, GST, State Trade Tax, and Provident Fund, etc.** those who are likely to have their claim against Corporate Debtor as well as to the trade unions/employees associations so that they are timely informed about the initiation of CIRP against the Corporate Debtor.

(x) The commencement of the Corporate Insolvency Resolution process shall be effective from the date of this Order.

12. The Registry is directed to serve a copy of this Order immediately to both the Parties and also to IRP.

13. As a result **CP (IB) No. 320/Chd/Pb/2024** *stands allowed and disposed of.*

Sd/-

(Kaushalendra Kumar Singh)
Member (Technical)

Reet

Sd/-

(Khetrabasi Biswal)
Member (Judicial)