IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH

[Through Physical hearing/ VC Mode (Hybrid)]

ITEM No.03

CP(IB) No. 177/BB/2024

IN THE MATTER OF:

Assets Care & Reconstruction Enterprise Ltd ... Petitioner

Vs.

SPG Facility Management Pvt Ltd ... Respondent

Petition under Sec 7of I & B Code, 2016

Order delivered on: 30.09.2026

CORAM:

SHRI. SUNIL KUMAR AGGARWAL
HON'BLE MEMBER (JUDICIAL)

SHRI. RADHAKRISHNA SREEPADA
HON'BLE MEMBER (TECHNICAL)

COUNSELS PRESENT:

For the FC : Adv. Chintan Chinappa. Adv. Ankit Rajgarhia
Adv. Adith Nair, Adv. Dibyangana Nag
Adv. Prajjwal Chauhan,Adv. Sushanth Belvet

For the Respondent : Adv. Vandana P L

ORDER

1. Heard Ld. Counsel for parties.
2. Vide Separate Order the respondent is admitted to CIRP and the moratorium in imposed.
3. List the matter on **30.11.2026** for CIRP reports.

-Sd-
RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)

-Sd-
SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)

Jones

IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH

(Exercising powers of Adjudicating Authority under The Insolvency and Bankruptcy Code, 2016)

(Through Physical Hearing/ VC Mode (Hybrid))

CP (IB) No. 177/BB/2024

(Under Section 7 of the Insolvency and Bankruptcy Code, 2016**)**

IN THE MATTER OF:

ASSETS CARE & RECONSTRUCTION ENTERPRISE LIMITED
Regd Office at 14th Floor, EROS Corporate Tower,
Nehru Place, New Delhi – 110019 …Petitioner/Financial Creditor

VERSUS

SPG FACILITY MANAGEMENT PRIVATE LIMITED
Regd. Office at 2nd Floor No.35/1,
Yellappa Chetty Layout, Civil Station,
Ulsoor Road, Bangalore,
Karnataka – 560042 …Respondent /Corporate Debtor

Order delivered on: 30.09.2026

CORAM:

Shri Sunil Kumar Aggarwal, Hon'ble Member (Judicial)
Shri Radhakrishna Sreepada, Hon'ble Member (Technical)

Parties/Counsels Present:
For the Petitioner : Ms. Dibyangana Nag
Mr. Adith Nair, Mr. Prajjawal.C
Respondent in C.P : Mr. Karthik Anand S

O R D E R

1. This Company Petition is filed by the Petitioner/Financial Creditor under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("Code") read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 on 08.08.2024 seeking initiation of Corporate Insolvency Resolution Process ("CIRP") against the Respondent/Corporate Debtor for committing default in repayment of outstanding debt of **₹11,91,84,291/-** (Rupees Eleven Crore Ninety One Lakh Eighty Four Thousand Two Hundred Ninety One only) comprising principal amount of ₹7,26,13,879/-, interest ₹1,88,73,095/-, penal interest ₹2,68,46,002/- and other charges ₹8,51,315/- as on 24.07.2024, on date of default **07.03.2023**.

2. Brief facts of the Petition are given hereunder:

   i. The Petitioner is a registered Asset Reconstruction Company under Section 3 of the SARFAESI Act, 2002. It acts as trustee of **ACRE-102-TRUST**. The Respondent is a private limited company engaged in real estate activities.

   ii. Initially ***Indiabulls Housing Finance Limited*** ("IHFL"), now known as ***Sammaan Capital Limited***, had sanctioned financial assistance up to ₹55,00,00,000/-to the Respondent vide Letter dated 28.03.2019 whereafter Loan Agreement dated 29.03.2019 was executed and a sum of ₹50,00,00,000/- was disbursed to the Corporate Debtor on 30.03.2019. The tenure of the loan was 60 months from the date of first disbursement and the interest and principal repayment obligations were governed by payment/prepayment under Schedule II of the Loan Agreement. The loan carried a variable rate of interest linked to the applicable benchmark and the prevailing rate of interest was 17.14% per annum payable monthly. Clause 4 read with Schedule I of the Loan Agreement provided for levy of default interest at 2% per month plus applicable taxes in case of default in repayment obligations.

   iii. An Addendum to the Loan Agreement dated 29.03.2019 was executed between IHFL and the Respondent whereby additional securities were

agreed to be created in favour of the lender including escrow of receivables, first ranking hypothecation/charge over assets and construction step-in rights. The financial assistance was secured by creation of various securities including:

a. Acknowledgment and Declaration of Equitable Mortgage by Deposit of Title Deeds dated 05.06.2019 executed between ***Mr. Sathyamoorthy Vishwanathan*** and IHFL;

b. Deed of Hypothecation dated 06.06.2019 executed between IHFL and Mr. Sathyamoorthy Vishwanathan over the properties described therein;

c. Memorandum of Entry recording deposit of title deeds dated 06.06.2019 executed between IHFL and Mr. Sathyamoorthy Vishwanathan;

d. Construction step-in rights in favour of the lender in respect of the secured projects;

e. Assignment of Contractors All Risk Insurance Policies in favour of IHFL;

f. Demand Promissory Note dated 29.03.2019 together with Letter of Continuity executed in favour of IHFL; and

g. Deed of Mortgage dated 20.12.2021 executed by ***Ozone Projects Private Limited*** in favour of ***IDBI Trusteeship Services Limited*** over the mortgaged properties described therein.

iv. In terms of Clauses 12 and 12.2 of the Loan Agreement, non-payment of dues on the due dates constituted an "Event of Default" entitling the lender to recall the entire loan and enforce the security created in its favour.

v. An Assignment Agreement dated 27.06.2023 was executed by IHFL in favour of Petitioner whereby all rights, title and interest in respect of the financial assistance, secured assets, guarantees and underlying security

interests were assigned to the Petitioner. Subsequently, a Rectification Agreement dated 04.08.2023 was executed by the said parties.

vi. e definition of "Financial Creditor" under the Code.

vii. According to the Petitioner, the Respondent failed to fulfil its repayment obligations under the Loan Agreement and thereby committed events of default in terms of Clause 12 thereof. Therefore, a Notice dated 04.06.2024 was issued by the Petitioner recalling the entire loan facility and calling upon the Respondent to repay an aggregate outstanding amount of ₹11,77,73,866.82/- as on 30.05.2024 within three days of receipt thereof, failing which appropriate proceedings including proceedings under the Insolvency and Bankruptcy Code, 2016 would be initiated. Despite receipt of the said notice, the Respondent failed to pay the outstanding dues and thus the default is continuing.

viii. The Petitioner submits that as on 24.07.2024, the Respondent is liable to pay an aggregate amount of ₹11,91,84,291/- to the Petitioner/Financial Creditor, the break-up whereof is as follows:

Particulars	Amount (₹)
Principal Outstanding	₹7,26,13,879/-
Interest Outstanding	₹1,88,73,095/-
Penal Interest	₹2,68,46,002/-
Other Charges	₹8,51,315/-
Total	₹11,91,84,291/-

ix. The occurrence of default is evidenced by the **NeSL Report** dated 05.12.2023, statement of accounts of the erstwhile Financial Creditor, Loan Agreement, Assignment Agreement and other financing documents.

3. The Respondent has filed reply/Objections to vide diary no. 1705 dated 01.04.2025 and stated as under:

i. The Petition is false, frivolous, vexatious, wholly unfounded and constitutes abuse of process of law. The Petitioner has suppressed material particulars and approached this Tribunal with unclean hands. The Respondent denies all averments of the Petition except those specifically admitted.

ii. The Respondent and the entities belonging to the **Ozone Group** are victims of serious fraud committed by the **Indiabulls Group** and its related entities through unlawful practices including "***round-tripping***" and "***evergreening***" of loans and facilities. The transactions entered into between the Ozone Group entities and the Indiabulls Group were structured in a manner intended to unlawfully enrich the Indiabulls Group at the cost of the Ozone Group.

iii. The Ozone Group comprises several entities include ***Ozone Properties Private Limited***, ***Tuscan Consultants & Developers Private Limited***, ***Ozone Projects Private Limited***, ***Ozone Homes Private Limited***, ***Skylink Hospitality LLP***, ***True Living Spaces Private Limited***, ***Ozone Realtors Private Limited***, ***Ozone Infra Developers Private Limited***, ***Ozone Elegant Developers Private Limited***, ***Ozone Retail Development Private Limited***, ***Airmid Infrastructure Limited***, ***Selene Estate Limited***, ***Ozone Infracon Private Limited***, ***SPG Facility Management Services Private Limited***, ***Positive Housing Private Limited***, ***Lakisha Real Estate Limited*** and ***Finefacilis Management Private Limited***.

iv. The Indiabulls Group includes entities such as ***Sammaan Capital Limited*** (formerly Indiabulls Housing Finance Limited), ***Indiabulls High Yield Opportunities Fund***, ***Indiabulls Real Estate Fund-A***, ***Indiabulls India Opportunities Fund-0***, ***Indiabulls Commercial Credit Limited***, ***Dhani Loans and Services Limited***, ***Groww Asset Management Limited***, ***Equinox India Development Limited***, ***Dhani Stocks Limited***,

IDBI Trusteeship Limited, ***Catalyst Trusteeship Limited*** besides the Petitioner. According to the Respondent, these entities acted in concert and functioned under the control and influence of the Indiabulls Group.

v. The Indiabulls Group had initially approached the Ozone Group around the year 2015 offering quick approvals and speedy disbursement of loans and assured continuous funding for projects undertaken by the Ozone Group. The Ozone Group, being dependent upon NBFC financing for land acquisition and project funding, had accepted such facilities on the representation that sufficient working capital support would be made available.

vi. After extending the initial loans, the Indiabulls Group compelled the Ozone Group to enter into several loan arrangements intended primarily to generate processing fees, interest and recurring refinancing transactions, thereby enabling the Indiabulls Group to evergreen its loan accounts and avoid classification of its exposure as Non-Performing Assets ("NPA").

vii. According to the Respondent, the Indiabulls Group induced and pressured the Ozone Group entities into executing strenuous loan documentation and personal guarantees by threatening consequences including declaration of accounts as NPAs, invocation of guarantees and initiation of civil and criminal proceedings. The Ozone Group was never given any real opportunity to negotiate the terms of loan arrangements and draft agreements or executed copies were often not even furnished to them.

viii. Most of the loans advanced by the Indiabulls Group were allegedly utilised for repayment or closure of earlier loans and EMIs payable to the Indiabulls Group itself and only negligible amounts were made available to the Ozone Group for operational requirements or project development. This mechanism resulted in a cycle of evergreening and circular

financing which pushed the Ozone Group towards financial distress and insolvency.

ix. The Respondent has extensively narrated a series of transactions entered into between the years 2015 and 2021 involving various Ozone Group entities and the entities of Indiabulls Group. It is submitted that several loans sanctioned ostensibly for construction, project development or business purposes were substantially utilised either for repayment of existing Indiabulls Group loans, servicing EMIs of Indiabulls Group facilities or acquisition/takeover of liabilities and entities allegedly connected to the Indiabulls Group.

x. The Respondent has specifically referred to numerous lending transactions involving Ozone Properties Private Limited, Ozone Projects Private Limited, Ozone Homes Private Limited, Skylink Hospitality LLP, Ozone Realtors Private Limited, Ozone Retail Development Private Limited, Positive Housing Private Limited, Selene Estate Limited, Airmid Infrastructure Limited and other Ozone entities. In several instances, the actual amounts available to the Ozone Group for operational activities were negligible when compared to the liabilities created under the loan documents.

xi. The Indiabulls Group compelled the Ozone Group to acquire certain entities earlier belonging to the Indiabulls Group, namely ***Lakisha Real Estate Limited***, ***Selene Estate Limited***, ***Airmid Infrastructure Private Limited*** and ***Positive Housing Private Limited*** by extending further loan facilities to fund such acquisitions. Such acquisitions were undertaken under financial pressure exerted by the Indiabulls Group and the liabilities associated with those entities were concealed or misrepresented.

xii. With specific reference to the present transaction forming subject matter of the Petition, the Respondent submits that under the Loan Agreement dated 29.03.2019, Sammaan Capital Limited had disbursed a loan of

₹50,00,00,000/- to Respondent but out of the said amount ₹33,66,000/- was utilised towards servicing EMI of an Indiabulls Group entity and ₹49,66,34,000/- towards payment/closure of a loan extended by Dhani Loans and Services Limited to Ozone Properties Private Limited.

xiii. The Respondent contends that the subject transaction itself demonstrates the modus operandi of the Indiabulls Group, namely extending fresh facilities substantially for repayment or closure of earlier facilities within the same group structure rather than for genuine business or operational purposes of the Corporate Debtor.

xiv. The Respondent has further alleged that the Indiabulls Group, after already recovering substantial amounts and securing multiple assets and guarantees from the Ozone Group, has now initiated insolvency proceedings against several Ozone entities with an object of usurping the business and assets of the Ozone Group through the mechanism of Code.

xv. It is further stated that various units constructed by the Ozone entities were also transferred to the Indiabulls Group in satisfaction of dues and they were substantially profiteered from such transactions.

4. The Petitioner has filed Rejoinder controverting the averments made in the reply and submitted as under:

i. The Respondent has neither disputed the existence of financial debt nor denied the occurrence of default in repayment. There exists no bona fide dispute regarding the debt being due and payable and that the objections raised are evasive, misleading and devoid of merits.

ii. The Respondent has failed to produce any credible evidence to establish that the debt is not due or that no default has occurred. It is contended that no repayment, restructuring or settlement has been shown by the Respondent and the Reply has been filed solely with an intention to delay admission of the Petition and commencement of CIRP.

iii. Relying upon the judgment of the Hon'ble Supreme Court in ***Innoventive Industries Ltd. v. ICICI Bank and Anr.*** It is contended that once the existence of financial debt and occurrence of default are established, the Adjudicating Authority is bound to admit an application under Section 7 of the Code. The Petitioner has also relied upon the decision in ***M/s Suresh Kumar Reddy vs. Canara Bank and Ors.*** to contend that the scope of enquiry under Section 7 is limited to determination of "debt" and "default".

iv. The Respondent's contentions regarding alleged illegality in the Loan Agreement dated 29.03.2019 and the Sanction Letter dated 28.03.2019 are refuted. Both documents were duly executed between Sammaan Capital Limited (formerly Indiabulls Housing Finance Limited) and the Respondent and form the basis of financial arrangement between the parties. According to the Petitioner, the said documents clearly establish the contractual relationship and the financial liability of the Respondent.

v. Pursuant to the said Loan Agreement and Sanction Letter, an amount of ₹50,00,00,000/- was disbursed to the Respondent on 30.03.2019 and the Respondent thereafter made partial repayments towards the loan account. According to the Petitioner, the disbursement and subsequent repayments are reflected in the statement of account annexed to the Petition and therefore constitute a clear acknowledgment of debt. In this regard, reliance has been placed upon the judgment of Hon'ble Supreme Court in ***Dena Bank (now Bank of Baroda) v. C. Shivakumar Reddy & Anr***.

vi. The Petitioner has also submitted that the default in repayment stands duly recorded with National e-Governance Services Limited ("NeSL") and their report annexed to the Petition evidences both existence of debt and occurrence of default.

vii. The Petitioner has denied the allegations of coercion, fraud, sham transactions and evergreening raised by the Respondent. The Loan Agreement and Sanction Letter were executed voluntarily and with full

understanding of the terms and conditions by the Respondent without any coercion, fraud or misrepresentation. All the essential ingredients of a valid contract, namely offer, acceptance, consideration and intention to create legal relations, were present in the transaction.

viii. The Respondent has not objected to the validity of Loan Agreement at any point prior to the present proceedings and having availed the loan facility and made part repayments thereunder, the Respondent is estopped from challenging the transaction after a lapse of nearly six years.

ix. The Petitioner has specifically denied the Respondent's allegation that the subject transaction was sham or a device for evergreening. It is submitted that the loan was genuinely disbursed, acknowledged and partly repaid by the Respondent, therefore the allegations are merely an afterthought raised to evade liability. According to the Petitioner, the conduct of the Respondent in accepting the funds, utilising the same and making repayments unequivocally establishes the genuineness of the transaction.

x. The Petitioner has further contended that the Respondent's objection regarding absence of proper authorization to file the present Petition is wholly misconceived. The authorized representative of Petitioner is duly empowered by the Board Resolution dated 26.02.2024 together with an authority letter dated 25.07.2024 to initiate and prosecute the present proceedings.

xi. The Petitioner has relied upon the judgment of the Hon'ble Supreme Court in ***United Bank of India v. Naresh Kumar & Ors.*** to contend that technical objections relating to authorization cannot defeat a proceeding otherwise validly instituted by a company through its officers or authorized representatives. Further reliance is placed upon the decision of Hon'ble NCLAT in ***K.K. Jajoo vs. Piramal Enterprises and Anr.*** to submit that minor defects in authorization or board resolutions cannot

invalidate proceedings where the substantive claim is otherwise maintainable.

xii. The Petitioner has thereafter dealt with the Reply paragraph-wise and denied the allegations raised by the Respondent. It is submitted that paragraphs 6 to 80, 82 to 107, 109 to 128 and 138 to 154 of the Reply contain facts and allegations wholly irrelevant to the subject loan transaction and unsupported by documentary evidence. Such averments have been made only to distract attention from the real issue, namely the existence of financial debt and default.

xiii. With specific reference to paragraph 81 of the Reply dealing with the subject transaction, the Petitioner has submitted that the loan facility of ₹55,00,00,000/- was duly extended to the Corporate Debtor for construction/acquisition of immovable property or such other approved purposes in accordance with the Sanction Letter. The allegations pertaining to utilization of the funds are controverted and it is contended that such allegations are baseless and intended to divert the attention of this Tribunal.

xiv. The allegations regarding purported dubious relationship between Indiabulls Group and the present Petitioner are denied and it is submitted that the Assignment Agreement dated 27.06.2023 read with Rectification Agreement dated 04.08.2023 validly assigned the debt in favour of the Petitioner, thereby transposing the Petitioner to be the 'financial Creditor'.

xv. The Petitioner has disputed the Respondent's reliance on the judgment of Hon'ble Supreme Court in ***Vidarbha Industries Power Limited v. Axis Bank Limited*** by contending that the facts of said case are distinguishable and that no exceptional circumstances exist in the present matter warranting refusal of admission despite proof of default.

xvi. According to the Petitioner, the defence raised by the Respondent is merely a "moonshine" unsupported by documentary evidence and intended solely to delay adjudication of the Petition.

xvii. The Petitioner has thus urged to reject the objections of the Respondent, admit the Petition and initiate Corporate Insolvency Resolution Process against the Corporate Debtor for default in repayment of loan liabilities.

5. Subsequent to filing of the Rejoinder, the Petitioner filed an Affidavit dated 06.11.2025 explaining its stand in relation to the documents and memo filed by the Respondent in furtherance of orders passed on 31.07.2025, 10.09.2025 and 22.09.2025, therein stated following:

i. The factual background relating to sanction of the loan facility by Indiabulls Housing Finance Limited (now Sammaan Capital Limited), execution of the Loan Agreement dated 29.03.2019, Addendum Agreement, creation of securities and subsequent assignment of the debt in favour of the Petitioner vide the Assignment Agreement dated 27.06.2023 read with Rectification Agreement dated 04.08.2023 and that the Respondent committed default in repayment obligations under the Loan Agreement, recall of loan outstandings through Demand and Recall Notice dated 04.06.2024 amounting to ₹11,77,73,866.82/- as on 30.05.2024, have been reiterated.

ii. The Petitioner has referred to the proceedings dated 31.07.2025, 10.09.2025 and 22.09.2025 before this Tribunal where the Respondent was directed to file a memo giving details of other cases pending between the parties/groups together with dates of default and thereafter to file an affidavit regarding the settlement proceedings relied upon by them.

iii. Thereupon the Respondent filed a compilation/memo containing various loan agreements, amendment agreements, inter-creditor agreements and notices of default pertaining to different Ozone Group entities and

distinct transactions involving other entities of the Indiabulls Group. According to the Petitioner, such documents have no nexus whatsoever with the subject loan transaction forming the basis of the present Section 7 Petition.

iv. It is asserted that the present proceedings arise exclusively from the financial facility extended under the Loan Agreement dated 29.03.2019 executed between the Respondent and Indiabulls Housing Finance Limited (now Sammaan Capital Limited), which facility was subsequently assigned in favour of the Petitioner.

v. The Petitioner has thereafter undertaken an extensive document-wise analysis of the material filed by the Respondent and contended that the majority of the documents relied upon by them relate to separate financing arrangements entered into by different Ozone Group entities and are therefore wholly extraneous to the adjudication of the present proceedings.

vi. It is the specific stand of the Petitioner that:

a. the loan agreements, amended agreements and inter-creditor agreements relied upon by the Respondent concern distinct entities, separate securities and unrelated financing structures;

b. the notices of default and recall notices relied upon by the Respondent arise from independent transactions involving different entities; and

c. such documents neither rebut nor dilute the existence of financial debt and default in the present case.

vii. The Petitioner further contends that the Respondent's compilation itself contains an admission of debt and default. The Excel sheet annexed by the Respondent at Serial No.1 of its memo specifically records the transaction forming subject matter of the present Petition and reflects a date of default as 04.05.2023 together with an outstanding amount of ₹3.14 Crores.

viii. The Petitioner therefore argues that even assuming the correctness of the figures mentioned by the Respondent, their own documents establish:
   a. existence of financial debt,
   b. occurrence of default,
   c. default within limitation,
   d. and satisfaction of the threshold requirement under Section 4 of the Code, 2016.

6. The Petitioner/Financial Creditor has also filed detailed Written Submissions and made, *inter alia*, the following submissions:

i. The Petitioner has summarized the chronology of the transaction beginning from issuance of Sanction Letter dated 28.03.2019 by Indiabulls Housing Finance Limited (now Sammaan Capital Limited) sanctioning a loan facility up to ₹55,00,00,000/- in favour of the Respondent and the Co-Borrower Mr. Vasudevan Sathyamoorthy. Pursuant thereto, a Loan Agreement dated 29.03.2019 came to be executed under which a facility of ₹50,00,00,000/- was disbursed to the Respondent/Corporate Debtor.

ii. The repayment structure, rate of interest, principal, quarterly instalment obligations and default interest clause contained in the Loan Agreement, have been detailed. According to the Petitioner, the Respondent committed default in payment of interest due on 07.03.2023 and such defaults continued thereafter.

iii. The Petitioner has also elaborated upon the securities created in relation to the loan transaction including:
   a. Declaration Deed relating to equitable mortgage by deposit of title deeds;
   b. Deed of Hypothecation;
   c. Memorandum of Entry;
   d. Demand Promissory Note;
   e. and Mortgage Deed dated 20.12.2021 executed by Ozone Projects Private Limited.

iv. By virtue of an Assignment Agreement dated 27.06.2023 and Rectification Agreement dated 04.08.2023 executed between Sammaan Capital Limited and the Petitioner, all rights, title and interest in respect of the financial debt stood assigned in favour of the Petitioner. The assignment of debt in its favour is valid and lawful and the Petitioner, having stepped into the shoes of the original lender, is fully entitled to maintain the present proceedings as Financial Creditor.

v. It is submitted that upon occurrence of events of default under Clause 12 of the Loan Agreement, the lender had recalled the entire loan facility vide Demand and Recall Notice dated 04.06.2024 and the Respondent failed to liquidate the outstanding dues despite receipt of said notice. As on 24.07.2024, a total amount of ₹11,91,84,291/- remained due and payable by the Respondent comprising outstanding principal, interest, penal interest and other charges.

vi. The Petitioner has reiterated that the present Petition has been instituted through a duly authorized representative under Board Resolution dated 26.02.2024 read with authority letter dated 25.07.2024 and technical objections regarding authorization cannot defeat an otherwise valid proceeding.

vii. The Respondent has committed an undisputed and continuing default under the Loan Agreement and bald denials unsupported by documentary evidence cannot negate the admitted liability. According to the Petitioner, the allegations of sham transaction, inducement and deception are afterthoughts raised nearly six years after execution and are barred by principles of estoppel and approbation/reprobation.

7. The Respondent/Corporate Debtor has also filed detailed Written Arguments opposing admission of the present Petition and reiterating its objections regarding the validity of the underlying transaction, assignment of debt and maintainability of the proceedings:

i. The present proceedings constitute an attempt to misuse the insolvency framework as a recovery mechanism in relation to disputed and allegedly tainted financial transactions. The Petitioner has failed to establish existence of a valid and legally enforceable financial debt against the Respondent.

ii. It is reiterated that the Ozone Group entities were subjected to a systematic pattern of circular lending, round-tripping and evergreening of loan accounts by the Indiabulls Group through various interconnected financial structures and transactions. It is contended that fresh loans were repeatedly sanctioned primarily for servicing existing liabilities owed to Indiabulls Group entities rather than for genuine business purposes of the borrowers.

iii. In several transactions only a negligible portion of the sanctioned facilities was actually made available to the borrower while the substantial portion was appropriated towards closure of existing loans, servicing of EMIs or repayment of liabilities allegedly owed to entities controlled by the lender group. The transactions were structured mainly to artificially prevent classification of the loan accounts as NPA.

iv. The Respondent and other Ozone Group entities were compelled to execute loan documents, guarantees and related arrangements under severe financial pressure and threat of adverse action including NPA classification, invocation of guarantees and initiation of civil and criminal proceedings. It is submitted that such conduct amounts to coercion, undue influence and abuse of dominant position.

v. The Petitioner, being merely an assignee of the alleged debt from Indiabulls Housing Finance Limited, cannot acquire rights superior to those of the assignor. when the underlying transaction itself is vitiated by fraud, coercion and unlawful lending practices, the assignee cannot invoke insolvency proceedings on the basis of such transactions.

vi. The Respondent has further submitted that the issues raised involve serious disputes relating to:

a. genuineness of the loan transactions,
b. diversion and circular movement of funds,
c. coercion and undue influence,
d. and manipulation of accounts through evergreening practices.

vii. Such disputes require detailed examination of evidence and financial records which cannot be adjudicated in summary insolvency proceedings under the Code. The insolvency mechanism under the Code cannot be permitted to be used as a substitute for debt recovery proceedings, particularly where the underlying transaction itself is seriously disputed.

viii. A specific objection regarding inconsistencies in the date of default mentioned in the Petition and related documents is also raised. According to the Respondent:

a. page 7 of the Petition mentions the date of default as 04.06.2024;
b. page 25 of the Petition mentions the date of default as 07.03.2023; &
c. the NeSL Report reflects the date of default as 07.03.2023 while the debt commencement date is shown as 30.03.2019.

ix. These inconsistencies create serious doubt regarding crystallization and occurrence of default, which is a jurisdictional requirement under Section 7 of the Code. Reliance has been placed upon ***Innoventive Industries Ltd. v. ICICI Bank*** to contend that the Adjudicating Authority must be satisfied regarding the existence of financial debt and occurrence of default before admitting a Section 7 Petition.

x. The Respondent has further challenged the validity and enforceability of the assignment transaction relied upon by the Petitioner. The Petitioner has failed to show compliance of the provisions of the SARFAESI Act relating to registration and enforceability of security interests, including Section 26D concerning registration with the Central Registry (CERSAI).

xi. In the absence of proof regarding statutory compliance relating to registration of the underlying security interest and its assignment, the Petitioner cannot claim enforceable rights over the financial assets or underlying securities. As such, the Petitioner has failed to establish existence of a legally enforceable financial debt.

xii. Referring to ***Dr. Vishnu Kumar Agarwal v. Piramal Enterprises Ltd.*** it is contended that the Adjudicating Authority must carefully examine existence of debt, occurrence of default and entitlement of the applicant to maintain the Petition before admitting proceedings under the Code.

xiii. The Respondent has prayed for rejection of the present Petition on the ground that:

a. the Petitioner has failed to establish existence of a legally enforceable financial debt;
b. the occurrence of default is uncertain and inconsistently pleaded;
c. statutory compliance concerning assignment and enforceability of security interest has not been demonstrated;
d. the present proceedings constitute misuse of the insolvency framework for recovery of disputed claims.

8. We have heard Learned Counsel for the Petitioner and Learned Sr. Counsel for the Respondent on multiple dates stretching over months. We have also carefully perused written submissions filed on behalf of the parties as well as the material on record.

Respondent's Allegations Regarding Circular Lending, Evergreening and Round-Tripping

9. The principal contention of the Respondent is that the present transaction cannot be viewed in isolation and that the subject facility forms part of a larger lending structure allegedly adopted by entities belonging to the Indiabulls Group involving circular lending, refinancing, evergreening and round-tripping of funds amongst various entities of the Ozone Group. In support of such contention, the Respondent has relied upon several loan

agreements, debenture trust deeds, amendment agreements, inter-creditor arrangements, notices and other documents pertaining to various entities including Ozone Properties Private Limited, Ozone Projects Private Limited, Ozone Homes Private Limited, Selene Estate Limited, Positive Housing Private Limited and other group entities. According to the Respondent, fresh loans were repeatedly sanctioned to repay existing liabilities and the present facility was itself a part of such larger financing architecture.

10. The Tribunal has carefully examined the said contention. At the outset, it is pertinent to note that the Respondent has not denied the execution of the Sanction Letter dated 28.03.2019, the Loan Agreement dated 29.03.2019, the security documents executed pursuant thereto or the disbursal of the financial facility. In fact, the Respondent's own pleadings proceed on the basis that the amount of ₹50,00,00,000/- was disbursed under the subject facility. The Respondent has specifically pleaded that out of the said amount, approximately ₹49.66 Crores was utilised towards closure of another exposure and approximately ₹33.66 Lakhs was utilised towards servicing EMI obligations. Thus, the Respondent does not dispute the existence of the transaction, but disputes the purpose and manner in which the proceeds thereof were allegedly utilised.

Existence of Financial Debt and Scope of Enquiry under Section 7 of the Code

11. The defence projected by the Respondent therefore does not negate the existence of the debt. At best, it seeks to challenge the commercial background of the transaction. The distinction assumes significance because the jurisdiction exercised by this Tribunal under Section 7 of the Code is confined to examining whether there exists a financial debt and whether a default has occurred. The Respondent may have attempted to demonstrate that the SPG facility itself was a refinancing transaction; however, the

Respondent has failed to demonstrate that the liability arising under the SPG facility stood extinguished.

12. Even assuming the Respondent's allegations regarding utilisation of the loan proceeds are accepted, the same merely explain how the proceeds of the SPG facility were allegedly deployed. Such allegations do not establish that the SPG facility itself was subsequently repaid or discharged. No material has been placed on record showing repayment of the subject facility, closure of the loan account, novation of the debt, issuance of any no-dues certificate or substitution of the liability by any subsequent financing arrangement. Therefore, while the Respondent has attempted to demonstrate how the subject facility was utilised, it has not demonstrated extinction of the liability arising therefrom.

Relevance of Documents Relating to Other Ozone Group Entities

13. The Tribunal also finds considerable relevance in the Affidavit dated 06.11.2025 filed by the Petitioner pursuant to the directions of this Tribunal. In the said affidavit, the Petitioner has undertaken a document-wise analysis of the compilation relied upon by the Respondent and has specifically pointed out that a substantial number of the documents relied upon by the Respondent relate to different borrowers, different facilities and independent transactions having no direct nexus with the subject facility. Upon examination of the said affidavit and the documents referred therein, this Tribunal finds merit in the contention that the majority of the transactions relied upon by the Respondent concern entities other than the Corporate Debtor and do not by themselves establish discharge or extinction of the debt arising under the Loan Agreement dated 29.03.2019.

Validity of Assignment and Petitioner’s Status as Financial Creditor

14. The Respondent has further challenged the Petitioner's status as Financial Creditor and contended that the assignment of debt has not been properly established. This contention also does not merit acceptance. The Petitioner has placed on record the Assignment Agreement dated 27.06.2023 and the Rectification Agreement dated 04.08.2023. Further, the Petitioner filed additional documents vide Diary No. 5996 dated 23.10.2024, including Schedule 1 and Schedule 3 forming part of the assignment transaction.

15. A perusal of Schedule 1 demonstrates that SPG Facility Management Private Limited is specifically reflected therein together with the particulars of the subject facility, including the outstanding amounts under the assigned account. Similarly, Schedule 3 specifically records SPG Facility Management Private Limited as part of the portfolio of assigned assets and reflects the particulars of the underlying facility. The schedules therefore directly identify the Corporate Debtor and the subject loan as assets forming part of the assignment in favour of the Petitioner.

16. The significance of the said schedules cannot be understated. One of the principal objections raised by the Respondent was that the Petitioner had failed to establish that the subject facility formed part of the assigned portfolio. However, once Schedule 1 and Schedule 3 specifically identify the Corporate Debtor and the subject facility as assigned assets, the said objection loses force. The Respondent has not produced any material to demonstrate that the Assignment Agreement or Rectification Agreement has been declared void, set aside or rendered unenforceable by any competent authority. Consequently, this Tribunal is satisfied that the Petitioner has established its status as an assignee Financial Creditor within the meaning of Section 5(7) of the Code.

Objection Regarding SARFAESI Compliance and Registration of Security Interest

17. The Respondent has further contended that the assignment and security structure suffer from defects on account of alleged non-compliance with provisions of the SARFAESI Act and requirements concerning registration of security interests. The Tribunal is unable to accept the said contention. The present proceedings are not proceedings for enforcement of mortgage or security under the SARFAESI Act. The issue before this Tribunal is whether a financial debt exists and whether default has occurred. Even assuming there exists any dispute regarding perfection or enforceability of security interests, the same cannot extinguish the underlying debt nor affect the status of the Petitioner as Financial Creditor for the purposes of Section 7 of the Code.

Discrepancy Regarding the Date of Default

18. The Respondent has also sought to create doubt regarding occurrence of default by referring to different dates appearing in various documents. The Tribunal finds no substance in the said objection. The record indicates that 07.03.2023 is the date from which repayment default is stated to have commenced, whereas 04.06.2024 is the date of issuance of the Demand and Recall Notice. These dates operate in different fields and do not create any inconsistency regarding occurrence of default. The account statements, NeSL record and other contemporaneous documents consistently demonstrate continuing default.

Allegations of Fraud, Coercion and Undue Influence

19. The Respondent has also alleged coercion, undue influence and abuse of dominant position on the part of entities belonging to the Indiabulls Group. While such allegations are undoubtedly serious, no adjudicatory determination has been placed on record declaring the subject transaction to be fraudulent, void or unenforceable. No decree, regulatory finding, forensic audit report or judicial pronouncement has been produced before this

Tribunal invalidating the Loan Agreement dated 29.03.2019. Such allegations would necessarily require detailed evidentiary examination and cannot be conclusively adjudicated within the limited jurisdiction exercised under Section 7 of the Code.

Allegation of Insolvency Proceedings Being Used as a Recovery Mechanism

20. The Tribunal is equally unable to accept the contention that the present Petition constitutes a mere recovery proceeding disguised as an insolvency action. It is well settled that the Code cannot be invoked solely for recovery of dues. However, where a Financial Creditor establishes existence of a financial debt and occurrence of default, the Petition cannot be rejected merely because admission may ultimately result in recovery consequences. The Respondent has failed to demonstrate absence of debt or absence of default. The defence essentially challenges the larger commercial relationship between the Ozone Group and the Indiabulls Group rather than the existence of the debt arising under the subject facility.

Findings on Existence of Debt, Default and Maintainability of the Petition

21. In view of the foregoing discussion, this Tribunal is satisfied that the Petitioner has established the existence of a financial debt arising under the Loan Agreement dated 29.03.2019 and the occurrence of default in repayment thereof. The Assignment Agreement dated 27.06.2023, the Rectification Agreement dated 04.08.2023 and the additional documents filed vide Diary No. 5996 dated 23.10.2024, particularly Schedule 1 and Schedule 3 forming part of the assignment transaction, clearly establish that the subject facility of the Corporate Debtor forms part of the assigned portfolio transferred in favour of the Petitioner. The Respondent's allegations concerning evergreening, circular lending, refinancing, coercion, abuse of

dominant position and lender misconduct, even if taken at their highest, do not establish that the liability arising under the subject facility stood discharged, extinguished or ceased to exist. The Respondent has failed to place on record any material demonstrating repayment of the subject facility, closure of the account, novation of the debt or any adjudicatory finding invalidating the underlying transaction.

22. The Respondent has also placed reliance upon various judicial precedents in support of its objections. We have considered the same. In ***Dr. Vishnu Kumar Agarwal v. Piramal Enterprises Ltd.***, Company Appeal (AT) (Insolvency) Nos. 346 & 347 of 2018, decided on 08.01.2019, and ***IFCI Ltd. v. ACCIL Hospitality Ltd.***, Company Appeal (AT) (Insolvency) No. 1422 of 2019, decided on 17.02.2020, the Hon'ble NCLAT held that a second proceeding under Section 7 for the same claim and default against another corporate debtor could not be maintained where the same claim had already been admitted in the CIRP of the principal borrower or guarantor. These decisions are distinguishable, as the present Petition is against SPG Facility Management Private Limited, which is the borrower under the subject Loan Agreement, and no material has been placed on record to establish that the very same claim has already been admitted in another CIRP.

23. Further, the subsequent decisions of the Hon'ble Supreme Court in ***BRS Ventures Investments Limited v. SREI Infrastructure Finance Limited***, (2025) 1 SCC 456, and ***ICICI Bank Limited v. Era Infrastructure (India)*** Limited, 2026 INSC 201, have clarified that separate or simultaneous CIRP proceedings against the principal borrower and corporate guarantor are permissible, subject to safeguards against double recovery.

24. In ***Shadab Khan v. Nisus Finance and Investment Managers LLP & Ors***., Company Appeal (AT) (Insolvency) No. 82 of 2020, decided on 29.05.2020, the Hon'ble NCLAT dealt with multiple CIRP proceedings concerning the

same claim and a pending application under Section 65 alleging fraudulent and collusive initiation of proceedings. The appeal was disposed of with a direction to reconsider the admission after disposal of the pending Section 65 application. The facts and procedural circumstances of the said case are distinguishable from the present matter, wherein no such pending application or material demonstrating admission of the identical SPG facility in another CIRP has been brought to our notice.

25. In ***Laxmipat Surana v. Union Bank of India***, (2021) 8 SCC 481, the Hon'ble Supreme Court held that proceedings under Section 7 of the Code can be initiated against a corporate guarantor upon default by the principal borrower, even where the principal borrower is not a corporate person. The said decision concerns liability arising out of a corporate guarantee, whereas the present Petition arises from a financial facility directly disbursed to the Corporate Debtor itself.

26. In ***Moneywise Financial Services Pvt. Ltd. v. Arunava Sikdar***, 2025 SCC OnLine NCLAT 1127, Company Appeal (AT) (Insolvency) No. 310 of 2024, decided on 03.07.2025, the Hon'ble NCLAT considered the validity and invocation of an alleged corporate guarantee, the absence of requisite corporate authorisation and the belated filing of an identical claim already admitted in the CIRP of the principal borrower. The said decision is distinguishable, as the present case concerns a direct loan disbursed to the Corporate Debtor and not a claim founded upon an alleged corporate guarantee.

27. In ***M. Sai Eswara Swamy v. Siti Vision Digital Media Pvt. Ltd.***, Company Appeal (AT) (Insolvency) No. 706 of 2021, order dated 09.09.2021, the Hon'ble NCLAT declined to interfere with the rejection of a Section 7 application where the requisite Board Resolution authorising institution of the proceedings and the resolution concerning the advancement of the loan

under Section 186 of the Companies Act, 2013, were not produced. The said decision is distinguishable, as the Petitioner in the present case has relied upon the Board Resolution dated 26.02.2024 and the authority letter dated 25.07.2024 authorising institution and prosecution of the present proceedings.

28. The Respondent has also relied upon ***Citi Securities & Financial Services Pvt. Ltd. v. Sudip Bhattacharya***, Inv. P/02/AHM/2021 in CP (IB) No. 418/AHM/2018, order dated 22.02.2022 passed by the Hon'ble NCLT Ahmedabad, which was subsequently affirmed by the Hon'ble NCLAT in Company Appeal (AT) (Insolvency) No. 240 of 2022, decided on 16.09.2022. The said case concerned an assignment found to have been made in bad faith to enable a related-party assignor to secure indirect participation in the CoC apart from objections concerning the stamping of the assignment deed. The facts are distinguishable from the present matter, as no material has been placed on record establishing that the Petitioner is a related party of the Corporate Debtor or that the assignment was undertaken to secure any such indirect participation. Further, in the present case, Schedule 1 and Schedule 3 of the Assignment Agreement specifically identify the Corporate Debtor and the subject facility as part of the assigned portfolio.

29. The Respondent has chosen to contest the Petition primarily on the basis of allegations relating to the broader lending relationship between the Ozone Group and the Indiabulls Group. However, for the reasons recorded hereinabove, this Tribunal finds that none of the objections raised by the Respondent displace the documentary evidence establishing the existence of financial debt and occurrence of default. The Respondent has not denied execution of the loan documents, disbursal of the financial facility or the contractual repayment obligations arising thereunder. The objections

regarding assignment, SARFAESI compliance, date of default and maintainability have also been found to be devoid of merit.

30. Accordingly, the present Petition being complete in all respects and the Petitioner having established the existence of a financial debt and default in payment thereof, with the amount of default being above the threshold prescribed under Section 4 of the Code, 2016, there is no impediment in admitting the Petition under Section 7 of the Code.

31. Accordingly, Company Petition bearing **CP (IB) No. 177/BB/2024** is hereby **allowed** and the Respondent/Corporate Debtor, **SPG Facility Management Private Limited** is admitted to **C**orporate **I**nsolvency **R**esolution **P**rocess and consequently moratorium is declared in terms of Section 14 of the Code imposing following prohibitions to be complied with by all concerned:

(i) 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;

(ii) Transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein;

(iii) 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;

(iv) The recovery of any property by an owner or lessor where such property is occupied by or in the possession of the Corporate Debtor.

32. It is further directed that the supply of essential goods or services to the Corporate Debtor as may be specified shall not be terminated, suspended or interrupted during the moratorium period in accordance with Section 14(2) of the Code.

33. The provisions of Section 14(3) of the Code shall however not apply in respect of such transactions, agreement or other arrangements as may be notified by the Central Government in consultation with any financial sector regulator or any other authority AND to a surety in a contract of guarantee to the Corporate Debtor.

34. The order of moratorium shall have effect from the date of this order till completion of the CIRP or until this Adjudicating Authority approves the Resolution Plan under Section 31(1) of the Code or passes an order for liquidation of the Corporate Debtor under Section 33 of the Code, as the case may be.

35. In Part-III of Form-1, ***Mr. Manoj Kumar Anand*** has been proposed as Interim Resolution Professional. Form-2, being the Written Communication and consent of the proposed Interim Resolution Professional, has been filed along with the Petition.

36. Accordingly, ***Mr. Manoj Kumar Anand***, IBBI/IPA-001/IP-P00084/2017-18/10180, Address: 2, Community Centre, 3rd Floor, (Near McDonald's/ PVR), Naraina, New Delhi - 110028, Phone No: ***9811280787*** is hereby appointed as the Interim Resolution Professional of Corporate Debtor. The Interim Resolution Professional is directed to take all such steps as are contemplated under Sections 15, 17, 18, 20 and 21 of the Insolvency and Bankruptcy Code, 2016 and the Regulations framed thereunder. The Interim Resolution Professional shall make a public announcement immediately with regard to the admission of this Petition and call for submission of claims in accordance with law.

37. The Financial Creditor is directed to deposit a sum of ₹2,50,000/- (Rupees Two Lakh Fifty Thousand Only) with the Interim Resolution Professional to meet the expenses for carrying out public announcement and inviting claims. The amount so remitted shall be subject to ratification by the Committee of Creditors. The Interim Resolution Professional shall also issue individual notices to the Jurisdictional Income Tax Authority, Principal Commissioner of Income Tax (Judicial), Regional Provident Fund Commissioner, GST Authorities, Commercial Tax Authorities, ESI Authorities and such other statutory authorities as may be necessary and submit proof of service thereof along with first progress report.

38. The Interim Resolution Professional shall, after collation and verification of all claims received against the Corporate Debtor and determination of the financial position of the Corporate Debtor, constitute the Committee of Creditors in accordance with the provisions of the Code and file the report certifying constitution of the Committee of Creditors before this Authority within the prescribed period. The Interim Resolution Professional shall thereafter convene the first meeting of the Committee of Creditors in accordance with law.

39. The Interim Resolution Professional shall keep the Corporate Debtor as a going concern, if it is functional and submit periodical progress reports to this Authority regarding the status of Corporate Insolvency Resolution Process. While taking control and custody of the assets and management of the Corporate Debtor, the Interim Resolution Professional shall ensure compliance with all statutory requirements under the Code and the Regulations framed thereunder.

40. The personnel of the Corporate Debtor, its promoters, directors, officers and persons concerned with the management of the Corporate Debtor shall extend all assistance and cooperation to the Interim Resolution Professional

as may be required for the conduct of the CIRP, in accordance with Section 19 of the Code.

41. The Petitioner/Financial Creditor shall forward a copy of this order to the IRP for assuming the assignment. The Registry is directed to transmit a softcopy of this order to the Interim Resolution Professional and Registrar of Companies, Karnataka through e-mail/Whatsapp.

-Sd-	**-Sd-**
(RADHAKRISHNA SREEPADA)	**(SUNIL KUMAR AGGARWAL)**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**