



IN THE NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCH, BENGALURU
[Through Physical hearing/ VC Mode (Hybrid)]

ITEM No.04
CP (IB) No.122/BB/2024

IN THE MATTER OF:

State Bank of India	...	Petitioner
Vs		
S.M Pharmaceuticals Private Limited	...	Respondent

Order under Section 7 of the I & B Code, 2016

Order delivered on: 16.06.2025

CORAM:

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

SHRI. RADHAKRISHNA SREEPADA
HON'BLE MEMBER (TECHNICAL)

PRESENT:

For the Petitioner : Ms. Chaithanya

ORDER

1. Heard the Ld. Counsel for the Petitioner.
2. The C.P is **admitted by separate order**.
3. List the case on **01.08.2025** for IRP report.

-Sd-

-Sd-

RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)

SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)



IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH
(Exercising powers of Adjudicating Authority under
The Insolvency and Bankruptcy Code, 2016)

CP (IB) No. 122/BB/2024

Application U/s. 7 of the Insolvency & Bankruptcy Code, Read with Rule 4 of the
Insolvency & Bankruptcy (Application to Adjudicating Authority) Rules, 2016

IN THE MATTER OF:

State Bank of India,

Stressed Assets Management Branch

2nd floor, Office Complex Buildings,

Local Head Office Campus, 65,

St. Marks Road, Bengaluru – 560001.

... Petitioner/Financial Creditor

VERSUS

M/s. S.M. Pharmaceuticals Pvt. Ltd.

No.44/8, Ground floor,

15th Cross, Malleshwaram

Bengaluru – 560003.

Also at:

Plot No.37/A2, Chohakkahalli Village,

Pillaguppe Industrial Area,

Hosakote Taluk – 562114.

... Respondent/Corporate Debtor

Order delivered on: 16.06.2025

Coram:

1. Hon'ble Shri. Sunil Kumar Aggarwal, Member (Judicial)

2. Hon'ble Shri. Radhakrishna Sreepada, Member (Technical)

O R D E R

1. This Petition under section 7 of IBC, 2016 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as 'IBC/Code') read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 has been filed by **State Bank of India** (hereinafter referred to as "Petitioner/Financial Creditor") with a prayer to initiate 'Corporate Insolvency



Resolution Process' ("CIRP") against **M/s. S.M Pharmaceuticals Pvt. Ltd.** (hereinafter referred to as 'Respondent/Corporate Debtor') on 08.01.2024, through Smt. Jayalakshmi. M, Chief Manager who has been authorised in this behalf vide Authority letter dated 31.01.2024 issued by Deputy General Manager on behalf of the Bank.

2. It is stated that the Respondent/Corporate Debtor was incorporated on 19.12.2018 and has Authorised Capital of Rs.1,00,00,000/- and Paid-up Share Capital of Rs.5,50,00,000/-. The Corporate Debtor was into business of manufacturing chemicals and Chemical products. Its total assets as per Balance Sheet of F.Y 2021 were Rs.29,10,19,038/- although, its business operations had stopped by the time the Petition was filed.
3. The Corporate Debtor availed various loans from Mysore Circle Branch of Petitioner for its working capital, term loan for purchase of Plant, machineries, land & building etc. The loan was sanctioned against equitable mortgage created by deposit of title deeds of immovable properties and other various assets. The finances were availed by the Respondent from time to time and liability was acknowledged by executing revival and balance confirmation letters. The bank had classified the account as Non-Performing Asset (NPA) on 28.02.2023 due to irregular operations in the credit facilities by the Corporate Debtor.
4. A sum of Rs.20,27,76,662.94/- plus interest was outstanding against the Respondent. Since all the financial facilities under loan agreement became NPA as on 28.02.2023, hence the date of default is set to be 31.12.2022. The Petitioner got issued the Demand notice under section 13 (2) of the SARFAESI Act to the Respondent seeking discharge of entire liabilities within 60 days and on the same remaining uncomplied initiated action against the Respondent in Debt Recovery Tribunal (DRT) –II , Bengaluru on 28.06.2023. By the time this Petition was filed Original Application (OA) number had not been allotted. Along with the Petition documents executed by the Respondent for availing credit facilities, revival/ Balance confirmation letters, Copy of Board Resolution of Respondent and



Record of default from NeSL have been filed besides furnishing the requisite credentials and consent of proposed IRP.

5. There were vital discrepancy in the NeSL report, which took time to rectify on the initiative of Petitioner. After the exercise revised NeSL report was issued and filed in this case on 25.06.2024.
6. The notice of Petition was sent to the Respondent and its Managing Director through registered post vide order dated 12.11.2024. Both of them were duly served on 21.11.2024. The notice albeit was also directed to be served on Respondent through email but apparently no record of notice having been forwarded through email at their mail id as available in Master Data of MCA, has been produced. On continuous non-appearance of Respondent their right to file reply/objection was closed on 10.03.2025.
7. We have heard **Ms. Chaitanya, Advocate**, learned Counsel for the Petitioner and perused the careful record.
8. The loans were extended by the Petitioner to the Respondent from April, 2021 onwards. The outstanding amounts were variedly acknowledged and confirmed by the Respondent by executing various forms. The Petition having been filed on 08.01.2024 is thus, within the period of limitation. The Balance confirmation letter dated 02.07.2021 categorically indicate the disbursal of financial facilities by the Petitioner to the Respondent and statement of accounts indicates default is in receipt of outstanding payment therein by the letter. The outstanding amount is much above the prescribed threshold.
9. The Petitioner therefore, has been able to make out the case for admission under section 7 of IBC. Accordingly, the Petition bearing **C.P (IB) No.122/BB/2024** is allowed and Corporate Debtor **M/s. S.M Pharmaceuticals Pvt. Ltd. is admitted** to undergo **Corporate Insolvency Resolution Process**. Simultaneously moratorium is declared in terms of Section 14 of the IB Code thereby prohibiting all of the following:
 - 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 Securitization 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 the possession of the Corporate Debtor;
10. It is directed that the supply of essential goods or services to the Corporate Debtor, shall not be terminated or suspended or interrupted during the moratorium period in accordance with sub-section (2) of Section 14 of the Code;
11. The provisions of Sub- section (3) of Section 14 of the Code shall however, not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator and to a surety in a contract of guarantee to a Corporate Debtor;
12. The order of moratorium shall have effect from the date of this order till completion of the Corporate Insolvency Resolution Process or until the Resolution Plan is submitted under sub-section (1) of Section 31 of the Code or passed an order for liquidation of Corporate Debtor under Section 33 of the IBC, 2016 as the case may be.
13. As has been proposed in Part-III of Form No.2 with credentials & consent, **Mr. Nethi Mallikarjuna Setty**, Registration No. **IBBI/IPA-001/IP-P01251/ 2018-19/11958**, having Office at: Flat No.101, Laurel Residency Road, No.18 Panchavati Colony, Marikonda, Hyderabad, Telangana – 500089, contact No.: **99636 06444** and email: **malliknethi@gmail.com** is appointed as the Interim



Resolution Professional of the Corporate Debtor. The Interim Resolution Professional is directed to take steps as mandated under the IBC, 2016 especially under Sections 15, 17, 18, 20 and 21 of IBC, 2016.

14. The Financial Creditor shall deposit a sum of **Rs.2,00,000/-** (Rupees Two Lakhs Only) with the Interim Resolution Professional to meet the expenses arising out of issuing public notice and inviting claims. These expenses are subject to approval by the Committee of Creditors.
15. The Interim Resolution Professional shall after collation of all the claims received against Corporate Debtor and the determination of the financial position of the Corporate Debtor constitute a Committee of Creditors and shall file a report, certifying constitution of the Committee to this Authority on or before the expiry of **thirty days** from the date of his appointment, and shall convene first meeting of the Committee **within seven days** for filing the report of Constitution of the Committee. The Interim Resolution Professional is further directed to send monthly progress reports to this Adjudicating Authority.
16. A copy of the order shall be communicated to both the parties. The learned Counsel for the Petitioner shall deliver a copy of this order to the Interim Resolution Professional forthwith. ***The Registry is also directed to forward a copy of order to the IRP at her e-mail address forthwith.***
17. List the matter for report of IRP if any, on **01.08.2025**.

-Sd-

**RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)**

-Sd-

**SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)**