NATIONAL COMPANY LAW TRIBUNAL,
MUMBAI BENCH COURT VI

Item No. P-1

C.P.(IB)/747(MB)2025

CORAM

SHRI SAMEER KAKAR
HON'BLE MEMBER (TECHNICAL)

SHRI NILESH SHARMA
HON'BLE MEMBER (JUDICIAL)

ORDER SHEET OF HEARING DATED **17.04.2026**

NAME OF THE PARTIES **: Catalyst Trusteeship Limited**

Vs

Neelkanth Realtors Limited

Under Section 7 of the IBC, 2016.

ORDER

The case is fixed for pronouncement of the order. The order is pronounced in the open court, vide separate order. Detailed order is being uploaded on the NCLT portal today.

Sd/-
NILESH SHARMA
MEMBER (JUDICIAL)

Sd/-
SAMEER KAKAR
MEMBER (TECHNICAL)

//SS//

IN THE NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH – VI

CP(IB)/747/MB/2025

(Filed 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

CATALYST TRUSTEESHIP LIMITED
Having its registered office at -
GDA House, Plot No. 85,
Bhusari Colony (Right),
Paud Road, Pune — 411038.

And its branch office at -
Unit No-901, 9th Floor, Tower-B, Peninsula Business Park, Senapati Bapat Marg, Lower Parel (W), Mumbai-400013

... Applicant/Financial Creditor

Vs.

NEELKANTH REALTORS LIMITED
(erstwhile known as Neelkanth Realtors Private Limited)
Having its registered office at
508 Dalamal House, Jamnalal Bajaj Road,
Nariman Point, Nariman Point, Mumbai,
Maharashtra, India - 400021.

... Respondent/Corporate Debtor

Order pronounced on 17.04.2026.

CORAM :

SH. NILESH SHARMA, HON'BLE MEMBER (JUDICIAL)
SH. SAMEER KAKAR, HON'BLE MEMBER (TECHNICAL)

APPEARANCE (IN HYBRID MODE)

For Financial Creditor: Sr. Adv. Mr. Gaurav Joshi a/w Adv. Mr. Ryan D'Souja, Adv. Mr. Zaid Mansuri, Adv. Ms. Ojha, Adv. Mr. Prateek Kumar i/b DSK Legal

For Corporate Debtor :Sr. Adv. Mr. Vikram Nankani a/w Adv. Mr. Rohit Gupta,Adv. Mr. Vishesh Kalra, Adv. Mr. Shrey Shah, Adv. Ms. Mitali Dhoble.

O R D E R

PER: Bench

1. BACKGROUND

1.1. The present application being CP (IB) 747 (MB)/2025 is filed by Catalyst Trusteeship Limited having its registered office at GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune 411038 and its branch office at Unit No. 901, 9th Floor, Tower B, Peninsula Business Park, Senapati Bapat Marg, Lower Parel (W), Mumbai 400013 with CIN No. U74999PN1997PLC110262 (Financial Creditor) against Neelkanth Realtors Limited(earlier known as Neelkanth Realtors Private Limited) having its registered office at- 508 Dalamal House, Jamnalal Bajaj Road, Nariman Point, Mumbai -400021 (Corporate Debtor).

1.2. It is stated that the Corporate Debtor is a company having CIN No. U45200MH 1994PLC079536 and was incorporated on 08.07.1994.

1.3. The application was affirmed on 04.07.2025 by Mr. Chaitanya Raote duly authorized by the Board Resolution dated 26.12.2024.

1.4. As per Part IV of the application, the default as claimed by the Applicant is Rs 2,49,96,73,124/-

1.5. The date of default as mentioned in part IV is May 1,2025 for NCD & 2nd May , 2025 for OFCD

1.6. The applicant has proposed the name of Mr. Snehal Arvind Kamdar having registration number IBBI/IPA-001/IP-P00415/2017-18/10738 as the proposed IRP in case the application is accepted. The Applicant has attached Form-2 issued by proposed IRP at Exhibit-C.

2. CONTENTIONS OF APPLICANT

2.1. It is the case of the applicant that they are acting as Debenture Trustee under a Debenture Trust Deed (DTD) dated 19.04.2022 and that Principal amount of Rs. 176,00,00,000/- (Rupees One Hundred Seventy-Six Crores) was granted by the holders of Debentures to the Corporate Debtor.

2.2. It is stated that with a view to augmenting the resources of the Corporate Debtor to meet its requirements of funds for expenses relating to the development, construction and completion of a residential housing complex / commercial complex named as "Neelkanth Heights Annexe" being constructed on all that piece and parcel of land bearing Survey No. 194/1B situated at Village

Majiwade, Pokhran Road No. 2, Thane West ("Project") and repayment of existing dues.

2.3. Consequently, by an Non-Convertible Debenture - Debenture Trust Deed (NCD DTD) dated April 19, 2022, entered into between the Financial Creditor (in its capacity as a Trustee / Debenture Trustee acting on behalf of and for the benefit of the debenture holder) and the Corporate Debtor whereunder Corporate Debtor proposed to issue 1800 (One Thousand Fight Hundred) unlisted, secured, redeemable, non-convertible debentures ("NCDs") with the face value of Rs. 10,00,000/- (Rupees Ten Lakhs only) each for an aggregate amount of Rs. 180,00,00,000/- (Rupees One Hundred Eighty Crores Only) to be issued in three tranches i.e., Series I: Rs. 163,00,00,000/ (Rupees One Hundred and Sixty-Three Crores only), Series II: Rs. 13,00,00,000/ (Rupees Thirteen Crores only) and Series III: Rs. 4,00,00,000/- (Rupees Four Crores only) on a private placement basis in the manner set out in the NCD DTD more particularly in the Third Schedule of the NCD DTD. A copy of the NCD DTD is annexed as **Exhibit -D.**

2.4. It is stated that for the issuance of aforesaid NCDs, a Debenture Trustee Agreement dated April 19, 2022, was executed wherein the Financial Creditor was appointed as the debenture trustee acting for and on behalf of the subscribers of the Debentures issued by the Corporate Debtor. A copy of the Debenture Trustee Agreement dated April 19, 2022, is annexed as **Exhibit — E.**

2.5. It is stated that in terms of the NCD DTD, for Series I: Rs. 163,00,00,000/- (Rupees One Hundred and Sixty-Three Crores only) debentures, the rate of interest/coupon payable by the Corporate Debtor was 13% per annum payable quarterly post moratorium period of 15 months from the Series I Date of Allotment were to be issued.

2.6. It is stated that in terms of the NCD DTD, for Series II: Rs. 13,00,00,000/- (Rupees Thirteen Crores only) debentures, the rate of interest/coupon payable by the Corporate Debtor was 13% per annum payable quarterly post moratorium period of 15 months from the Series I Date of Allotment were to be issued.

2.7. In terms of the NCD DTD, for Series III: Rs. 4,00,00,000/- (Rupees Four Crore only) debentures, the rate of interest/coupon payable by the Corporate Debtor was 13% per annum payable quarterly post moratorium period of 15 months from the Series I Date of Allotment were to be issued.

2.8. It is stated that in case of breach of covenants of NCD DTD / Debenture Documents and in case of failure to make any scheduled payment on due dates, the default interest on the NCDs was payable at an additional 2.00% per annum for the period of default, which default interest was payable over and above the aforementioned coupon rate.

2.9. It is stated that the tenure, minimum assured IRR and redemption and all other terms of the NCDs are more particularly set out under the NCD DTD issued to the debenture holder(s).

2.10. It is stated that the NCDs were also secured by various security created by the Corporate Debtor and other obligors as more set out in detail in Part V of the application. It is stated that pursuant to and in terms of the NCD DTD, Corporate Debtor issued 1760 (One Thousand Seven Hundred and Sixty) debentures of face value INR 10,00,000/ (Rupees Ten Lakh only) each, in two tranches of Series I: Rs. 163,00,00,000/ (Rupees One Hundred and Sixty-Three Crores only), Series II: Rs. 13,00,00,000/ (Rupees Thirteen Crores only) out of the aggregate proposed issue of Rs. 180,00,00,000/- (Rupees One hundred and Eighty Crores only), which were subscribed by the debenture holders ("Subscribed NCDs").

2.11. It is stated that disbursement were made on different dates as under:-

Amount Rs.	Date
163,00,00,000/-	28.4.2022
13,00,00,000/-	13.05.2022

2.12. It is stated that details of the Statement of Holdings reflecting subscription of the Subscribed NCDs by the debenture holder and

copy of the PAS-3 (Return of Allotment) are annexed hereto as **Exhibit — F and Exhibit — G** respectively.

2.13. As per Third Schedule of NCD DTD, Subscribed NCDs were to be fully redeemed by the Corporate Debtor by September 30, 2024, in the following manner:

Redemption Dates	% of initial face value of NCDs to be redeemed
June 30, 2024	50%
September 30, 2024	50%
Total	100%

2.14. It is stated that, however, the Corporate Debtor started committing default in its repayment obligations with respect to payment of interest under the NCD DTD, therefore, the Financial Creditor issued a notice dated February 6, 2024, for repayment of the interest overdraft amounting to Rs. 9,95,43,594/- (Rupees Nine Crores Ninety-Five Lakhs Forty-Three Thousand Five Hundred and Ninety-Four only). A copy of the Notice dated February 6, 2024, is annexed as **Exhibit — H**.

2.15. It is stated that thereafter, the Financial Creditor issued subsequent notices dated July 3, 2024, and October 7, 2024, to the Corporate Debtor calling upon the Corporate Debtor to pay the overdue

obligations along with the redemption premium, default charges/interest and other charges applicable in the terms of the NCD DTD. The copies of the Notices dated July 3, 2024, and October 7, 2024, are annexed as **Exhibit — I and Exhibit — J** respectively.

2.16. It is stated that owing to the said defaults committed by the Corporate Debtor including failure to cure the default in redemption of principal amount of the NCDs, the Corporate Debtor approached the Financial Creditor and pursuant to various discussions and deliberations, it was agreed that the Financial Creditor shall swap the Subscribed NCDs under the NCD DTD for an equivalent amount of INR 25 Crores only, i.e. by 250 debentures, thereby reducing the principal outstanding under the NCD DTD proportionately by an amount of Rs. 25 Crores and accordingly a settlement letter/term sheet was executed between the Corporate Debtor and the Financial Creditor on December 18, 2024 ("Settlement Letter"). The Settlement Letter dated December 18, 2024, is annexed as **Exhibit — K**.

2.17. It is stated that subsequently, in order to give effect to the understanding entered into between the parties in terms of the Settlement Letter, a Debenture Trustee Deed dated December 24, 2024 ("OFCD DTD"), was entered into between the Financial Creditor (in its capacity as a Trustee / Debenture Trustee acting on behalf of and for the benefit of the debenture holders) and the

Corporate Debtor, for issuance of 250 (Two Hundred and Fifty) unlisted, unrated, secured, redeemable, optionally fully convertible debentures having face value of INR 10,00,000/- (Rupees Ten Lakh only) each to the debenture holder(s) for an aggregate amount of Rs. 25,00,00,000/- (Rupees Twenty-Five Crores only) to be issued in one single series, on a private placement basis ("OFCDs") and in the manner more particularly in the Third Schedule of the OFCD DTD. A copy of the OFCD DTD is annexed as **Exhibit — L.**

2.18. It is stated that for the issuance of aforesaid OFCDs, a Debenture Trustee Agreement dated December 24, 2024, was executed wherein the Financial Creditor was appointed as the debenture trustee acting for and on behalf of the subscribers of the OFCDs issued by the Corporate Debtor. A copy of the Debenture Trustee Agreement dated December 24, 2024, is annexed as **Exhibit — M.**

2.19. It is stated that the consideration for the issuance of the OFCDs was in the form of swapping of the non-convertible debentures under the NCD DTD for an equivalent amount of Rs. 25 Crores only. Details of the Statement of Holdings reflecting subscription of the OFCDs by the debenture holder is annexed as **Exhibit F** and copy of the PAS-3 (Return of Allotment) is annexed as **Exhibit —N.**

2.20. It is stated that in terms of the OFCD DTD, the Corporate Debtor was required to ensure minimum IRR of 19% at the time of redemption on the redemption dates (viz. redeemed in one single instalment by May 1, 2025), in the event the OFCDs are not converted into equity

shares, if Corporate Debtor goes for Initial Public Offering ("IPO") by May 1, 2025.

2.21. It is stated that the default interest on OFCDs was payable at 2.00% per annum for the period of default on the outstanding obligations.

2.22. It is stated that the tenure, redemption and all other terms of OFCDs are more particularly set out under the OFCD DTD issued to the debenture holders.

2.23. It is stated that the OFCDs were also secured by various security created by the Corporate Debtor and other obligors as more set out in detail in Part V of the application.

2.24. It is stated that thus pursuant to and in terms of the OFCD DTD, the Financial Creditor swapped the non-convertible debentures under the NCD DTD for an equivalent amount of INR 25 Crores only, i.e. by 250 debentures, thereby reducing the principal outstanding under the NCD DTD proportionately by an amount of Rs. 25 Crores.

2.25. It is stated that as per Third Schedule of OFCD DTD, OFCDs were to be either converted to equity shares by March 31, 2025, {upon filing of updated Red hearing prospectus for IPO} or be fully redeemed by May 1, 2025.

2.26. It is stated that, however, as the IPO has not been issued by the Corporate Debtor, conversion right has not been exercised by the OFCDs holders. Further, the Corporate Debtor failed to redeem the

OFCDs by May 1, 2025, and has accordingly defaulted on its redemption obligation under the OFCD DTD.

2.27. It is stated that owing to the failure by the Corporate Debtor to redeem the Subscribed NCDs as per the NCD DTD, the Financial Creditor issued a Recall Notice dated June 12, 2025, to the Corporate Debtor calling upon the Corporate Debtor to pay the entire outstanding amounts of the Subscribed NCDs together with interest, default interest etc. aggregating to Rs. 224,06,06,6751 (Rupees Two Hundred Twenty-Four Crores Six Lakhs Six Thousand Six Hundred and Seventy-Five Only) as on May 31, 2025, in terms of the NCD DTD. A copy of the said Recall Notice dated June 12, 2025, is annexed as **Exhibit — 0.**

2.28. It is stated that owing to the failure by the Corporate Debtor to redeem the OFCDs as per the OFCD DID, the Financial Creditor issued a Recall Notice dated June 12, 2025, to the Corporate Debtor calling upon the Corporate Debtor to pay the entire outstanding amounts of the OFCDs together with interest, default interest etc. aggregating to INR 25,90,66,449/- (Rupees Twenty-Five Crores Ninety Lakhs Sixty-Six Thousand Four Hundred and Forty-Nine Only) as on May 31, 2025, in terms of the OFCD DTD. A copy of the said Recall Notice dated June 12, 2025, is annexed as **Exhibit — P**.

2.29. It is stated that vide letter dated June 19, 2025 ("Reply"), the Corporate Debtor acknowledged the aforementioned notices and

requested time to respond to the said notices. A copy of the Reply is annexed as **Exhibit — Q.**

2.30. It is stated that despite the issuance of the aforementioned notices, the Corporate Debtor continued to remain in default of its obligations under the NCD DTD and OFCD DTD.

2.31. The applicant is claiming the following amounts in default:-For NCD

Particulars	Amount Rs.
Principal	1,44.02,69,032
Interest (including redemption premium)	69,03,23,038
Default Charges	11,00,14,605
Total	2,24,06,06,675

For OFCD

Particulars	Amount Rs.
Principal	25,00,00,000
Interest (including redemption premium)	77,42,834
Default Charges	13,23,615
Total	**25,90,66,449**

2.32. The Date of Default is mentioned as 01.05.2025 for NCD and 02.05.2025 for the OFCD.

2.33. Perusal of the Part V reveals that the applicant is holding the following securities: -

For the NCD's

i. First mortgage and charge on all the right title interest benefits entitlements including development rights of whatsoever nature of Corporate Debtor together over the Project and Project Land the with structures constructed/to be constructed thereon as more particularly set out in the First Schedule of the NCD DTD ("Project Security").

ii. First charge over the Receivables and the Escrow Accounts, collection accounts and all other accounts, by whatsoever named called, in which the monies arising out of the Project and Mortgaged Properties are deposited as more particularly set out in the Second Schedule of the NCD DTD. In this regard, an Escrow Agreement was also executed between the Corporate Debtor, the. Financial Creditor, and FIDFC Bank (the escrow bank/escrow agent). A copy of the Escrow Agreement dated May 13, 2022, is annexed as **Exhibit — S.**

iii. First charge/assignment or creation of security interest in; (a) all the right, title, interest, benefits, claims and demands whatsoever of the Corporate Debtor/ Issuer/ Security Providers in the Project Documents, as amended, varied or supplemented from time to time; (h) all the rights, title, interest, benefits, claims and demands whatsoever of the Corporate Debtor/ Issuer/ Security Providers

in the Approvals; (c) all the right, title, interest, benefits, claims and demands whatsoever of the Corporate Debtor/ Issuer/ Security Providers in any letter of credit, guarantee, performance bond provided by any party to the Project Documents; and (d) all Insurance Contracts and insurance proceeds.

iv. Personal guarantee executed by Mr. Bhavik Bhimjyani dated April 19, 2022, in favour of the Financial Creditor.

v. Promissory Note dated April 19, 2022, issued in favour of the Financial Creditor.

vi. Letter of Continuity for Demand Promissory Note dated April 19, 2022, issued in in favour of the Financial Creditor.

vii. An Undertaking cum Indemnity executed by the Corporate Debtor dated April 19, 2022, in favour of the Financial Creditor

For the OFCD's

i. Second mortgage and charge on all the right title interest benefits entitlements including development rights of whatsoever nature of Corporate Debtor over Project and Project Land together with the structures constructed/to be constructed thereon in the form and manner acceptable to the Financial Creditor save and except the sold units as set out in the Annexure (List of Sold Units) of the OFCD DTD. However, the balance Receivables from the Sold Units shall at all times form a part of the security.

ii. Second charge over the Receivables and the Escrow Accounts, collection accounts and all other accounts, by whatsoever name

called, in which the monies arising out of the Project and Mortgaged Properties are deposited.

iii. Second charge/assignment or creation of Security Interest in; (i) all the right, title, interest, benefits, claims and demands whatsoever of the Corporate Debtor in the Project Documents, as amended, varied or supplemented from time to time; (b) all the rights, title, interest, benefits, claims and demands whatsoever of the Corporate Debtor in the Approvals; (c) all the right, title, interest, benefits, claims and demands whatsoever of the Corporate Debtor in any letter of credit, guarantee, performance bond provided by any party to the Project Documents; and.(d) all Insurance Contracts and proceeds.

iv. Personal guarantee executed insurance Bhavik Bhimiyani dated December 2024, in favour of the Financial.

v. Promissory Note dated December 2024, issued in favour of the 24, Financial Creditor.

vi. Letter of Continuity for Demand Promissory Note dated December 24, 2024, issued in in favour of the Financial Creditor.

vii. An Undertaking cum Indemnity by the Corporate Debtor dated December 24, 2024, in favour of the Creditor.

viii. NESL Report is annexed hereto as Exhibit — EE.

ix. Applicant has attached Audited Balance sheet of the Corporate Debtor filed by the Corporate Debtor with the Ministry of Corporate Affairs for the year ending March 31, 2024, reflecting the debt in

the books of Corporate Debtor, copies of which are annexed and marked as Exhibit — FF.

2.34. Further Applicant has attached along with the application copies of security documents and DTD as mentioned above.

3. Additional Affidavit filed by the Applicant

3.1. Additional Affidavit dated 18.09.2025 was filed by the Applicant through Mr. Chaitanya Raote who is stated to be an authorized signatory of the Applicant

3.2. The applicant vide additional affidavit has submitted NeSL form -D for both NCD and OFCD. The status of authentication is “DISPUTED”. The copy of NeSL form D is attached to the additional affidavit as **Annexure 1.**

4. <u>REPLY</u>

4.1. Affidavit in reply dated 14/10/2025 was filed by Mr. Bhavik Bhimjyani, Director of the Corporate Debtor. The various contentions in reply of the Corporate Debtor are summarized below:-

4.2. It is submitted that the Petition is not maintainable as there is no default in law. Further, the Petition is a malafide attempt by the Petitioner, acting as Debenture Trustee for India Investment Credit Fund and thereafter ECAP Securities and Investment Ltd. and ECAP Equities Ltd. (both Edelweiss Group entities and hereinafter referred to as "Debenture Holder/Petitioner"), to derail the scheduled IPO of NRL for which the prospectus was already filed with Securities and Exchange Board of India ("SEBI") with the consent

and backing of the Petitioner/Debenture Holder and was processed in furtherance of the same. The Code clearly protects companies from fraudulent or malicious initiation of proceedings under Section 65 of the Code. The true facts leading to the present Petition clearly show that the present proceedings are nothing but a malicious and fraudulent attempt by the Petitioner against Company.

4.3. It is further pertinent to highlight that the Company is a going concern which Petitioner. is currently building real estate projects in Thane. The sales / revenue generation in the Company and its projects clearly show the viable nature of the Company and its project.

4.4. The malicious nature of the Petition is clearly seen from the timing of the Petition. At the time of filing of the Petition, NRL which had already filed its prospectus for raising capital through an IPO, was continuously coordinating with the Petitioner/Debenture Holder with respect to providing its consent for further filings required by SEBI including refiling of the Draft Red Herring Prospectus ("DRHP") after removal of minor defects as notified by SEBI to the Company on 28.03.2025. Though the IPO filing was made with the express consent of the Petitioner/Debenture Holder, midway during the process the Petitioner suddenly stopped co-operating contrary to their own conduct, assurances and written consent.

4.5. Further, malafides are also evident from the fact that at the time of filing of the present Petition, NRL, with the consent of the Petitioner/Debenture Holder, was actively pursuing investment into

its project from SWAMIH Fund which is promoted by State Bank of India ('SBI') and the funding would have ensured repayment of amounts due to the Petitioners.

4.6. The Petitioner cannot be allowed to obstruct raising funds for repayment by the Company, on one hand, and on the other hand take benefit of its own wrongs by filing the present Petition before this Hon'ble Tribunal under the Code. Law does not permit any person to take benefit of their own wrongs.

4.7. Both the aforesaid transactions were aimed to completely repay the alleged debt and were being carried out after express approvals of the Petitioner. However, the Petitioner/Debenture Holder have intentionally and willfully derailed the same. Petitioner is acting in a malafide manner to try to put the Company into CIRP, when in fact the transactions were underway and reaching a stage of completion

4.8. Even thereafter there have been discussions for a closure of the loan, where the Company has offered substantial amounts to the Debenture Holder and the parties are discussing the same. Needless to say, the offer is made on a without prejudice basis.

4.9. In fact, prior to the aforesaid transactions, even between 2018 to 2021, similar modus operandi was carried out by the Edelweiss Group, then acting through ECL Finance Ltd.. At that relevant time, ECL Finance Ltd. unilaterally backed out of last mile funding transactions from two financial institutions, namely DMI Finance Pvt.

Ltd. and Trust Investment Advisors Pvt. Ltd., after all terms were finalized and the finance required to complete the Project was available for disbursal. The Code under Section 65 clearly protects companies from such malafide action. Clearly, in the present case the attempt of the Petitioner is ex-facie malafide despite the repayment being made and offered.

4.10. Even prior to the present Petition, there have been repeated breaches, defaults with respect to the funding arrangements and retraction of agreed repayment plans by the Petitioner/Debenture Holder, acting through other companies of the 'Edelweiss Group.

4.11. The Edelweiss Group has continued to force and coerce NRL into illegally shifting the loan with their group entities at their own convenience and have even in the past ensured that repayment attempts were completely blocked to foreclose and adversely affect the rights of NRL.

4.12. Debenture Holder/ Edelweiss Group entities repeatedly breached their obligations and engineered the present situation, the Respondent submits that transfer of facilities interse within the Edelweiss Group is contrary to RBI guidelines and amount to evergreening which is impermissible in law. It is the case of the Respondent that alleged financial debt being illegal in the eyes of law cannot be termed to be a financial debt at all for the purpose of the code.

4.13. It is stated that certain action was taken by RBI against the Edelweiss Group entities for the practices described above. The Reserve Bank of India has held that pattern of loan transfers from ECL Finance Ltd. to Edelweiss ARC and onward to the group's AIF is illegal and against RBI's regulations. The RBI's own findings and punitive actions in May 2024 are evidence that such transactions are viewed as regulatory evasion and therefore impermissible and bad in law. A transaction which is impermissible in law cannot fall within the definition of financial debt under the Code.

4.14. Further it is submitted that NRL is a registered MSME unit bearing registration no as UDYAM-MH-19-0367106

4.15. The subject financial facility was taken by NRL with respect to its residential project in Thane known as "Neelkanth Heights Annexe" (comprising of three (3) buildings known as Neelkanth Lakeview, Neelkanth Zen and a building to be handed over to the Thane Municipal Corporation). This development is a part of a larger layout development over 13 acres of land in Thane known as Neelkanth Heights.

4.16. Corporate Debtor has already completed a total of 8 buildings with 718 flats and 29 shops sold in Neelkanth Heights, which is a part of the layout. With respect to Neelkanth Heights Annexe, NRL has already completed the Neelkanth Lakeview building and sold 55 units in the building and has also completed another building which was handed over to the Thane Municipal Corporation ("TMC") in the

project. The Occupation Certificate for both towers was obtained in December 2024. The ongoing Tower - Zen, is a 17 storey high-rise tower with approximately 85 apartments (43 of which are already sold to homebuyers). The tower is presently at an advanced stage of completion. Further, there is a future development potential of 5,57,828 square feet in terms of the approval issued by the TMC for proposed future buildings in the same layout. The development of the entire layout of 13 acres of land being pursued by the Company as the Neelkanth Heights Project is collectively referred to as the "Project".

4.17. Thereafter the Corporate debtor has given background of how they approached the financial creditor/his group entities in 2015 seeking finance and how the loans were restructured on various occasions from time to time.

4.18. Corporate Debtor has alleged that the financial creditors other entities have refused to disburse the agreed loans on many occasions and which led to project being delayed and that they were forced to complete/carry forward the project with their own contribution and through project revenues.

4.19. Corporate Debtor says that due to COVID-19 the project got further delayed.

4.20. Corporate Debtor thereafter has given details that they have arranged alternate sources of finance form one DMI Finance

sometime in the year 2020, term sheets were exchanged, due diligence were completed. Through the new financier attempts were being made to repay Edelweiss group. However, the Edelweiss group refused to share parri passu charge on the entire project and hence the new finances could not be arranged.

4.21. Corporate Debtor thus approached several other lenders and managed to garner interest from Trust Investment Advisors Pvt. Ltd. ("Trust Capital") to fund the project as per the terms demanded by Edelweiss.

4.22. It is stated that again the efforts of the Corporate Debtor were derailed by the Edelweiss Group and new finances could not be arranged.

4.23. It is pertinent to point out that during this entire period the Company had paid a sum of Rs. 31.6 Crores to ECL Finance Ltd., this is despite the fact that ECL Finance Ltd. has completely failed in its own obligations. As detailed above, ECL Finance Ltd. failed to make disbursements as promised, which led to the entire project being put to a complete standstill and the Company being forced to look for alternative sources for finance.

4.24. On 29.05.2021 it was learnt that the debentures were illegally assigned to Edelweiss Asset Reconstruction Company Ltd. ("EARC") through EARC Trust SC397 by ECL Finance Ltd. without taking any consent from the Company.

4.25. It is pertinent to point out that the aforementioned transaction of unilateral transfer of loan from ECL Finance Ltd. to EARC is contrary to the regulatory framework by the RBI.

4.26. It is stated that while earlier attempts for refinancing and additional funding were squarely blocked, post the assignment, EARC offered to fund the project through its own fund. On 05.07.202 1 , EARC sent transaction documents with a proposal to fund Rs. 25 Crores towards completion of the project with a Priority Loan. t 1 NRL, eager to finish the project, agreed to the proposed arrangement and all terms and conditions imposed by EARC for the Priority Loan.

4.27. On 07.08.2021, documents were executed for the said Priority Loan. Around 11.08.2021, the first disbursement from the Priority Loan was given and the work immediately recommenced on site after being at standstill for more than a year and half.

4.28. Despite the agreed funding mechanism under the Priority Loan only a few months into the Priority Loan facility, Edelweiss Group / EARC once again defaulted on its commitments to provide the priority loan.

4.29. It is stated that around November 2021,when around Rs. 10.45 crores out of the 25 crore facility was disbursed, EARC informed the Company that they wanted to transfer the entire loan in EARC (including the transferred loan from ECL Finance Ltd.) to another entity of the Edelweiss Group, namely India Investment Credit Fund ("IICF"), which was an Alternative Investment Fund ("AIF"). This was

being done primarily since the India Investment Credit Fund was a joint venture between Edelweiss Group and another international investor by the name of Blackrock. The arrangement of shifting the loan to the IICF would ensure that the funding of the loan would be borne by Blackrock, thereby ensuring that Edelweiss Group / EARC would receive a 50% cash out of its loan under the deal.

4.30. It is stated that the movement of loan as a structured transaction from the Non-Banking Finance company (ECL Finance Ltd.) to the Asset Reconstruction Company (EARC) to the Alternative Investment Fund ("AIF") is precisely the modus operandi and transaction that the RBI has deemed as illegal and in contravention of its guidelines in its order dated 29.05.2024 against ECL Finance Ltd. and EARC. The said order and the transactions set out in the order as being illegal are identical to the transactions between the Edelweiss Group and this Respondent

4.31. It is stated that since considerable time had been lost in securing the financing for the project through EARC and since the construction of the buildings had just started, NRL refused to shift the loan to the AIF as required by EARC. It was after a gap of two (2) years and lot of difficulty that the Company had been able to get the project restarted. Thus, NRL informed EARC that it wished to continue under the Priority Loan arrangement as was mutually agreed and was not keen on any transfer or new facility with India Investment

Credit Fund as proposed by EARC/Edelweiss Group. It is stated that pursuant to the above EARC recalled the loan.

4.32. It is stated that left with no option, but to agree to shift the loan to the AIF of Edelweiss Group, namely India Investment Credit Fund as required by the Edelweiss Group. At the time of this shift, the entire loan and alleged interest due on the old facility was combined and transferred to the IICF, for which the Debenture Trust Deed of 19.04.2022 was signed.

4.33. It is stated that it is an admitted position that a large portion of the debt transferred was rolled up interest with the principal amount disbursed by Edelweiss Group from various entities remaining at Rs. 111 crores as per the email from the representative. A copy of the email dated 10.03.2022 sent by Mr. Anuj Mokashi from ECL Finance Ltd. showing the working of the amount transferred to IICF which included principal amount of Rs. 111 crores disbursed till then by the Edelweiss Group along with the piled up/rolled up interest of Rs. 48 crores due to the delays and defaults of the Edelweiss Group.

4.34. It is pertinent to emphasize that at the time of this transfer, the entire interest which was piled up for almost two (2) years due to the delays, defaults and retractions by ECL Finance Ltd./EARc/Edelweiss Group were rolled into the principal amount of debt under the new facility, which was by IICF, another Edelweiss Group entity. Thus, the debt as claimed by the Petitioner now includes rolled up interest whereas the principal amount disbursed

is only Rs 119 crores The details of the principal amount disbursed by the Edelweiss Group are annexed hereto and marked as Exhibit – “W".

4.35. It is stated that under the revised facility, Edelweiss Group now acting through India Investment Credit Fund also agreed to a complete moratorium on interest and principal repayment for a period of 15 (fifteen) months, to give a breather to the project that had been suffering for want of funds and also agreed to timely disbursements of construction finance and cash flows from sales collections in the escrow account (which was under the control of the Debenture Holder) to speed up construction and sales. The above two were essential terms in the financing arrangement since the confidence of contractors for construction and customers was extremely low at the time given the delays in funding and repeated stoppages in construction activity.

4.36. It is stated that on 19.04.2022, a new Debenture Trust Deed ("DTD") was executed (with the Debenture Holder as Trustee) recording the then-outstanding debt (including rolled-up interest) and restructuring of the repayment schedule Under this DTD, the Petitioner/Debenture Holder expressly agreed to a 15 month moratorium on all interest and principal payments from the date of allotment of the new series of NCDs. The moratorium was a crucial contractual term to enable the project to progress - and meant that no payment would fall due until around July 2023.In line with this,

NRL was not obliged to service interest during that period and instead was to plough project cash flows into construction and sales. In addition, the project needed the funds to be released regularly to ensure project completion, sales and collection velocity and eventually repayment of debt. The terms of the DTD under the heading of Moratorium Period clearly provides that ('Moratorium period of 15 months from the Series Date of Allotment will be provided for repayment of Interest.

4.37. It is stated that on 28th April, 2022, immediately after signing of the DTD a circular transaction was carried out by the Debenture Holder whereby an amount of Rs. 163 crores were brought into the account of the Company to be immediately taken out and paid to Edelweiss Asset Reconstruction Ltd. on the same day. There was no actual disbursement of loan to the Company. The entire transaction was done to facilitate the illegal transfer of the loan from the ARC to the AIF, contrary to RBI Regulations.

4.38. It is stated that the Corporate Debtor after signing the DTD, reinitiated construction after yet another stoppage of the work. However, a few months into the revised arrangement, the Petitioner/Debenture Holder once again defaulted on the agreed terms. Even before the moratorium period could expire, payments were demanded by the Petitioner/Debenture Holder and extracted from escrow account of the Company from the sales collections of the project, thereby

diverting funds that should have gone into construction and the project completion.

4.39. It is stated that on 22.11.2022, without there being any default whatsoever, the Petitioner deliberately and with a view to arm twist the Company issued a "milestone default notice" during the moratorium period where no payments of interest or principal were due for a period of 15 months. The above notice wrongly claimed that there were defaults of milestones under the DTD. The notice further threatened the Company with penal interest rates despite no payment being due. In furtherance of the notice, the representatives of IICF also delayed release of escrow funds to the project and made the escrow release conditional on the Company releasing funds to IICF despite the moratorium. A copy of the milestone default notice dated 22.11.2022 issued by the Debenture Holder is annexed and marked as Exhibit - "X".

4.40. It is stated that on 24.11.2022, Mr. Abhay Sinha representing the Debenture Holder sent an email making a demand for repayment of Rs. 30 crores by March 2023, even while the moratorium was in place as per the DTD. This was a clear breach of the terms of DTD A copy of the email sent by Mr. Sinha dated 24.11.2022 is annexed hereto and marked as Exhibit – "Y".

4.41. As a result of high-handed and strong-arm tactics employed by the Petitioner/Debenture Holder, the Company was forced to agree on a sweep ratio of 25o/o of its cash flows being credited in the escrow

account from sales. The demand of sweep ratio was gradually increased by the lender to 60%, with 60% of cash flows from the project going to the lender and only 40% of the project cash flows going towards construction. A summary of payments demanded and made by the Company to the Debenture Holder/IICF during the moratorium period in breach of the terms of the DTD is tabulated in Exhibit – “Z”.

4.42. It is stated that the breaches of the moratorium arrangement by the Debenture Holder created a cash crunch in the project, slowing down construction and consequently the sales velocity, thereby impacting the overall financial health of the Project and the Company.

4.43. It is stated that the Corporate Debtor also faced persistent hurdles in accessing construction cash flows as the lender delayed or withheld approvals for using amounts in the escrow account for construction and operating expenses, causing work stoppages. In effect, funds which were brought into the project by way of sales or collection, remained idle in the escrow account operated solely by the Debenture Holder for weeks on account of delays at the end of the Debenture Holder. Every time funds were to be released for the project, the lender delayed the release by raising queries and objections in respect of the requested disbursements without any actual basis for the same. The Debenture Holder delayed release of the funds on the following grounds among others:

a) Requests for information which had no direct relation to release of funds for construction;
b) Requests for fresh documentation that the Debenture Holder wanted to extract from the Company;
c) Adjustments for withdrawal by the lender from the escrow funds, despite moratorium or project needs; and
d) Delay in internal approvals at the end of the Debenture Holder.

4.44. It is stated that the Debenture Holder also delayed the release of salaries to the staff of the Company. In fact, the Company has never been able to release salaries of staff on time over the last two (2) years, despite the Company having funds in its escrow account due to the delay in release of escrow payments to be approved by the Debenture Holder. In fact, the Debenture Holders have on several occasions, deliberately delayed disbursement of salaries to staff members of the Company, in order to exert pressure to agree to its demands and repay larger amounts out of the escrow proceeds to it. Some emails demonstrating the deliberate delays in release of funds from the escrow account by the Debenture holder which in turn lead to slow progress and delayed payments to construction vendors and staff is annexed hereto and marked as Exhibit - "AA".

4.45. It is stated that in the meantime, the Debenture Holder being in breach of the DTD by appropriating amounts during the moratorium period, informed the Company that out of the appropriated amount,

approximately Rs. 2 crores were appropriated towards penal interest, despite there being a moratorium on interest and principal payments. The Company was shocked at the unilateral and malafide actions of the aforementioned entities which all form a part of Edelweiss Group that had, despite the moratorium not only demanded money from the Company but had also appropriated it towards default interest, despite the fact that no amount was actually due to it in the relevant period.

4.46. It is stated that by its communication dated 11.08.2023, the Company objected to the demand for payment of interest during the moratorium period, charging of penal interest from the amounts appropriated during the moratorium period and also informed the Debenture Holder of its defaults in release of the funds from the escrow account which were leading to repeated and deliberate delays in the implementation of the Project. The breach of the terms under the DTD including breach of the agreed moratorium on interest and principal payments and its impact were also brought to the attention of the Debenture Holder, but to no avail. A copy of the email dated 11.08.2023 addressed by the Company to the Debenture Holder is annexed hereto and marked as Exhibit - "BB".

4.47. The Corporate Debtor states that it is clear from the above that the Debenture Holder itself was in breach of the DTD that it is seeking enforcement under the Petition. The breaches of the Debenture

Holder of the moratorium period and to disburse funds from the escrow account are blatant and evident from the record.

4.48. It is stated that the diversion of funds to the Debenture Holder from the escrow account during the moratorium period had a cascading effect on the project viz., slowing down construction, sales, and collections and affected the financial health of the project and the Company.

4.49. It is stated that the Debenture Holder is thus responsible for delaying the project and starving the project of required cash flows during construction of the Project and cannot be permitted to take advantage of its own wrong. It is an established principle of law that a person cannot seek performance of a contract which itself is in breach of. The Petitioner is thus not entitled to claim any default under the said DTD or maintain the present Petition.

4.50. It is stated that between late 2022 and mid-2023, despite the challenges and hurdles put up by the Debenture Holder, NRL continued making efforts to sell units and generate income to complete construction of the ongoing towers. construction of rower "Neelkanth Lakeview" reached an advanced stage of completion rn 2024, although the same could have been targeted for completion much earlier, if funds were made available and the agreed moratorium was not breached. NRL also launched the construction of "Neelkanth Zen" Tower (85 flats, of which 43 are sold).

4.51. It is stated that in the meantime, the loan granted by IICF was sold by IICF to yet another Edelweiss Group entity by the name of ECap Securities Ltd.

4.52. It is stated that despite the above difficulties, the Company continued to make progress towards project completion and loan repayment. The Company also made an application for approval of the next phase of the project consisting of 3 (three) additional buildings. On25.06.2024,the Company received a Letter of Intent from the Thane Municipal Corporation approving the construction of the 3 (three) additional buildings in the project comprising of 382 units and with a total built-up area of 5,57,828 sq. ft. A copy of the LOI dated 25.06.2024 issued by the Thane Municipal Corporation is annexed and marked as Exhibit - "CC".

4.53. It is stated that at the time, NRL being aggrieved by the repeated defaults of the Petitioner and the obstacles created arranging funding for completion of the project, decided to raise funds via an IPO, which would be used to repay the Petitioner as well fund the next phase of the project. This was also considering the fact that there was and continues to be a positive sentiment regarding real estate stocks in the stock market and the Petitioner had a historical track record in real estate for more than two decades along with an established real estate IPO. After discussing with market experts, NRL was informed that there was a strong appetite for the IPO in the market.

4.54. It is stated that Corporate Debtor discussed the opportunity with the Petitioner/Debenture Holder who also agreed that an IPO was the best solution for all parties and was viable given the market sentiment. The Company thus agreed to proceed with the IPO and requested the express consent of the Petitioner/Debenture Holder on the agreed plan.

4.55. It is stated that on 13.05.2024 Corporate Debtor addressed an email to the Debenture Holder enclosing a request letter and seeking NOC for proceeding with an Initial Public Offering (IPO). This email explicitly stated that the primary object of the IPO was to repay the outstanding debt owed to Edelweiss. A copy of the email dated 13.05.2024 sent by NRL to the Debenture Holder seeking consent for the IPO is annexed and marked as Exhibit “DD”.

4.56. It is stated that on 28.06.2024, the Petitioner/Debenture Holder gave their unequivocal consent to the IPO proposal. The consent was issued to NRL expressly stating that the Debenture Holder's approval "satisfies all requirements, with respect to the NCDs, DTD and other related documents, to obtain our approval, consent and/or no objection for the IPO issue”. NRL was further authorized to file the Draft Red Herring Prospectus and even to forward the Consent Letter to SEBI and stock exchanges as necessary. Notably, the NOC was to remain in full force until listing of the shares or I (one) year from its date- i.e., valid up to 27.06.2025. The said Consent Letter recorded the mutual understanding that the debt was slated

to be discharged from IPO proceeds. A copy of the NOC issued by the Debenture Holder dated 28.06.2024 permitting repayment of the loan through the IPO is annexed and marked as Exhibit - "EE'.

4.57. It is stated that pursuant to the issuance of the NOC, Corporate Debtor moved ahead diligently. It engaged professional merchant bankers, legal advisors, and other experts for the IPO process. The Company spent substantial amounts of money on the IPO in engaging legal advisors, bankers and professionals etc. A list of expenses incurred by NRPL towards the IPO is annexed and marked as Exhibit- “FF".

4.58. It is stated that despite having given the consent and permitting NRL to proceed for an IPO within a period of 1 (one) year, the Petitioner/Debenture Holder once again retracted its position within a month and adopted an obstructive and malafide approach, which is evident from the following:

i. On 03.07.2024, the Petitioner vide a notice bearing reference no CTL|24-2518483 called upon NRL to pay the overdue amount, (being interest) totaling to Rs. 94,76,74,442l- (Rupees Ninety-Four Crores Seventy-Six Lakhs Seventy-Four Thousand Four Hundred and Forty Two Only) within 7 (seven) days from the date of receipt of the said notice.

ii. Pursuant thereto, between July 2024 and October 2024, various emails were exchanged, and meetings were

held between the parties, advisors for IPO. In these meetings, the Respondent was effectively coerced to expedite the repayment plan and increase the offer of the amount to be paid from the IPO while delaying the filings to be made for the IPO.

iii. On 13.08.2024, NRL requested Ecap Securities & Investment Ltd. to confirm approval of a proposal for repayment of amounts through the IPO. It may be noted that it was always an agreed position that the repayment was to be made through the IPO and the Debenture Holder expressly consented to the same.

iv. Subsequently the Debenture Holder vide email dated 23'd September 2024, stated as follows:

"*Dear Bhavikbhai, Given the repayment proposed via a vis the contractual amount due, the proposal has not been approved. You are requested to improvise the same significantly*. "

v. Thereafter, there were several discussions between the Company and the Debenture Holder to finalize and approve various documents required for filing of the IPO. On 26.09.2024, after a delay of 4 (four) months the Company's advisor to IPO who was also in discussions with the investors who were planning to invest in the Company in the IPO informed NRL as under:

Hi Bhavik,

You would appreciate that there have been numerous assurances and reassurances on Edelweiss matter being closed. Unfortunately, we have neither seen any document which mentions the agreed repayment amounts and terms of repayment nor have we received the basic NOC document. Please be aware that missing the agreed timelines catapults the entire understanding/proposed investment transactions.

vi. It is evident from the above email that there was inordinate delay from the Debenture Holder in the process leading up to the filing of the prospectus for the IPO which also lead to missing agreed timelines for filing the DRHP and also was affecting the sentiment of the advisors and the investors in the IPO. This was also informed to the Petitioner/Debenture Holder on 27 .09 .2024 as under:

"Dear Amitbhai,

Further to our discussion, I would request you to look into the matter urgently in view of the below mail from the investors. It is critical that we bring the terms of repayment to Edelweiss to a finality in next day or two. Please do let me know the way forward."

vii. Despite the ongoing discussions and the preparations for the IPO, with a view to further coerce NRL, a demand notice was served by the Petitioner on 07.10.2024 bearing reference no, CTL|24-25/10634 calling upon NRL to pay Rs.

230,43,32,0111- (Rupees Two Hundred Thirty Crores Forty-Three Lakhs Thirty-Two Thousand Eleven Only) within 7 (seven) days.

viii. The Debenture Holder thus created an impasse which ensured that the Petitioner/Debenture Holder would be in a position to force NRL into accepting unreasonable timelines, amounts and demands made by the Petitioner/Debenture Holder. It is pertinent to note that the Petitioner had effectively lost 4 (four) months due to the situation created by the Petitioner.

ix. After several months of delay, i.e. on 29.11.2024, the offer by the Company was finally accepted by the Petitioner/Debenture Holder as under:

"*Dear Sirs,*

We are pleased to inform you that your proposal has been in principally approved as per the broad terms mentioned below: Payment of Rs 200 Cr by 3l Mar 2025 with a Grace/Cure period of 30 days i.e. till 30 Apr, 2025 with applicable delay charges Issuance of Rs 25 Cr worth of Equity shares in the Issuer entity proposed to be listed All the cashflow from Phase I (Lakeview and Zen) to be utilised towards Servicing of debt obligation and Project expenses only.

Refer the draft letter capturing the detailed terms and conditions for our discussion purpose only. Also verify the

factual details mentioned in the draft letter. Kindly note that the final approval is subject to internal compliances.

"

x. The Company expressed its reluctance on the timelines, given the delays by the Debenture Holder and the Company proceeded with the IPO filing on the specific assurance from the representatives of the Debenture Holder that it would extend the timeline for completion of the IPO in line with the earlier NOC dated 28.06.2024 once the Company filed the Draft Red Herring Prospectus and demonstrated progress in the IPO.

xi. Even after accepting the proposal on 29.11.2024, a formal letter required for the purpose of filing the DRFIP was issued by the Debenture Holder only on 18.12.2024. Notably, almost 6 (six) months were expended in completing the documentation, after the consent dated 28.06.2024 was given for the IPO thereby evidently delaying the process

4.59. It is stated that pursuant to the in-principle approval granted to the Company, a portion of the NCDs amounting to Rs. 25,00,00,000/- (Rupees Twenty-Five Crores Only) was converted into OFCDs since as per the final discussions a portion of the debt was to be converted into equity in the company at the time of the IPO. The Company specifically denies the allegation that this conversion was on account of any default by the Company.

4.60. It is stated that immediately on receipt of the NOC on 18.12.2024, on 30.12.2024, Corporate Debtor filed its DRHP with SEBI, BSE, and NSE (and paid hefty filing fees). The DRHP explicitly earmarked the primary object of the IPO as raising funds to repay the Edelweiss debt in full.

4.61. It is stated that substantial effort and expense were made by the Corporate Debtor for the same.

4.62. It is stated that observations were received from SEBI on 28.03.2025 and preparation for filing revised DRHP were done. However, the same could not be filed for want of NOC from the Applicants.

4.63. It is stated that the Petitioner/Debenture Holder, deliberately with a view to derail the entire IPO, refused to provide formal consent at the final stage, which would ensure the capital raise and listing of the Company's shares. The consent was never provided thereafter and till date continues to be pending despite repeated efforts of the respondent which clearly shows the malafides on behalf of the applicant.

4.64. It is stated that shockingly, on 12.06.2025, to the surprise of the Company, a demand notice was raised recalling the entire loan in contravention of the consent dated 28.06 .2024 for raising funds through the IPO, which was valid till 27.6.2025.

4.65. It is stated that the recall notices both dated 12.06.2025 demanded payment of 1224.06 Crores and t25.90 Crores respectively within 7

(seven) days. This act by the lender was entirely contrary to the mutual understanding in place between the parties.

4.66. It is stated that the recall notice was issued even before the expiry of the 1 (one) year consent/NOC period viz., 27.06.2025, clearly showing the breach and malafide intent on part of the Petitioner.

4.67. It is stated that the Corporate Debtor vide letter dated 19.6.2025 and 8.07.2025 responded to the notices denying the contents thereof.

4.68. It is stated that on 04.07.2025, the Company wrote to Mr. Amit Shah representing the Debenture Holder, reiterating that the Company was ready to refile the DRHP and requested issuance of the NOC for the IPO and also requested for a joint meeting with the advisors for the IPO. The mail also attached the email from the advisors dated 04.07.2025 stating that it is imperative that the Company proceed with the IPO since the sentiment in the market was positive for IPOs.

4.69. It is stated that the Corporate Debtor asserts that no default had occurred on its part, as the time for repayment had been mutually extended and the delay in completing the IPO was due to the lender's own lack of cooperation. It is telling that the recall notices themselves failed to acknowledge the valid and subsisting Consent Letter of 28.06.2024. The Debenture Holder's sudden retraction was a pressure tactic, aimed at engineering a default, contrary to the agreed repayment plan and conduct of the parties, only to take undue advantage. This is a textbook example of a malicious

exercise of the insolvency process, which the Code forbids under Section 65.

4.70. It is stated that on account of the delay in granting approvals by the Petitioner/Debenture Holder, the Respondents also arranged alternate funding from SWAMIH Investment Fund I ("SWAMIH"), a fund formed by the Government of India and backed by SBI Cap Ventures Limited. The fund is mandated to make investments in real estate projects which are viable but are facing difficulties in completion inter alia due to lack of funding. The fund infusion planned from SWAMIH was intended to finance the completion of the ongoing and the next phase of the Project - Neelkanth Heights which had received approval in the form of a Letter of Intent dated 25.06.2024. The development of the next phase of the project would also ensure sufficient cash flows for repayment of debt to the Debenture Holder.

4.71. It is stated that in April 2025, SWAMIH Fund expressed their interest to invest in the Project being developed by the Company. Before proceeding with further internal approvals and diligence and efforts at its end, SWAMIH required the Petitioner/Debenture Holder also to give its in-principle consent to proceed with the transaction.

4.72. It is stated that on 05.05.2025, the Petitioner who was fully aware of the proposed transaction gave its "in-principle non-binding no objection certificate" for the proposed transaction with SWAMIH Fund. The letter confirmed that the Debenture Holder was in-

principle agreeable to cede their first charge on the upcoming phase of the Project in return for a share of the receivables which would be used as repayment of the debt. The Petitioner acknowledged that an Inter-Creditor Agreement (ICA) would be executed with the Fund which would provide that during the Fund's involvement the "existing lender shall not, without prior written consent of the Fund, enforce any part of its security under its existing or new financing documents with the borrower or file any proceedings against the project before any forum including but not limited to NCLT and SARFAESI."

4.73. It is stated that under the terms offered by SWAMIH Fund, the entire balance construction cost of completing the ongoing project (Lakeview and Zen building) as well as the upcoming 3 (three) buildings in the project would be borne by SWAMIH Fund and the cash flows from the entire project would be split between SWAMIH Fund and the Petitioner to ensure repayment of debt to both entities. This was a back-up plan to ensure resolution of the debt in the given circumstances, if the IPO was delayed. The course of action was agreed upon and acted upon with the full knowledge of all the parties including the Petitioner.

4.74. It is stated that after a lengthy process involving several meetings between all the parties including the Debenture Holder, SWAMIH Fund representatives put up the transaction for approval to their investment committee. After a lengthy process involving several meetings between all the parties, the transaction was finally

approved by the investment committee of SWAMIH Fund and on 06.08.2025, SWAMIH Fund issued a term sheet sanctioning an investment of Rs. 250 Crores (Rs. 200 Cr initial + Rs,50 Cr optional) into the said Project. Copy of email dated 6.08.2025 is attached at Exhibit UU.

4.75. It is stated that several emails were exchanged between the parties and meetings were conducted between the Corporate Debtor, Applicant and SWAMIH fund representatives, due diligence was conducted for which the applicant agreed to release funds from the escrow account.

4.76. It is stated that as on the date of filing the reply the Respondent is awaiting the approval of the Inter Creditor Agreement from the applicant.

4.77. It is stated that in view of the Corporate Debtor the present petition is nothing but an attempt to derail the mutually agreed repayment plan. The Petitioner/Debenture Holder/Edelweiss Group have over the years thwarted all attempts made by NRL to repay the loan and complete the project and have been delaying or aborting the attempts and plans for closure of the loan, despite written agreements on the modality of closure, which is evident from the record.

4.78. It is stated that the Petitioner/Debenture Holder continues to approbate and reprobate its position to ensure that the situation

remains in flux without any final resolution or repayment plan being fructified till its end for reasons best known to the Petitioner. In the above-mentioned circumstances, the present Respondent states that the Petitioner has filed the present Petition with ulterior motives, and the Petition is not maintainable and ought to be dismissed by this Hon'ble Tribunal.

A. **NO DEFAULT BY NRL / THE COMPANY AS CLAIMED:**

A1. No DEFAULT AS PER THE CONSENT DATED 28.06.2024:

4.79. The Petition is ex-facie not maintainable as there is no default by the Petitioner on the claim dates of 01.05.2025 and 02.05.2025. This is evident from the record of the Petitioner itself.

4.80. The Petitioner has suppressed in the Petition, the consent dated 28.06.2024 wherein the Petitioner/Debenture Holder had expressly provided their consent to NRL repaying the loan of the Petitioner through an IPO. A period of 1 (one) year was provided by the Petitioner/Debenture Holder for completing the IPO process. This period only ends on27.06.2025. The said consent states as under:

> *"This consent can be deemed to be in full force until the date of listing and commencement of trading of the Equity Shares on the relevant stock exchanges pursuant to the Issues but not exceeding 1 (one) year from the date of issuance of this NOC. The contents of this consent can be disclosed in any document relating*

to, or prepared in connection with, the Issues, as may be required or appropriate in accordance with applicable law. This consent is being issued without prejudice to the rights as are available to us under the DTD and applicable laws."

4.81. Thus, in express words time was provided upto 27.06.2025. Therefore, there could not be any default on 01.05.2025 or 02.05.2025 as claimed in the Petition. The above-mentioned consent has not been withdrawn and was in full force on 01.05.2025. There being no default, the present Petition is not maintainable.

4.82. It is pertinent to highlight that despite the aforementioned consent, the above consent, the Petitioner/Debenture Holder vide its email dated express assurance from the representatives of the Debenture Holder that further extension would be provided in line with the earlier consent dated 28.06.2024. The consent dated 28.06.2024 has never been withdrawn or modified and the letters post the above consent were to be read along with and repayment. The mutual understanding arrived was clear that the time period for repayment would be extended after considering the progress of the IPO. It was on this basis that NRL proceeded with the filing of the DRHP.

4.83. Post issuance of the above consent, the Petitioner/Debenture Holder delayed the process of issuance of documents required for the IPO from 28.06.2024 till when consent was given on 18.12.2024. It is

pertinent to note that the consent dated 28.06.2024 has never been modified or recalled at any stage and continues to hold force.

4.84. As such, the end date for raising funds through the IPO always remained as 27 .06.2025. The progress from the IPO is evident from the fact that a great deal of efforts and costs were expended and the Draft Red Herring prospectus was filed with SEBI on30.12.2024 and suggestions were communicated by SEBI on 28.03.2025 both which were well within the stipulated timelines. Despite the final suggestions being received from SEBI, the Petitioner failed to provide further consent for refiling in the agreed time period before 27.06.2025 despite repeated assurances that the same was being discussed internally and would be provided shortly.

4.85. In fact, it bears no logic that the Petitioner would not support the Respondent at the final stage of receiving the clearance from SEBI to take the IPO forward given that the IPO could have been completed imminently and the Petitioner would have received the funds as planned. The Respondent has been unable to refile the revised DRHP as required by SEBI and complete the IPO, despite the entire process of the IPO being virtually complete. This impasse has been engineered solely by the Petitioner/ Debenture Holder, who have been repeatedly retracting their positions at the last minute when NRL is close to completing a transaction for closure of the loan.

A.2 NO DEFUALT AS PER THE NOC/ CERTIFICATE DATED 05.05.2025 ISSUED FOR SWAMIH TRANCATON:

4.86. As a further option for ensuring repayment, NRL also explored alternate opportunities for investment in the Thane project. Accordingly, as mentioned earlier, SWAMIH Fund (a fund promoted by SBI Cap Ventures Limited, backed by Government of India), showed interest for investment in the project, in or around April 2025.

4.87. The Petitioner agreed to take the transaction forward and a consent/no objection certificate was given by the Petitioner as Late as 05.05.2025 only a month before claiming default. During the period the transaction was being considered by the Fund and negotiated in furtherance of the consent dated 05.05.2025, the Petitioner filed the present Petition clearly with a view to obstruct / derail the transaction with SWAMIH and in breach of the understanding reached for ensuring repayment and completion of the balance Project.

4.88. It is the case of NRL that pursuant to the consent dated 05.05.2025 the Petitioner ought not to have initiated the present Section 7 Application. The consent clearly states that in the event that the transaction proceeds as contemplated, it will require further signing of inter-creditor agreements under which the *"existing lender shall not, without prior written consent of the Fund, enforce any part of its security under its existing or new financing documents with the*

borrower or file any proceedings against the project before any forum including but not limiting to NCLT and SARFAESI."

4.89. Despite all parties proceeding with the abovementioned understanding and SWAMIH Fund being assured by the Petitioner that they would be taking the transaction forward, the present Petition was prematurely filed. In fact, on 06.08.2025, after seeking internal approvals, SWAMIH Fund sent a term sheet approving the terms for the transaction. On 07.08.2025, after due negotiations with SWAMIH fund an inter-creditor agreement was also shared with the Petitioner/Debenture Holder for execution. On 22.09.2025, the Company sent a reminder to the Debenture Holder seeking their consent for the same.

4.90. Post the in-principle approval received for the transaction from the Debenture Holder and after the receipt of the term sheet from SWAMIH Fund, the Company has initiated the financial and legal due diligence for the SWAMIH transaction with the knowledge and consent of the Debenture Holder. Even after the present Petition was filed, the Petitioner has held detailed discussions with the Fund to take the transaction forward. In fact, several of the payments for due diligence for the transaction have been approved by the Petitioner by making payments from the escrow account of the Company clearly showing the intent between the parties to take the transaction with.

4.91. Therefore, despite the abovementioned understandings being clearly reached between the Petitioner and the Company with regard to the repayment and without there being any actual default by the Respondent, the Petitioner continues to act contrary to its own assurances and the understandings reached between the parties with an intent to exert pressure and put the Respondent into CIRP without there being a default as is evident from the records of the Petitioner itself.

B. THE PETITION IS EX-FACIE MALAFIDE:

4.92. The actions of the Petitioner demonstrate the malafides of the Petitioner/Debenture Holder/Edelweiss group. NRL is highlighting the same in a descending order from recent to earlier malafides.

4.93. The actions of the Petitioner/Debenture Holder/Edelweiss Group are ex-facie malafide and are highlighted under the following heads/ time frames:

	PERIOD	HEADS
B.1.	2024 -2025	NON-CO-OPERATION FOR INVESTMENT BY SWAMIH FUND
B.2.	2024 -2025	NON-CO-OPERATION/EFFECTIVE BACKING OUT OF NRL's IPO AFTER INITIAL CONSENT

B.3.	2022 -2024	BREACH OF MORATORIUM AND TERMS OF DEBENTURE TRUST DEED DATED 19.04.2022
B.4.	2021 -2022	NRL COERCED AND FORCED INTO ACCEPTING ILLEGAL TRANSFERS OF THE DEBT WITHIN EDELWEISS GROUP AND ISSUING DEBENTURES TO INDIA INVESTMENT CREDIT FUND, AN EDELWEISS ENTITY- TRANSFER IN VIOLATION OF RBI REGULATIONS
B.5.	2015 -2021	DEFAULTS IN DISBURSEMENT AND BLOCKING REPAYMENT MECHANISMS AND OPTIONS FOR LAST MILE FUNDING AND COMPLETION OF PROJECT
B.6.		PROJECT BEING USED TO ARM TWIST THE RESPONDENT

B.1. <u>NON-CO-OPERATION FOR INVESTMENT BY SWAMIH FUND (PERIOD 2024 TO 2025:</u>

4.94. The details regarding the in-principle approval granted to the SWAMIH transaction by the Debenture Holder is already explained hereinabove. It is evident that the Debenture Holder after giving its consent and agreeing to sign the Inter-creditor Agreement which would include not making any applications before the NCLT, if the transaction proceeded, has within period of 2 (two) months of

issuance of the NOC to take the transaction forward, backed out of the understanding reached between the parties. This clearly shows the malafide intent and ulterior motives with which the present Petition is filed.

B.2. NON-CO-OPERATION/EFFECTIVE BACKING OUT OF NRL's IPO AFTER INITIAL CONSENT [PERIOD 2024-2025]:

4.95. The details of the entire mutual understanding between the Company and the Petitioner with regard to raising funds through the IPO for repayment of the NCDs have been explained in detail hereinabove. Despite the written consent on record for proceeding with the IPO and the entire process reaching a final stage, for reasons best known to the Petitioner, the Petitioner has backed out and retracted from its written consent and derailed the entire IPO and consequently the mutually agreed line of action to ensure the repayment of the NCDs.

4.96. The Petitioner is therefore itself responsible for engineering the present situation with a malafide intent. There seems to be no logical reason for the Petitioner not permitting the Company to complete its IPO and repay the Petitioner. The Petitioner cannot be permitted to take advantage of its own wrongs and the Petition ought to be dismissed on this ground alone.

B.3. BREACH OF MORATORIUM AND TERMS OF DEBENTURE TRUST DEED DATED 19.04.2022 [2022-2024]

4.97. As detailed in the factual narration above, the Debenture Trust Deed ("DTD") dated 19.04.2022 entered into with India Investment Credit Fund clearly provided for a moratorium period of 15 months for payment of interest and principal. Despite there being no default by the Company, the Petitioner/Debenture Holder acting in a high-handed manner, not only demanded money in breach of the terms but also issued notices of alleged default but also used the same to arm twist the present Respondent to permit withdrawals from the project escrow account contrary to the terms of the DTD.

4.98. Admittedly, under the Debenture Trust Deed, the Debenture Holder had expressly agreed to a 15-month moratorium on all interest and principal payments from the date of allotment of the NCDs. This period of no payment was until around July 2023. In line with this, NRL was not obliged to service interest during that period and instead was to plough project receivables into construction. In addition, the project needed the funds to be released to it regularly from the escrow accounts by the Debenture Holder to ensure project completion, sales and eventually repayment of debt. This was an essential condition to ensure the speed of construction and sales and cash flows to be achieved for repayment.

4.99. However, Petitioner/Debenture Holder breached the fundamental terms of the DTD and started demanding and appropriating payments during the agreed moratorium period of 15 months. The Debenture Holder appropriated funds towards the loan from escrow

account, thereby diverting funds that should have gone into construction and project completion. This created a cash crunch in the project, slowing down construction and consequently there was a slowdown in sales velocity and collections in the project, thereby impacting on the overall financial health of the Project and the Company and its ability to repay the loan.

4.100. NRL also faced persistent hurdles in accessing construction cash flows as the lender delayed or withheld approvals for using amounts in the escrow account for construction and operating expenses, causing work stoppages as demonstrated earlier. In effect, funds which were brought to the project by way of sales or collection remained idle for weeks on account of delays at the end of the Debenture Holder. Almost every time funds were to be released for the project, the Debenture Holder delayed the release of funds by using them as leverage against the Company and raising queries and objections in respect of the requested disbursements without any actual basis for the same This situation was brought to the notice of the Petitioner Debenture Holder interalia by communication dated 11.08.2023, but to no avail.

B.4. NRL COERCED AND FORCED INTO ACCEPTING ILLEGAL TRANSFERS OF THE DEBT WITHIN EDELWEISS GROUP AND ISSUING DEBENTURES TO INDIA INVESTMENT CREDIT FUND, AN EDELWEISS ENTITY- TRANSFER IN VIOLATION OF RBI REGULATIONS : [2021-2022]

4.101. After the loan was sanctioned in the year 2017 in the form of NCDs in 2018- 2019 following the IL&FS crisis, ECL Finance Ltd. failed to make further disbursements for construction citing liquidity issues post the IL&FS crisis. This led to a situation where suddenly the investments required for the developing project dried up, and the progress on the project was adversely affected. This was followed by the pandemic and then ECL Finance Ltd. unilaterally deciding to back out from the last mile financing facilities by DMI Finance and Trust Capital as detailed earlier in this reply Thereafter, having no alternative, the Respondent got into a priority loan arrangement with EARC.

4.102. On 05.07.2021, EARC sent transaction documents with a proposal to fund Rs. 25 Crores towards completion of the project with a Priority Loan. NRL, eager to finish the project, agreed to the arrangement and all terms as suggested by EARC for the Priority Loan. On 07.08.2021, documents were executed for the said priority loan and a part disbursement of Rs. 10.45 crores were received.

4.103. Instead of completing the disbursement, EARC informed that they wanted to shift the entire loan to another entity in Edelweiss Group, namely India Investment Credit Fund. After the Company did not consent for such a transfer, EARC coerced the company into the same.

4.104. Undue pressure was exerted by EARC by issuing a notice dated29.01.2022 suddenly withdrawing the entire priority funding of

Rs. 25 crores which was promised. Further, a recall notice dated 04.03 .2022 was issued for the entire loan facility, bringing pressure on the company to shift the entire loan to IICF as demanded.

4.105. The Company had just mobilized the site and the contractors, and was in no position to afford another delay in the project or further pile up of interest on the loan. The actions of Edelweiss once again led to stoppage of work. The site which had been mobilized lost momentum. The company was left with no option but to agree to shift the loan to IICF as required by the Edelweiss Group. At the time of this shift, entire loan and alleged interest on the old facility (which piled up due to delays and defaults of the Edelweiss Group) was combined and transferred to the IICF, for which the Debenture Trust Deed of 19.04.2022 was signed.

4.106. It is pertinent to note that the transfers of the NCDs by Edelweiss Group from ECL Finance Ltd. (NBFC) to Edelweiss Asset Reconstruction Company Ltd. (ARC) to India Investment Credit Fund (AIF) were held to be illegal by RBI in its order dated 29.05.2024 in the matter of ECL Finance Ltd. and Edelweiss Asset Reconstruction Company Ltd. The said transfers were forced unilaterally by Edelweiss Group on this Respondent.

B.5. MALAFIEDES, DEFAULTS AND BLOCKING REPAYMENT MECHANISMS FROM 2015 TO 2021

4.107. It is submitted that the original facility from Edelweiss Group was taken in the year 2015 from the NBFC arms of the Edelweiss Group i.e. ECL Finance Ltd. and Edelweiss Housing Finance Ltd.

4.108. Thereafter the loan was restructured in the year 2017 in the form of NCDs in ECL Finance Ltd. In 2018-2019 following the IL&FS crisis, ECL Finance AS / 51-- no option but to agree to shift the loan to IICF as required by the Edelweiss Ltd. failed to make further disbursements towards construction funding as was required under the loan agreements. Further, even during the pandemic, ECL Finance Ltd. refused to fund the project as originally agreed.

4.109. NRL with the intent to repay the loan and also get the project back on track, secured commitments from DMI Finance and Trust Capital, for last mile funding. These transactions were initiated with the due consent of the lender as detailed earlier in this affidavit.

4.110. However, in both the proposed transactions, i.e. DMI Finance and Trust Capital, ECL Finance Ltd. backed out at the last minute without any reason and after due diligence and documentation were virtually complete. The last mile funding from either of the institutions would have not only ensured project completion within the stipulated period but also repayment of the entire debt of the Company.

4.111. The facts pertaining to DMI Finance and Trust Capital demonstrate the deliberate manner in which the project of the Company was delayed for 2 (two) years by Edelweiss group leading to

unnecessary costs and pile up of interest despite the attempts being made by NRL to raise funding, complete the project and repay the lender despite the defaults of the Petitioner.

4.112. The series of events pertaining to the transactions for last mile funding are proof of how Edelweiss Group / Debenture Holder have stifled every effort made by the Company to ensure repayment of debt and completion of the project.

B.6.PROJECT BEING USED TO ARM TWIST THE RESPONDENT:

4.113. Edelweiss used and till date continues to use the project and its cash flows as a tool to negotiate with the Company and exert undue pressure. This has led to project delays, interest pile up, losses, cost over runs and disruptions in day-to-day operations of the company and its projects, leading to the present situation.

4.114. These lender-driven defaults had a cascading effect since the promised construction finance was never fully delivered, and external funding opportunities were repeatedly thwarted by Petitioner/Edelweiss Group. As a result, the construction of the said Project was delayed, and interest obligations kept mounting on the books without corresponding progress in the said Project. The Company submits that much of the debt as alleged by the Petitioner comprises of interest that accumulated precisely due to the Edelweiss Group's breach of its, obligations, delayed

disbursements, thereby preventing timely completion of the said Project.

4.115. In fact, the total principal amount of the loan disbursed by the Edelweiss Group is Rs. 119 crores with the balance being only rolled up interest, largely because of its own delays and defaults.

4.116. A summary of the amount disbursed by the Edelweiss Group and its breakup and also a summary of the payments made to Edelweiss Group over the years is summarized as Exhibit - "ZZ".

4.117. In addition to not disbursing funds for construction finance as promised, the Petitioner/ Debenture Holder has repeatedly delayed requests for disbursement of funds from the escrow account using the funds as leverage to negotiate with the Company. This resulted in the funds remaining idle in the escrow account for weeks while the project, contractors and employees remained unpaid. This had a cascading impact on the project resulting in delays, cost over runs, delayed sales and collection.

4.118. The Petitioner along with the Debenture Holder is thus itself responsible for delaying the project and the cash flows. The Hon'ble Tribunal, in similar cases has dismissed petitions filed under Section 7, where the financial creditor failed to disburse sanctioned funds, observing that having failed to fulfil its primary obligation of timely disbursements, the Financial Creditor cannot seek to take advantage of its own wrong. The same principle squarely applies in

this case. The Respondent craves leave to rely upon the relevant judgements at the time of the hearing.

C. TRANSACTIONS FROM 2015, THROUGH EDELWEISS GROUP- DEFAULTS AND VIOLATIONS OF RBI REGULATIONS ATTRIBUTABLE TO THE EDELWEISS GROUP:

4.119. The original lending facility was through Edelweiss Group, through its NBFC arms ECL Finance Ltd. and Edelweiss Housing Finance Ltd.

4.120. After ECL Finance Ltd. defaulted in the year 2018, the attempts to raise last mile funding from new lenders (DMI Capital and Trust Capital) were stalled for more than 18 (eighteen) months. The loan was then assigned to Edelweiss Asset Reconstruction Company through EARC Trust SC 397, also a part of the Edelweiss Group.

4.121. Subsequently, the loan was proposed to be transferred from EARC Trust to India Investment Credit Fund, which is nothing but another Edelweiss Group entity, this time in a joint venture with Blackrock with a 50- 50% holding.

4.122. Recently, the loan has now been transferred from India Investment Credit Fund to ECAP Securities and Investments Ltd. and subsequently to ECAP Equities Ltd. Thus, al1 the entities have been jointly acting in concert and have been part of the Edelweiss Group.

4.123. The details of the breaches committed by different entities of the Edelweiss Group with the Petitioner have been detailed earlier in this reply.

4.124. Notably, the movement of loan as a structured transaction from the NonBanking Finance Company (ECL Finance Ltd.) to the Asset Reconstruction Company (EARC) to the Alternative Investment Fund (AIF) is illegal and contrary to RBI Regulations. The modus operandi adopted by Edelweiss Group has been held as illegal and in contravention of the law by RBI in its order dated 29.5.2024 against ECL Finance Ltd. and EARC. The said order and the transactions set out in the order as being illegal are identical to the transactions between the Edelweiss Group and this Respondent.

4.125. The transfers from one entity to the other were done either without the consent of this Respondent or by using force in the form of recall notices / unilateral withdrawal of facilities, delay in release of funds from the escrow account, among other arm-twisting tactics which were adopted by the entities of the Edelweiss Group.

4.126. The transfer of loans between entities is thus illegal and with the basis of the debt being illegal and in contravention of the law, this Petition ought to be dismissed on this ground alone.

D. PRINCIPAL DEBT UNITARALLY INFLATED BY INTRA GROUP TRNASFERS

4.127. NRL denies the calculations of the amounts due as stated in the Petition. The summary of amounts disbursed by the Edelweiss Group over the years and the summary of amounts already paid has been annexed to this reply at Exhibit – “(W" and Exhibit - "ZZ". The Company reserves its right to make further submissions on amounts due and the timeline for its payment at the time of hearing.

4.128. It is apparent that a large part of the amount claimed to be due is actually interest which has been compounded and re-branded as principal on account of various intra group transfers within the Edelweiss Group.

4.129. Admittedly, the principal amounts of funds disbursed by the Edelweiss Group total to an amount of Rs. 119 crores. It is the submission of this Respondent that a majority of the amount claimed by the Petitioner in the petition is the rolled up interest in the facility which piled up due to the delays and defaults by the Edelweiss Group on the following counts:-

4.130. Delays in disbursing promised funds for construction.

I. Lack of co-operation and reneging on agreed transactions for last mile funding with DMI Finance and Trust Capital.

II. Delays in disbursement of loans from Priority Loan facility in EARC and subsequent unilateral withdrawal of facility.

III. Forced transfer of loan to Edelweiss AIF - IICF, resulting in further delays.

IV. Withdrawal of project funds during moratorium period by IICF, ECap Securities and Investments Ltd. and ECap Equities Ltd. in breach of the terms of the DTD.

4.131. The Petitioner had already paid the Edelweiss Group a sum of Rs. 31.6 Crores prior to 2022. Further, the Petitioner has paid a sum of Rs. 54.5 Crores to Edelweiss Group after 2022.

4.132. After 19.04.2022 i.e. execution of the DTD, NRL has paid a total amount of Rs. 54.53 crores to the Petitioner. The list of payments made to the Petitioner along with the dates of payment are annexed hereto and marked as Exhibit- “AAA”.

4.133. Even as on date the NRL is in a position to clear the alleged debts. However, all attempts to repay have been unreasonably and wilfully blocked by the Petitioner/Debenture Holder. As detailed above, the Petitioner/Debenture Holder/Edelweiss Group has obstructed and blocked 4 (four) independent transactions, which were approved by different entities of Edelweiss Group and would have accrued to the benefit of the Petitioner/Debenture Holder/Edelweiss Group. Not only have they led the Company to expend time and monies on these transactions but have also derailed the efforts to repay by backing out of the transactions at the last minute. The present situation is engineered by the Petitioner/Debenture Holder/Edelweiss Group for reasons best known to them. The Company reserves the right to make further submissions in this regard at the time of the hearing.

E. TRANSFERS BETWEEN ECL AND EARC AND IICF HELD ILLEGAL BY RBI:

4.134. By an order dated 29.05.2024, the RBI has acted against Edelweiss entities noting that they were in violation of regulatory norms inter alia on account of *interse* transfer of financial assets, security receipts and stressed accounts, which was impermissible in law. The RBI's order made several findings and directives, including:

a. Cease-and-Desist on Structured Transactions: ECL Finance Ltd. was directed to "cease and desist, with immediate effect, from undertaking any structured transactions in respect of its wholesale exposures, other than normal repayment/closure of accounts.

b. ARC Barred from Acquiring Assets: Edelweiss ARC (EARCL) was ordered to *cease and desist from acquisition of financial assets, including security receipts (SRs), and from reorganizing existing SRs into senior/subordinate tranches. "*. Practically, this meant the ARC could not purchase any new loans or even restructure the pools of bad debts it holds, halting its core business. This sanction was a direct response to the ARC's role in facilitating the evergreening scheme;

c. Findings of Evergreening and Circumvention: RBI's statement accompanying these restrictions was scathing. It noted *"material concerns"* from the inspection, arising from the group entities *"acting in concert by entering into a series of structured transactions for evergreening stressed exposures of ECL, using the platform of EARCL and connected AIFs, thereby circumventing applicable regulations*.". It further observed that "Incorrect valuation of SRs (security receipts) was also observed in both ECL and EARCL."

d. *Conduit for Illegal Asset Transfers:* The RBI order reiterated how ECL was used as a conduit to bypass legal restrictions on ARCs: by taking over loans from group entities that are not lenders (e.g. fund vehicles) and then selling to the ARC, ECL facilitated a transaction that the ARC could not have done directly. This was highlighted as a serious transgression*: "ECL, by taking over loans from non-lender entities of the group for ultimate sale to the group ARC, allowed itself to be used as a conduit to circumvent regulations which permit ARCs to acquire financial assets only from banks and Financial institutions*." In RBI's view, this amounted to a wilful evasion of the law;.

e. Other Violations: RBI found a host of other compliance breaches at ECL, such as mis-reporting drawing power to its own lenders and breaching Loan-to-Value limits on share-backed loans. At EARCL, violations included failure to place RBI's previous inspection report before its board, not following regulations on settlement of loans, and sharing non-public client information with group entities. These findings reinforced the picture of governance lapses and regulatory non-adherence, further justifying RBI's action.

f. *Regulatory Rebuke and Warming:* The RBI remarked that instead of correcting course when these issues were earlier pointed out, *"the group entities were resorting to new ways to circumvent regulations "*. This statement underscores that RBI viewed Edelweiss's actions as repeated and deliberate non-compliance, requiring strong deterrence.

g. This RBI enforcement is a significant regulatory proceeding. It demonstrates that the transfer of loans from ECL to the ARC and then to the AIF was treated as a serious violation of RBI's guidelines -

tantamount to evergreening and misuse of the financial system.

h. The RBI's actions prove that such transfers are illegal or bad in law.

4.135. Given the above, the transfers of loans from ECL Finance Ltd. to Edelweiss ARC and thereafter to the India Credit Investment Fund (AIF) in the present case are in complete violation of multiple RBI regulations and are illegal and bad in law. The coercion by Edelweiss Group to force such transfers was a malpractice for which it has been penalized by the RBI. The malpractice led to delays in closure of the account and repayment. NRL cannot be penalized or be made to bear the brunt of violations committed by the Edelweiss Group A copy of the order issued by the RBI against ECL Finance Ltd. and EARC dated 29.05.2024 along with newspaper articles are annexed hereto and marked as **Exhibit-'BBB'.**

F. DEBT IS NOT A FINANCIAL DEBT IN THE FIRST PLACE:

4.136. The Reserve Bank of India (RBI) has repeatedly warned lenders against "evergreening" - the practice of extending new credit to troubled borrowers to allow them to pay old loans, thereby concealing true asset quality. RBI's Master Circulars on Prudential Norms and various notifications make clear that banks/NBFCs must transparently recognize non-performing assets (NPAs) rather than

refinance or restructure solely to avoid NPA classification Any arrangement that disguises the real status of a loan by rolling it over through fresh funds (directly or indirectly) is considered a regulatory evasion and is therefore illegal and bad in law.

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4.138. As stated above, with respect to the Edelweiss Group specifically, RBI has issued directions and described the group's structured transactions as "evergreening stressed exposures", undertaken with the aim of masking ECL Finance Ltd.'s distressed loans. Such evergreening is ipso facto contrary to the law and the RBI's directives.

4.139. Clearly, the order dated 29.05.2024 unambiguously shows that the interse transactions between ECL to EARC and then EARC to IICF were both contrary to the regulatory regime. The transactions being illegal themselves, they cannot be considered to be a financial debt

for the purposes of the Code By recognizing such debt for the purposes of the Code, same would effectively mean giving an imprimatur to an illegal transaction, which cannot be allowed.

4.140. Thus, the transaction being contrary to the regulatory framework, the alleged debt is not a financial debt in the first place. Thus, the present Section 7 should be dismissed on this ground alone. It is submitted that this submission is without prejudice to the other submissions made in the present reply.

G. PROJECT IS BEING DEVELOPED AND IS VIABLE:

4.141. NRL is currently developing the Neelkanth Heights project in Thane. The project is being developed in 3 (three) phases. Phase 1 comprises of 8 (eight) buildings which are complete with Occupation Certificate and Phase 2 comprising of 3 (three) buildings is nearing completion with Occupation Certificate being received for 2 buildings and the last building is nearing completion. As on date there are 43 home buyers in the building under construction who have purchased units and are awaiting delivery of their units. The actions of the Petitioner are likely to delay the project further and adversely affect delivery of units to the homebuyers. A large part of the purchase consideration received from the homebuyers has been paid to the Petitioner as part of the repayment of the loan. Given the ongoing nature of the project and the strict timelines that need to be met by the Company under RERA, the application filed deserves to be dismissed given the apparent malafide conduct of the Petitioner.

H. MATERIAL SUPPRESSION OF FACTS AND RECORD:

4.142. It is respectfully submitted that the Petitioner has not come to this Hon'ble Tribunal with clean hands and has deliberately suppressed all material facts including the fact it has consented to various repayment plans such as the IPO and the SWAMIH transaction and that NRL is at the cusp of an IPO which has been blocked by the Petitioner/Debenture Holder.

4.143. Further, there is no disclosure of the fact that the only reason the repayment of the loan could not be completed is due to the Petitioner withholding the NOC for completion of the IPO due to the Petitioner's last-minute change of stance to the prejudice of NRL.

4.144. Having come to this Hon'ble Tribunal with unclean hands, this Petition ought to be dismissed on this count itself.

I. PETITION CONTRARY TO THE SETTLED POSITION OF LAW:

4.145. The Hon'ble Supreme Court has held that Financial Creditors have a duty of care towards the borrowers and should act in the best interest of the same. Itis submitted that the basis of 5.65 of the Code, furthers this position as a lender cannot be allowed to use its status and powers under the Code for a malafide action.

4.146. Further, in the case of Ecstasy Realty P\,1. Ltd., the order of this Hon'ble Tribunal has been upheld by the Hon'ble NCLAT wherein a malafide Section 7 Petition filed by the same Petitioner was dismissed as the Petitioner failed to comply with its own promises.

The Petitioner cannot be allowed to approbate and reprobate to the prejudice of NRL.

4.147. Both the aforementioned positions squarely apply in the present facts and thus, the present Petition ought to be dismissed, with costs.

J. COMPANTY'S SOLVENCY AND GOING-CONCERN STATUS:

4.148. It is submitted that NRL remains solvent and fully capable of meeting its obligations - if the Petitioner would cease to obstruct the agreed repayment modalities and co-operate on the mutually agreed repayment modalities. The Company has an ongoing project and is making payments against the loan regularly as has been detailed under the Petition. The Petition is a deliberate attempt to derail the Company's project and repayment plan despite there being an agreed repayment mechanism which has reached the final stage. The conduct of the Petitioner and other entities of the Edelweiss Group has been detailed in the earlier part of this reply and it has always been the last-minute change of stance that has derailed the repayment of the loan to the Petitioner. The present Petition is one more such attempt to derail the IPO and SWAMIH transaction - both modalities which were approved by the Petitioner in writing. The record makes it evident that the Company remains solvent and has several options for repayment, which are mutually agreed to with the Petitioner. It is therefore submitted that the Petition be dismissed on this ground alone.

K. CATALYST'S/ EDELWEISS GROUP CONDUCT WITH OTHER BORROWERES AND RELEVANT ORDERS PASSED BY THIS TRIBUNAL.

4.149. It is to be noted that other borrowers dealing with Catalyst/Edelweiss Group have had similar experiences. Due to the continual change in stance vis-A-vis projects and borrowers and due to their own defaults, several borrowers have landed into a debt trap after receiving initial funding from the Edelweiss Group. As detailed earlier, one such instance is the loan given to Mr. Nitin Desai. An FIR was registered against Edelweiss officials for abatement of suicide. In that case, a loan was taken, and it was alleged that despite defaults on the part of Edelweiss, undue pressure was exerted for recovery of funds, and the Edelweiss Group attempted to take over the secured assets with an ulterior motive. A copy of the newspaper article on the above-mentioned subjected is annexed hereto and marked as Exhibit-"CCC".

4.150. In another matter involving Ecstasy Realty Pvt. Ltd. and Edelweiss Group (through Catalyst Trusteeship Ltd.) commitments that were made to the borrower with regard to the modality of repayment by the Edelweiss Group were not kept and Section 7 application was filed under IBC. The section 7 application being C.P. (I.B.) No. 922lMBlC-112022 was dismissed by this Hon'ble Tribunal by its order dated 03.02 .2023 and the said order was upheld recently by the National Company Law Appellate Tribunal by its order dated 16.04.2025 in Company Appeal (AT) (Insolvency) No. 467 of 2023.It

was observed by the Tribunal that Catalyst Trusteeship Ltd. and the Edelweiss Group acted in a malafide manner. The observations made are set out below:-

Even if for argument's sake, it is agreed that the other sister concerns of Edelweiss did not support the restructuring proposal, it fails to explain what prompted ECLF to turn volte face and backtrack from restructuring proposal while it was all along sending instructions to the Appellant to act on the restructuring proposal and moratorium.

36. Given this backdrop, there seems to be substance in the contention of the Corporate Debtor that the Appellant along with the Debenture holders had engineered the default thereby acting in a malafide manner causing grave prejudice to the interests of the Corporate Debtor. The Appellant as Debenture Trustee instead of acting with fairness in protecting the interests of the Corporate Debtor by their conduct seem to have acted in unison with the majority Debenture Holders in catalysing their dubious designs to drag the Corporate Debtor towards insolvency. The intent of the Appellant behind orchestrating the default was to push the Corporate Debtor into insolvency despite having substantial and valuable assets. We are convinced for the reasons stated above that there was sufficient proof to substantiate that the Appellant was trying to take undue advantage of the situation to bring the Corporate Debtor under the rigours of CIRP which manifest their ulterior and pernicious motive. We strongly deprecate such motivated and manipulative endeavours on the part of any Financial Creditor to push a Corporate

Debtor into the folds of CIRP as it tantamount to misuse and abuse the provisions of IBC. We do not find any fault in the impugned order wherein the Adjudicating Authority has concluded that the intent behind filing the Section 7 application was something other than the resolution of the Corporate Debtor.

The matter involved similar defaults in funding and breaches of the loan documents and also reneging on an agreed repayment plan which is squarely applicable to the present matter. Pertinently, the financial creditor was also the Edelweiss Group.

A copy of the orders passed by the NCLT, Mumbai bench dated 03.02.2023 in C.P. (I.B.) No. 922/MB/C-1/2022 and the copy of the order passed by the NCLAT dated 16.04.2025 in Company Appeal (AT) (Insolvency) No. 467 of 2023 are annexed hereto and marked as **Exhibit - "DDD"** and **Exhibit – "EEE"** respectively.

4.151. Thus, this Hon'ble Tribunal is well within its rights to refuse admission on grounds that the said Petition is premature, not reflective of a true default, and not filed for a legitimate insolvency resolution. Numerous precedents across this Hon'ble Tribunal support such an outcome, especially in real-estate cases where public interest and ongoing project completion are factors. It is submitted that dismissing this Petition at the pre-admission stage will actually secure the ends of justice and it will allow NRL to repay debt without the initiation of CIRP process. This aligns with the letter and spirit of the IBC.

4.152. Thus, this Hon'ble Tribunal is well within its rights to refuse admission on grounds that the said Petition is premature, not reflective of a true default, and not filed for a legitimate insolvency resolution. Numerous precedents across this Hon'ble Tribunal support such an outcome, especially in real-estate cases where public interest and ongoing project completion are factors. It is submitted that dismissing this Petition at the pre-admission stage will actually secure the ends of justice and it will allow NRL to repay debt without the initiation of CIRP process. This aligns with the letter and spirit of the IBC.

Para-wise Reply to the Petition

4.153. Without prejudice to the above narrative, the NRL replies to the specific contents of the said Petition as follows:

4.154. In reference to paragraphs 1 to 10: NRL denies whatever is stated in the said paragraphs which is contrary to the stand taken hereinabove. The contents of these paragraphs (formal description of parties, jurisdiction, etc.) are noted. NRL's details such as CIN, incorporation, and the Project description are a matter of record. It is admitted that Catalyst Trusteeship Ltd. is the Debenture Trustee under the Debenture Trust Deed executed in April 2022. However, any insinuation that NRL was unable to pay its debts is denied *in toto*. I crave leave to refer and rely upon the true facts, agreed modes of repayment and extensions as set out in detailed hereinabove.

4.155. In reference to paragraphs 11 to 20: NRL denies whatever is stated in the said paragraphs which is contrary to the stand taken hereinabove. It is submitted that the Petitioner has conveniently suppressed the background to the Debenture Trust Deed dated 19.04.2022 and Debenture Trust Deed dated 24.12.2024 for optionally convertible debentures (OFCDs). Further, they have also suppressed the fact that it is due to their own breaches that the present Petition is filed. The Petitioner cannot first engineer a situation and then use the same to try and admit the Petitioner into insolvency. It is expressly denied that Catalyst disbursed funds as and when required or performed its obligations fully. On the contrary, as explained, the Debenture Holder failed to support the construction of the Project, deliberately breached the provisions of the DTD and repeatedly caused funding gaps. NRL reiterates that the Petitioner has deliberately suppressed vital facts in relation to the agreed modes of repayment with a view to mislead this Tribunal The relevant facts have been brought on record by this Respondent, which demonstrate the fact that the Petitioner has not come to this Tribunal with clean hands.

4.156. In reference to paragraphs 21-30: NRL denies whatever is stated in the said paragraphs which is contrary to the stand taken hereinabove. NRL denies that it committed any default on the various dates as alleged by the Petitioner. The Petition fails to mention that the moratorium was an express term of the DTD, and that the same was breached by the Petitioner. It is denied

that7230.43 Crore became due on 30.09.2024 as claimed in a notice (Exhibit H to petition). In fact, the Petition fails to mention that the Notice was issued even as the parties were actively pursuing repayment through the IPO and the Petition again fails to disclose these relevant facts. The Petitioner/ Debenture Holder expressly granted time by way of NOC dated 28.06.2024, issued by the Petitioner for the IPO, which was valid for a full year. Similarly, Catalyst in the said Petition claim that *Rs. 249.96 Crore is due as of 31.05.2025 (Exhibits O and P, recall notices)* is incorrect figure and includes rolled up interest , penal and interest charges unilaterally imposed, without considering payments made earlier or the actual principal disbursed to this Respondent. It is submitted that Catalyst in the said Petition have cherry-picked events while ignoring the effect of the arrangements as brought on record by this Respondent. By virtue of the consent letter of 28.06.2024 no payment was due by NRL as stated and hence the assertion of default is untenable.

4.157. In reference to paragraphs 31-40: NRL denies whatever is stated in the said paragraphs which is contrary to the stand taken hereinabove. NRL submits that the initiation of CIRP is wholly unjustified. Catalyst's prayer for admission of CIRP and appointment of IRP is strongly opposed. Further, Catalyst's statements in the said petition that CIRP would maximize value or that the debtor is unable to pay its debts are hereby denied. On the contrary, forcing CIRP will destroy value and is not mandated by law given the circumstances. NRL puts Catalyst to strict proof of the default

amount claimed; the statement of computation filed under Exhibit R is inflated with interest which is a subject of dispute. NRL reserves its right to seek re-computation or reconciliation of the actual dues vis-a-vis the principal amount disbursed by Edelweiss Group and the payments made over time.

5. Rejoinder:-

5.1. Affidavit in rejoinder was filed by the Applicant which is dated 17.11.2025 duly affirmed by one Mr. Chaitanya Raote, authorized representative of the Financial Creditor.

The salient point is rejoinder are captured below :-

1. Irrelevance of prior transactions

5.2. It is stated that the Instead of addressing this clear breach of its contractual and statutory obligations, the Corporate Debtor has chosen to resurrect an irrelevant history of dealings from 2015 to 2021 involving ECL Finance, DMI Finance, and Trust Capital, entities and events that have no bearing on the present cause of action and completely unconnected to the facts of the present case. These submissions are an exercise in obfuscation meant to distract this Hon'ble Tribunal from the undeniable fact that the present NCD and OFCD facilities were freshly structured, executed, and disbursed in 2022 and 2024 respectively. The earlier dealings have no contractual continuity or nexus with the present instruments and therefore are legally and factually immaterial.

5.3. The aforesaid arrangements were closed long before the current NCD and OFCD facilities were sanctioned. The present instruments represent fresh contracts with new commercial terms, new securities, and new disbursements. There is no contractual privity between those old transactions and the present facilities. By importing that irrelevant history, the Corporate Debtor seeks to create a false narrative of victimhood to cloud the clear picture of default.

5.4. Without prejudice to the above, and solely to place the true and correct facts in that regard before this Hon'ble Tribunal, I shall now deal with the said allegations. It is submitted that in 2015, two distinct facilities aggregating to Rs. 75 Crore were extended to the Corporate Debtor by ECL Finance for an amount of Rs. 55 Crore and Edelweiss Housing Finance Limited ("EHFL") for an amount of Rs. 20 Crore. The primary purpose of these facilities was towards general corporate purposes and project expenditure. While the entire Rs. 55 Crore was disbursed under the first facility by ECL Finance, disbursement under the second facility was directly linked to project approval milestones. The Corporate Debtor was unable to achieve the stipulated milestones, resulting in disbursement of only Rs. 9.5 Crore. As the Corporate Debtor failed to achieve the subsequent project linked milestones and therefore no further disbursement under this facility took place. These arrangements were commercially self-contained and were closed independently

upon repayment and restructuring undertaken at the Corporate Debtor's own request.

5.5. Thereafter, in 2017, fresh facilities were sanctioned, namely, a Rs. 20 Crore project funding facility by ECL Finance and Rs. 75 Crore NCDs for general corporate purposes and project costs. These facilities were fully disbursed, and the 2015 facilities were closed thereafter. The Corporate Debtor's reliance on the closed 2015 facilities as though they bear relevance to the present proceedings is therefore wholly misplaced.

5.6. It is further submitted that between June 2020 and March 2021, the Corporate Debtor independently sought to raise third-party finance from DMI Finance and Trust Capital. These proposals did not fructify due to the Corporate Debtor's request that existing lenders cede first charge over the entire security, an alteration which was commercially untenable and therefore unacceptable to the existing lenders. The failure of such third-party transactions is attributable solely to the Corporate Debtor's own structure of proposals and not to any action or omission of the debenture holders or the Financial Creditor. These failed negotiations are extraneous to the present default. It is made clear that the existing lenders were under no obligation, contractual or otherwise, to mandatorily cede their first charge over security interest created in their favour. In fact, such ceding of charge is purely discretionary on the part of the existing lenders and not liable to challenge.

5.7. Owing to persistent delays and repeated non-performance by the Corporate Debtor, the repayment schedule under the 2017 facilities was restructured multiple times, including extensions of timelines from April 30, 2019, to March 31, 2020, and thereafter to September 30, 2020. This demonstrates the accommodation and support extended to the Corporate Debtor, contrary to its present allegations of non-cooperation. Ultimately, the 2017 facilities were assigned to EARC in May 2021, following which EARC, in a further attempt to revive the Project, sanctioned a priority loan of Rs. 25 Crore in August 2021. Clause 2.1(c) of the Priority Loan Agreement dated August 7, 2021 ("Priority Loan Agreement") (annexed as Exhibit — S to the Reply) expressly empowered the lender to cancel the facility in its sole and unfettered discretion. These facts demonstrate sustained indulgence shown to the Corporate Debtor, which it now seeks to distort to evade the consequences of its own repeated breaches.

5.8. Given the continued defaults of the Corporate Debtor, a recall-cum-guarantee invocation notice dated March 4, 2022 (annexed as Exhibit — U to the Reply) was issued by the Financial Creditor in respect of the Rs. 75 Crore NCDs, clearly detailing repeated repayment realignments made at the Corporate Debtor's request. This notice conclusively refutes the Corporate Debtor's present attempt to cast itself as a victim of lender misconduct.

5.9. Importantly, in 2022, at the Corporate Debtor's own instance, a new issuance of Rs. 180 Crore NCDs i.e. the NCD DTD was structured to revive the Project. The debenture holders agreed to this fresh subscription based on the Corporate Debtor's express commitment that the NCDs would be redeemed by September 2024. Out of this, around Rs. 14 Crore was retained for project completion, and the balance was utilized to fully repay existing dues to EARC. Accordingly, no dues certificates were issued in May 2022, conclusively closing all earlier transactions. Thus, all prior facilities stood extinguished, and entirely new agreements governed the parties' relationship from 2022 onward. Copy of the no dues certificates dated May 5, 2022, are annexed hereto and marked as Exhibit — 1 Colly.

5.10. It is relevant to highlight that the structure in the present NCD DTD itself contained an incentive-driven internal rate of return ("IRR") mechanism, further evidencing the support extended by the debenture holders. While the base IRR was stipulated at 19% under the Third Schedule of the NCD DTD, it provided for a reduction of IRR between 19% and 14.5% depending on the extent of redemption achieved during the tenor. If the Corporate Debtor had redeemed the entire NCDs by February 2024, the IRR would have reduced even further to 12.8%. This incentive framework underscores that the debenture holders actively facilitated the Corporate Debtor's financial position and aligned returns with timely

performance, thereby extending support at every stage to the Corporate Debtor.

5.11. The Corporate Debtor thereafter defaulted in servicing interest payments from December 2023 onwards, after expiry of the moratorium period. Despite the default, an in-principle NOC for IPO was issued on June 28, 2024, at a stage when the first tranche of principle repayment, constituting approximately 50% of the total principal amount, was due on June 30, 2024. The Corporate Debtor failed to make this payment, thereby defaulting on repaying the principal amount. Subsequently, principal amounts of Rs. 176 Crore became fully due on September 30, 2024, and remained unpaid. The Corporate Debtor's inability to proceed with the IPO thereafter was exclusively due to its own default, since absence of default was a mandatory condition. The Financial Creditor was under no obligation whatsoever to ignore defaults committed by the Corporate Debtor merely because the Corporate Debtor was planning an IPO. The defaults committed by the Corporate Debtor stand on their own and cannot be excused on the basis of its proposed capital-raising plans.

5.12. In October 2024, the Corporate Debtor itself approached the debenture holders seeking settlement of dues and extension of repayment timelines to cure the default. A Settlement Letter was mutually executed on December 18, 2024 ("Settlement Letter"), which the Corporate Debtor has conveniently suppressed. At the

Corporate Debtor's own request, a revised NOC for IPO was issued on December 23, 2024, expressly superseding the earlier NOC dated June 28, 2024, which fact has been conveniently and deliberately omitted by the Corporate Debtor. The revised NOC was necessitated because, prior to filing the Draft Red Herring Prospectus ("DRHP"), the Corporate Debtor was required to demonstrate the absence of any ongoing commercial default, hence the need for entering into the settlement arrangement in the first place. This sequence clearly establishes that the debenture holders consistently supported the Corporate Debtor's attempts to raise funds from alternate sources to regularise its dues and repay the debenture holders. Further, to facilitate compliance with the Settlement Letter, Rs. 25 Crore of the outstanding NCDs were converted into OFCDs under the OFCD DTD, which now form part of the obligations giving rise to this Petition. A copy of the IPO NOC dated December 23, 2024, is annexed hereto and marked as Exhibit — 2.

5.13. Further, under the Settlement Letter and the OFCD DTD, the Corporate Debtor was required to clear Rs. 200 Crore and ensure IPO completion by March 31, 2025, extendable by 30 days. The Corporate Debtor failed to fulfil these obligations. Consequently, recall notices for Rs. 176 Crore NCDs and Rs. 25 Crore OFCDs were issued on June 12, 2025, in strict compliance with the DTDs and the Settlement Letter. The Corporate Debtor's suggestion that the recall notices were contrary to the in-principle NOC issued for

IPO is patently incorrect since the NOC itself was expressly subject to the Financial Creditor's rights under the DTDs.

5.14. During the continued period of default, the Corporate Debtor repeatedly sought additional IPO NOCs in an attempt to secure further restructuring and dilute its payment obligations. These requests were driven not by genuine compliance but by an attempt to window-dress its default status for IPO documentation. The debenture holders were under no contractual or legal obligation to grant repeated NOCs and rightly refused further dilution.

5.15. The Corporate Debtor thereafter proposed funding from SWAMIH for Phase II, fully aware that such funding would not provide the debenture holders with any upfront payment or exit. Yet, in the interest of facilitating resolution, the debenture holders entered into discussions and even issued an in-principle NOC to SWAMIH. The Corporate Debtor represented that it was in discussions with multiple joint development or strategic partners, however, no concrete proposal was ever produced. Once again, the Corporate Debtor's own inability to bring any viable partner or a concrete repayment plan is the sole reason these proposals failed.

5.16. The reference to RBI's actions against certain Edelweiss Group entities is equally misconceived and wholly irrelevant. The said regulatory proceedings concern practices of different entities, unconnected with the transaction at hand. The NCD DTD and OFCD DTD were executed subsequent to such events, duly stamped,

registered with the Registrar of Companies, and lawfully subsisting. No regulatory authority or judicial forum has ever held the present transactions to be illegal or non-enforceable. The Corporate Debtor's plea is therefore a desperate red herring to avoid liability under its own binding contractual obligations. Considering the fact that the said transaction does not form part of any such enquiry conducted by the RBI, the said allegation need not be responded to at all. This is notwithstanding the fact that the enquiry of this Hon'ble Tribunal while adjudicating a petition under Section 7 of the IBC is limited to the aspect of existence of a debt and a default in payment thereof.

5.17. Without prejudice, the Financial Creditor craves leave to rely upon and produce documents pertaining, to the past transactions, should the need arise or if the Corporate Debtor continues to rely upon such irrelevant material.

II. **<u>invalidity of "no financial debt" argument</u>**

5.18. furthermore, the plea that there is "no default in law" is an unfounded and untenable assertion. The DTDs unequivocally prescribe repayment and redemption schedule, interest obligations, and default clauses. The Corporate Debtor not only failed to redeem the NCDs in full by September 30, 2024, but further failed to honour the revised repayment terms expressly agreed under the mutually executed Settlement Letter. It is submitted that the Settlement Letter contains an unequivocal and binding acknowledged of the

outstanding debt and also stipulates the conversion of Rs. 25 Crore of NCDs into OFCDs. This conversion was carried out with the full consent, knowledge, and approval of the Corporate Debtor, and the Corporate Debtor voluntarily executed the OFCD DTD without any form of coercion or compulsion. The subsequent failure to redeem the OFCDs by May 1, 2025, coupled with admitted non-payment of coupon and default interest, constitutes clear, continuing, and irrefutable defaults under Section 7 of the IBC. No amount of speculative future funding or unconsummated IPO proposals can alter or undo this legal default.

5.19. The Corporate Debtor's plea that the present debt is "illegal" or "impermissible" in view of RBI's action against Edelweiss Group entities is a deliberate distortion of facts and law. It is reiterated that the debenture holders' investments under the NCD and OFCD DTDs were made through legally compliant and independently structured instruments, duly supported by security creation and registration. The Corporate Debtor willingly availed, utilized, and benefited from these funds. Having reaped the benefits, it cannot now challenge the legitimacy of the very transaction from which it derived commercial advantage.

III. <u>Malafides not attributable to the Financial Creditor</u>

5.20. The allegation that the Petition is "malicious" and filed to derail the Corporate Debtor's IPO is preposterous and contrary to record. The IPO could not have proceeded precisely because of the Corporate

Debtor's persistent default and inability to clear its secured obligations, not due to any action or omission of the Financial Creditor.

5.21. The Petition is a legitimate statutory recourse, initiated only after multiple opportunities were granted and repeated assurances by the Corporate Debtor proved hollow. Hence, the reliance on Section 65 of the IBC is misplaced, malicious, and legally unsustainable. It is therefore submitted that the present Petition is a consequence of default, not its cause, and was filed only after the Corporate Debtor failed to act upon repeated recall and settlement opportunities.

IV. Absence of bona fide repayment plan and lack of prejudice

5.22. It is submitted that the Reply fails to disclose any genuine repayment plan, escrow arrangement, or committed source of funds. Vague assurances that "substantial amounts were offered" are not proof of payment and have no evidentiary value. The IBC mandates an objective determination of default, not a subjective expectation of future payment. The Corporate Debtor's conduct shows chronic unwillingness to meet its contractual obligations while seeking to buy time through unsubstantiated claims of impending settlements.

Para-wise response to the Reply

5.23. With reference to paras 1 to 2, the contents thereof are denied as false and self-serving. The present Petition is based on valid, enforceable debt instruments and clear proof of default. The denials in these paragraphs are vague, evasive, and devoid of substance.

5.24. With reference to paras 3 to 9, the allegations that the Petition has been filed with malice or to obstruct the IPO are false and concocted. The Financial Creditor has acted strictly in accordance with the terms of the DTDs. The Corporate Debtor's assertions are a clear attempt to deflect attention from its own failure to redeem and discharge its financial obligations. In fact, the Corporate Debtor itself has acknowledged that the amounts were due and payable to the Financial Creditor, and that it was exploring, alternate funding sources to effect such repayment. It is further submitted, by way of reiteration, that even during the period of continued default after May 1, 2025, the Corporate Debtor approached the debenture holders seeking support for its proposal to raise funds for Phase II of the Project through SWAMIH. The Corporate Debtor was fully aware that any SWAMIH sanction would not result in an upfront payment or provide an immediate exit to the Debenture Holders. Notwithstanding this limitation, and solely with the objective of facilitating a resolution and enabling the Corporate Debtor to bring in a potential JDA or strategic partner which could result in a higher recovery towards the outstanding dues, the Financial Creditor constructively engaged with SWAMIH and even issued an in-principle NOC for consideration of such funding. It is pertinent to highlight that till date, no definitive signed term sheet or sanction letter has ever been issued by SWAMIH towards support of the Project, and the cash-flow sharing mechanism proposed in the unsigned draft term sheet is wholly inconsistent with the terms of the

in-principle NOC issued by the Financial Creditor, therefore the averment made by the Corporate Debtor sans merit.

5.25. It is stated that the Corporate Debtor itself represented that it was in advanced discussions with certain strategic partners, which was communicated as a potential source for repayment. However, despite repeated assurances, the Corporate Debtor failed to produce any concrete or actionable proposal for repayment, nor was any credible third-party arrangement ever brought to fruition. These facts demonstrate that the Financial Creditor consistently cooperated with and accommodated the Corporate Debtor, even in a state of default. However, given the persistent absence of any viable repayment plan and the Corporate Debtor's continued failure to honour its contractual obligations, the Financial Creditor was left with no option but to initiate the present proceedings under Section 7.

5.26. With reference to paras 10 to 12, the contents thereof are without merit and are emphatically denied. The Corporate Debtor's attempt to import irrelevant grievances concerning, the conduct of Edelweiss Group entities from 2018-2021 is misplaced. The present DTDs are fresh, standalone agreements, voluntarily executed by the Corporate Debtor, forming the basis of the present claim. It is further submitted that the loan request letters issued by the Corporate Debtor itself demonstrate that every facility ever extended to Neelkanth was granted only upon its express written request. None

of the facilities, whether under earlier loan agreements or under the present DTDs, were ever self-funded, unsolicited, coerced, or forced upon the Corporate Debtor. Each transaction was undertaken at the Corporate Debtor's own initiative and for its own commercial objectives.

5.27. Moreover, the Corporate Debtor's allegation regarding assignment of past facilities to the EARC is legally untenable. The assignment of loan exposures was undertaken only after persistent and continued defaults by the Corporate Debtor. Such assignment is expressly permitted under the governing contractual documents. In particular, Clause 9.12 of the Loan Agreement dated March 6, 2017, unequivocally confers upon the lender the right to assign, transfer, or novate the facilities without requiring any prior consent or approval of the borrower. The Corporate Debtor was fully aware of these contractual terms at all times. A copy of the Loan Agreement dated March 6, 2017, is annexed hereto and marked as Exhibit — 3.

5.28. Furthermore, the Corporate Debtor's grievance regarding change of debenture holders is equally misconceived. It is submitted that the NCDs are freely transferable instruments, and transferability is inherent to their nature under applicable law. No provision in the governing documents mandates prior approval of the issuer for transfer of NCDs, nor can any such restriction be implied. The Corporate Debtor's attempt to retrospectively question the

legitimacy of such transfers is nothing but an afterthought designed to distract from its continuing default. Therefore, the Corporate Debtor's attempt to rely upon supposed grievances relating to past lenders, prior group entities, or assignment of exposures is irrelevant, factually incorrect, legally unsustainable, and incapable of constituting any defense to the present Section 7 proceedings.

5.29. With reference to paras 13 to 15, the contents thereof are denied. The RBI's regulatory proceedings against other entities do not and cannot affect the enforceability of the present financial instruments. Further, it is submitted that no authority has impugned the legality of these DTDs or the lending thereunder. The present DTDs are standalone, lawfully, executed contracts, and no authority has ever impugned the legality of these DTDs or the lending carried out thereunder. The Corporate Debtor's reference to unrelated RBI actions is nothing but a deliberate attempt to confuse this Hon'ble Tribunal and divert attention from the real and central issue, namely, the Corporate Debtor's admitted, and outstanding financial debt owed to the Financial Creditor. It is further submitted that the unrelated narrative pertaining to ECL and EARC facilities referred to by the Corporate Debtor were fully repaid in 2022, and corresponding no-dues confirmations were issued. These past exposures are not even subsisting as on date and therefore have no relevance to the present claim. The Corporate Debtor's reliance on such extinguished transactions is a misconceived effort to create a

false narrative and cannot constitute any defence to the clear default under the present DTDs.

5.30. With reference to paras 18 and 19, the contents thereof are narrative in nature and irrelevant. It is reiterated that the Rs. 55 Crore facility granted by ECL Finance in 2015 was fully disbursed, and under the Rs. 20 Crore EHFL facility, an amount of Rs. 9.5 Crore was disbursed. The remaining amount was contractually linked to achievement of project milestones, which the Corporate Debtor failed to meet. The loan agreement and supporting disbursement statements conclusively substantiate this. The Corporate Debtor's attempt to portray non-disbursement as lender default is false, mala fide, and contrary to documentary record.

5.31. With reference to paras 20 to 22, the contents thereof are factually incorrect, hence, denied. Both the Rs. 20 Crore loan from ECL Finance and the Rs. 75 Crore NCDs issued in 2017 were fully disbursed, as borne out by the disbursement statements. The Corporate Debtor's assertion that the amounts were not fully disbursed is demonstrably false. Moreover, the Corporate Debtor itself sought these facilities, as evidenced by its loan application letters and the PAS-4. These submissions only reveal that the Corporate Debtor is attempting to rewrite its own history of borrowings to escape present liability. Copy of the excel sheet evidencing the disbursement and PAS-4 is annexed hereto and marked as Exhibit — 4 Colly.

5.32. With reference to paras 23 to 43, it is evident that these paragraphs are an attempt to divert the attention of this Hon'ble Tribunal. Nevertheless, it is submitted that the proposals from DMI Finance and Trust Capital were merely partial finance proposals. DMI's proposal required the debenture holders to cede complete security charge and accept a nominal payout, which was commercially unacceptable and therefore did not receive internal approvals. The proposals of Trust Capital similarly offered no payout to the lender and required full relinquishment of security. Despite this, ECL Finance continued to support the Corporate Debtor and attempted to negotiate better terms, but no viable proposal ever fructified.

5.33. With reference to para 44, the contents thereof are denied. The alleged claim of a payment of Rs. 31.6 Crore is vague, unsupported, and denied. Further, the allegation that ECL Finance failed to disburse sanctioned funds stands refuted by the complete disbursement records referenced in paragraph 35 above. This paragraph again underscores the Corporate Debtor's tendency to misrepresent selective facts to manufacture a grievance.

5.34. With reference to paras 45 to 47, it is submitted that the assignment of the 2017 facilities to EARC in May 2021 was carried out only after continuous defaults by the Corporate Debtor in payment of principal and interest, resulting in the account becoming sub-standard. Multiple rounds of moratoriums and repeated realignment of repayment schedules had already been granted. These facts are

reflected in the correspondence annexed at Exhibit U of the Reply. The assignment was executed strictly in accordance with the contractual rights of the lender. Under Clause 9.12 of the Loan Agreement, the lender has the unfettered right to assign or transfer the loan without the Corporate Debtor's consent. The Corporate Debtor's grievance on this point is therefore legally untenable.

5.35. With reference to paras 48 to 54, the contents thereof are irrelevant and misleading. It is reiterated that, at the behest of the Corporate Debtor and in a further attempt to ensure project continuity, EARC sanctioned a priority loan facility of Rs. 25 Crore to revive the Project. Owing to the Corporate Debtor's inability to comply with pre-disbursement conditions and strictly in terms of Clause 2.1(c) of the Priority Loan Agreement (Exhibit S of the Reply), the disbursement was cancelled by EARC. This sequence of events demonstrates that the lenders repeatedly acted to support the Project, whereas the Corporate Debtor consistently failed to perform its obligations.

5.36. With reference to paras 55 to 60, it is submitted that the Corporate Debtor itself approached the debenture holders seeking revival of the Project through issuance of RS. 180 Crore NCDs and voluntarily committed to redeem the same by September 2024. At the Corporate Debtor's request, approximately Rs. 14 Crore was earmarked for project expenses and the balance utilized for repayment of earlier exposures. Consequently, the EARC facilities of Rs. 75 Crore and Rs. 20 Crore, along with the priority loan, were

fully repaid, and corresponding no-dues certificates were issued in May 2022.

5.37. Further, the DTDs and all related documents were executed by the Corporate Debtor with full knowledge of their terms and conditions, and at no point was the Corporate Debtor coerced or compelled to execute any document. It is submitted that the debenture holders even extended a 15-month moratorium on interest payment, while interest continued to accrue contractually. Accordingly, all allegations of improper or "illegal" transfer of loans are false, baseless, and contrary to the documentary record.

5.38. With reference to paras 61 and 62, it is reiterated that the Corporate Debtor had complete and conscious knowledge of every provision of the DTD, including the sweep mechanism, specified in the Third Schedule of the DTDs, which expressly permits automatic appropriation of project inflows and empowers the debenture holders to revise the mechanism when required. Despite this cooperation, the Corporate Debtor repeatedly defaulted in achieving project milestones, compelling the Financial Creditor to issue a Project Milestone Default Notice (Exhibit X of the Reply). The notice, when read with the terms of the DTD, independently establishes breaches committed by the Corporate Debtor.

5.39. Further, the default interest clause in the Third Schedule expressly permits levy of default interest for any breach of the DTD. The Financial Creditor's charging of default interest and its demand for

payments were fully justified, contractually compliant, and necessitated solely due to the Corporate Debtor's defaults. The moratorium applied only to payment of interest at 13% p.a., not to accrual, and interest obligations expressly continued during the moratorium period.

5.40. With reference to para 63, it is submitted that the email relied upon by the Corporate Debtor merely records timelines proposed by the Corporate Debtor itself during a meeting and does not reflect any binding commitment by the Financial Creditor. Notably, the Corporate Debtor represented that the occupancy certificate ("OC") for the Project would be applied for between May-June 2023, but it was achieved only in December 2024. Likewise, the Corporate Debtor had committed to make a part repayment of Rs. 30 Crore by March 2023, which it never honored. This clearly demonstrates that while the Financial Creditor cooperated consistently, it was the Corporate Debtor that repeatedly breached its own commitments.

5.41. With reference to para 64, the contents thereof are denied. It is submitted that despite multiple delays and non-compliances by the Corporate Debtor, the Financial Creditor still disbursed Rs. 13 Crore to support the Project. The sweep mechanism clause in the NCD DTD, which is operational irrespective of moratorium, governs appropriation of funds received in the Project account.

5.42. With reference to paras 65 to 70, the allegations regarding "excessive queries" are denied. As the facility was structured as a

project finance, the Financial Creditor was contractually obligated to ensure end-use compliance. The queries raised were standard, necessary, and well within the scope of due diligence. The Corporate Debtor's delays in providing information are evident from the email correspondence dated August 12, 2023. Further, an amount of Rs. 2 Crore was levied as default interest solely due to the Corporate Debtor's non-achievement of project milestones, in accordance with the default interest clause under the Third Schedule of the NCD DTDs. These levies were neither arbitrary nor punitive but were triggered exclusively by contractual breaches committed by the Corporate Debtor. A copy of the email dated August 12, 2023, is annexed hereto and marked as Exhibit — 5.

5.43. With reference to paras 71 and 72, the contents thereof are simply denied as false, unsubstantiated and evasive.

5.44. With reference to paras 73 and 75, the contents thereof are denied as incorrect. It is submitted that the email correspondence brought on record by the Financial Creditor clearly evidences delay by the Corporate Debtor, not by the Financial Creditor. Funds were duly reserved for Phase II of the Project, but the Corporate Debtor failed to take timely action. The sweep mechanism under the NCD DTD expressly required that approximately Rs. 23 Crore along with an additional Rs. 4 Crore from the undisbursed amount, be allocated towards Phase II. The Corporate Debtor's failure to progress Phase II is entirely attributable to its own delays, failure to adhere to agreed

timelines and repeated non-compliances, and not due to any alleged withholding or non-cooperating by the Financial Creditor. A copy of the email correspondence between the Financial Creditor and Corporate Debtor is annexed hereto and marked as Exhibit — 6 Colly.

5.45. With reference to paras 76 and 77, the contents thereof are narrative, irrelevant and denied. These assertions do not relate to the Corporate Debtor's repayment obligations, nor do they rebut the occurrence of default.

5.46. With reference to paras 78 to 80, the contents thereof are misleading. While certain factual events are reflected, they in fact demonstrate the prompt and bona fide actions of the Financial Creditor to facilitate the Corporate Debtor's IPO, including issuance of timely NOCs and expeditious internal processing. However, the Corporate Debtor's allegation that it had a "quick turnaround" after the issuance of OFCDs is denied. The Corporate Debtor remained in default even after availing extensions, concessions, moratorium and additional support facilities.

5.47. With reference to paras 81 and 82, the contents thereof are incorrect and denied. It is pertinent to highlight that there was never any agreed position that the IPO was to be the exclusive source of repayment. There was no assurance, express or implied, that the Financial Creditor would forever align repayment schedules to the Corporate Debtor's IPO timelines. The in-principle IPO consent was

issued solely to facilitate the Corporate Debtor's proposed offering. It did not operate as a waiver of any rights of the Financial Creditor under the DTDs. The Corporate Debtor was still required to meet scheduled repayments. Further, a notice dated July 3, 2024, was issued by the Financial Creditor (Exhibit I of the Company Petition) as the first instalment for redemption of NCDs was due on June 30, 2024, however, the Corporate Debtor failed to comply with the obligations.

5.48. To clarify the timeline that the Corporate Debtor attempts to distort:

Sr. No.	Date	Event
1.	June 28, 2024	In-principle NOC for IPO issued
2.	June 30, 2024	First principal instalment due, not paid
3.	September 30, 2024	NCDs became fully due
4.	December 18, 2024	Settlement Letter issued and accepted
5.	December 23, 2024	Revised IPO NOC issued

5.49. It is submitted that the consent for IPO and continued obligations under the DTDs are independent of each other. The Corporate

Debtor has conveniently construed that they would not be required to make payment on the due date. It is highlighted that only after default, the Corporate Debtor sought restructuring, which was considered and subsequently documented in a Settlement Letter accepted by the Corporate Debtor. Thus, the Corporate Debtor's present attempt to camouflage non-payment by twisting IPO-related events is deliberate and dishonest.

5.50. With reference to para 83, it is submitted that the Corporate Debtor has admitted in its DRHP that the primary object of the IPO was repayment of the Financial Creditor's debt in full. However, by the time of DRHP filing, the Corporate Debtor had already sought and agreed to the terms of the Settlement Letter, which reflected its intention to repay the reduced dues, not the original contractual obligations. The Corporate Debtor's conduct shows a consistent and wilful attempt to reduce its contractual liability, followed by deliberate non-payment even of the reduced settlement obligations.

5.51. With reference to paras 84 and 85, the contents thereof are general narratives and are denied as irrelevant.

5.52. With reference to paras 86, the contents thereof are incorrect, false and are denied. The Corporate Debtor misrepresented the Settlement Letter as the NOC and further incorrectly mentioned that the said Settlement Letter was "about to lapse". In truth, December 18, 2024, was the date on which the Settlement Letter was executed and accepted by the Corporate Debtor. A fresh NOC dated

December 23, 2024, was issued solely at the Corporate Debtor's request, which expressly superseded the earlier NOC of June 28, 2024. It is evident that the Corporate Debtor, well before May 2025, knew it was incapable of complying with the timelines under the Settlement Letter, and is now attempting to mask its own inability by creating false insinuations against the Financial Creditor.

5.53. With reference to paras 87 and 88, it is submitted that the Corporate Debtor deliberately suppresses that the NOC dated June 28, 2024, stood superseded and cancelled by the new NOC dated December 23, 2024, and no further IPO consent was required. Thus, the Corporate Debtor defaulted on both the original DTD obligations and the Settlement obligations. The IPO was merely an intended source of repayment, not the only source. The Corporate Debtor's expectation that the consent for IPO is equated to indefinite indulgence is misconceived. The Financial Creditor acted with full cooperation and transparency, while the Corporate Debtor continued its pattern of suppression, default, and misuse of indulgence.

5.54. With reference to paras 89 to 96, the contents thereof are factually incorrect. The Financial Creditor clearly communicated that any revised NOC required a defined and viable payout plan, failing which consent could not be issued. There was no commitment on the part of the Financial Creditor to issue any further revised NOC, nor was there any "backtracking". The Settlement Letter, accepted by the

Corporate Debtor, contains an explicit Event of Default ("EOD") clause, stipulating that (i) failure to complete IPO by March 31, 2025, with a 30-day grace, and/or (ii) failure to pay Rs. 200 Crore under the settlement, would automatically constitute an EOD, cancelling the settlement without any further act by the lender and reinstating the original acknowledged debt. The Corporate Debtor breached both conditions. Thus, issuance of recall notices was fully justified.

5.55. With reference to Para 97, the contents thereof are denied. The repeated requests for IPO NOC were nothing, but attempts to seek further restructuring, under the guise of IPO compliance, to reduce liabilities even further. This was commercially unacceptable and legally impermissible.

5.56. With reference to paras 98 to 109, the contents thereof are misleading. It is submitted that the Corporate Debtor's reliance on SWAMIH is wholly incorrect. This document was an unsigned, non-binding head of terms and did not provide any defined or time-bound payout to the Financial Creditor. It required release of charge over all securities, without upfront repayment. Further, the payout proposed was stretched over 5-6 years, which is commercially unviable. Moreover, SWAMIH was considered only as a backup to induct a strategic partner, which the Corporate Debtor repeatedly claimed to be pursuing. Despite repeated assurances, the Corporate Debtor never brought any concrete proposal for payout to the Financial Creditor. The Corporate Debtor is now attempting to

unfairly blame the Financial Creditor for its own inability to conclude funding or bring in partners.

5.57. With reference to paras 110 to 111, the contents thereof are denied as false, misleading and contrary to record.

5.58. With reference to paras 112 to 119, the contents thereof are false and vehemently denied. The Financial Creditor states that the allegations of any non-cooperation, delay in approvals are wholly concocted and devised to mislead this Hon'ble Tribunal. The Financial Creditor, acting in its capacity as Debenture Trustee, has at all times discharged its obligations strictly within the terms of the DTDs. The Corporate Debtor's attempt to shift the burden of its own default upon the Financial Creditor is a deliberate distortion of facts and reflects its dishonest intent to evade accountability. The real cause of delay was the Corporate Debtor's inability to comply with basic covenants, its failure to maintain required security cover, and its repeated defaults in servicing the financial instruments.

5.59. Further, the Corporate Debtor deliberately misleads this Hon'ble Tribunal by relying upon the in-principle IPO NOC dated June 28, 2024, despite knowing that it was superseded by the fresh IPO NOC dated December 23, 2024, issued at the Corporate Debtor's own request and both NOCs expressly stipulated that they were being issued without prejudice to the rights of the Financial Creditor and debenture holders under the DTDs and other transaction documents. Thus, neither of these NOCs operated as a waiver,

modification, relaxation, or suspension of any repayment obligation. The Corporate Debtor's reliance on the earlier NOC, without disclosing that it stood cancelled, is a clear act of suppression and misrepresentation.

5.60. It is further reiterated that the Corporate Debtor's description of the Settlement Letter as an NOC is false and intentionally misleading. The Settlement Letter, voluntarily executed and accepted by the Corporate Debtor, whereby it acknowledges its liabilities, agreed to revised repayment terms and accepted that failure to comply with those terms would constitute an immediate EOD, automatically reinstating, the original obligations. The Corporate Debtor's mischaracterization of the Settlement Letter is yet another attempt to confuse the record and avoid the consequences of its admitted failure to honour even the restructured terms.

5.61. It is emphatically denied that the Financial Creditor "suppressed" any information or acted non-transparently. Every step, from issuance of recall notice to filing of the present Petition, was duly communicated, documented, and based on admitted facts of default. The Corporate Debtor's allegation of concealment is an afterthought lacking any foundation. Any NOC or consent sought by the Corporate Debtor was subject to fulfilment of preconditions clearly enumerated under the DTDs, including payment of overdue interest, maintenance of security, and disclosure of utilization of

funds. The Corporate Debtor, having failed to comply with such basic obligations, cannot claim entitlement to unconditional consent.

5.62. With reference to paras 120 to 125, the contents thereof are denied as baseless. The Financial Creditor is an independent entity governed by SEBI regulations, functioning strictly within the framework of applicable laws and the DTDs and is not subject to the direction or control of any investor or lender. Any insinuation that the Financial Creditor acted at the behest of any external party is patently false and is expressly denied. The Corporate Debtor's present financial distress is entirely self-inflicted, arising from its own mismanagement, poor financial discipline, and repeated breaches of covenants, and persistent defaults in serving contractually agreed financial obligations.

5.63. It is briefly reiterated that the Corporate Debtor's reliance on SWAMIH is misconceived. The SWAMIH document was merely an unsigned, non-binding head of terms, containing no defined or upfront payout for the Financial Creditor and requiring complete release of security. The proposed payout stretched over five to six years, rendering it commercially unviable and inconsistent with contracted repayment obligations.

5.64. With reference to paras 126 to 146, the long narrative of correspondence, alleged investor meetings, and communications with SEBI or other stakeholders cited by the Corporate Debtor is irrelevant to the issue of default. None of those communications

negate the fact that the Corporate Debtor failed to redeem debentures on their due dates. The Corporate Debtor's attempt to overwhelm this Hon'ble Tribunal with a flood of immaterial details is nothing but a calculated strategy to cloak the fundamental issue of non-payment of debt.

5.65. Furthermore, the allegations that the Financial Creditor acted with malafide intent, regulatory authorities, or obstructed the infusion of funds by the SWAMIH Fund are wholly concocted, malicious, and devoid of any factual or legal basis. The responsibility to ensure infusion of capital, obtain SEBI clearances, and manage investor relations rests solely with the Corporate Debtor. The baseless attribution to impute such obligations to the Financial Creditor demonstrates a wilful distortion of the contractual and regulatory framework governing the transactions.

5.66. The Corporate Debtor's claims of non-disbursal or coercive financing are equally untenable. All sanctioned amounts were duly disbursed in full, which is independently substantiated through the documents on record, including Exhibit ZZ of the Reply. Each facility was availed solely at the request of the Corporate Debtor, and there was no coercion, pressure, or compulsion at any stage.

5.67. As regards the Corporate Debtor's references to past proposals from DMI Finance and Trust Capital, it is submitted that the proposals received were commercially unviable and incapable of implementation. The DMI proposal required the Financial Creditor to

cede complete charge over security while receiving only a nominal payout, which failed internal credit considerations. The Trust Capital proposal likewise contemplated no payout to the Financial Creditor and again required complete relinquishment of charge. Despite these inherent deficiencies, the Financial Creditor remained cooperative and continued engaging in negotiations, endeavoring to secure a fair and workable alternative.

5.68. With reference to paras 147 to 151, the allegations concerning delaying the project and cash flows are false, misleading and denied. The Financial Creditor has fully discharged its obligations prescribed by disbursing the sanctions amount under the DTDs. It is submitted that the Reply filed by the Corporate Debtor is a transparent attempt to shift liability and to obfuscate admitted default under the DTDs.

5.69. With reference to paras 152 to 159, the contents thereof are repetitive and hence denied. It is evident that the Corporate Debtor is once again attempting to deflect attention from its own continuous and admitted default by raising a series of irrelevant and unsubstantiated general allegations. The Financial Creditor reiterates and relies upon all averments and submissions contained in the Company Petition and the preceding paragraphs herein.

5.70. With reference to paras 160 to 170, the averments that the debt has been inflated, or that the transfer of debt between the Edelweiss Group entities constitutes an illegal or structured transaction

contrary to RBI Regulations, are false, misleading, and categorically denied. All transactions have been undertaken strictly by the debenture holder/s in accordance with applicable laws and regulatory guidelines. The Corporate Debtor's contentions are a desperate attempt to manufacture technical objections to evade its unequivocal and binding obligation to repay the admitted financial debt.

5.71. With reference to paras 171 to 174, the allegations that the Financial Creditor and/or the debenture holder attempted to derail the repayment plans, including the IPO and the SWAMIH Fund transaction, are denied. The Financial Creditor and the debenture holder have consistently acted to protect the value of the security interest and their rightful recovery of the defaulted debt. Any delay, recall of consent, or non-cooperation was strictly due to the Corporate Debtor's prior and subsisting events of default and its failure to provide an executable, viable, and unencumbered repayment plan that satisfied the terms of the DTDs.

5.72. With reference to paras 175 to 181, the contents are a mere repetition of earlier assertions and are denied in their entirety. The allegations therein are nothing but an orchestrated attempt to deflect responsibility, malign the Financial Creditor, and divert the attention of this Hon'ble Tribunal from the undeniable fact that the Corporate Debtor has defaulted on its admitted financial obligations. Such

unsubstantiated and vexatious averments, being devoid of merit, deserve outright rejection.

5.73. In conclusion, the assertions made by the Corporate Debtor are wholly irrelevant to the matter at hand and pertain to extraneous and unconnected issues. These averments bear no nexus to the contractual obligations under the DTDs or the admitted default. The Corporate Debtor's attempt to introduce collateral matters is a transparent effort to confuse this Hon'ble Tribunal, divert attention from its own breaches, and evade the clear consequences of its failure to repay the debt. Such diversionary tactics cannot dilute or override the undisputed fact of default.

5.74. It is submitted that the Reply filed by the Corporate Debtor is a calculated effort to evade liability and obscure the clear record of default under the valid and binding DTDs. The Financial Creditor has scrupulously complied with all fiduciary and contractual obligations, and the initiation of these proceedings is a legitimate exercise of its statutory rights. Conversely, the defence put forth by the Corporate Debtor is baseless, mala fide, and intended solely to delay the inevitable initiation of the CIRP.

5.75. In view of the above, the existence of a valid debt and the Corporate Debtor's own acknowledgment of its default constitute sufficient proof for the admission of the present Petition under Section 7 of the IBC. The other general allegations made in the Reply are nothing but speculative and unsubstantiated assertions, a shot in the dark

by a desperate Corporate Debtor seeking to evade its clear and admitted liabilities. Such frivolous contentions cannot dilute the settled position of law that once the debt and default stand established, admission of the Petition necessarily follows.

6. Sur-Rejoinder:-

6.1. Affidavit in Sur-Rejoinder was filed by the Corporate Debtor which is dated January, 2026 duly affirmed by one Mr. Bhavik Bhimjyani, the Director and Authorized Signatory of Neelkanth Realtors Limited ("Company / NRL / Respondent").

6.2. At the further outset, it is submitted that the Petition is not maintainable as there is no default in law. I state that I have already filed a detailed Affidavit in Reply dated 14.10.2025 ("Reply") to the captioned Petition. I am filing the present sur-rejoinder to place on record subsequent developments in law and additional facts germane to the adjudication of the present Petition.

6.3. The Respondent reiterates and submits that the Petition is not maintainable, as there is in fact no bona fide default in law. The alleged defaults have occurred only because the Petitioner mutually extended and restructured the repayment timelines and then precipitously reneged on those extensions, creating an artificial event of default.

Admission of the Petitioner in the Rejoinder:-

6.4. The record of the Petitioner itself shows that there is no default, based on which the present petition can be entertained. The Petitioner and the Company agreed for a mechanism of repayment. i.e. repayment through the IPO route. The Petitioner being fully aware of the ability of the Company to raise monies in open market based on its strong profile agreed to permit repayment of the debentures through an IPO. In furtherance of /) A L this, the Petitioner issued necessary NOC's. Even before the term of the NOC's ended, the Petitioner has moved to abruptly recall the facilities and brought about the present situation.

6.5. It is pertinent to note that the last consent/ NOC given by the Petitioner on 23.12.2024 clearly and unambiguously corroborates the case of the Respondent. The Petitioner has placed this NOC at Exhibit 2 / Pg. 28 of its rejoinder. The NOC provides that:-

i. It supersedes all prior NOC's issued by the Petitioner

ii. It permits and supports the Respondents application for IPO. It is pertinent to note that this is issued after the communication dated 18.122024, which is now being relied by the Petitioner.

iii. It grants an unconditional period of I year from the date of NOC to the Respondent to complete the process of IPO and listing. Thus, the NOC was in full force till December 2025.

A copy of this NOC was also marked to the Book Running Lead Manager to the IPO and the Legal Counsel to the issue, who were

expressly assured by the Petitioner that a period of one year would be granted to complete the IPO.

6.6. As stated in the Reply, with necessary details and particulars, the delay in filing the Draft Red Herring Prospectus ("DRHP") for the IPO was solely on account of the Petitioner who withheld permissions upto December 2024, thereby delaying the listing process by a few months. Further, despite receiving observations from SEBI in March 2025 with a permission to re-file after curing minor defects and the fact that the company was at the final stage of completing the IPO, the petitioner suddenly stopped co-operating and willfully withheld further permissions for the purposes of the IPO which would have ensured repayment and filed the present application.

6.7. The entire action of the Petitioner is contrary to their own representations that they would co-operate in the process of the IPO and the fund raise from the IPO and/or SWAMIH Fund.

6.8. Despite the time granted by way of NOC dated 23.12.2024, the petitioner even before the period granted in the NOC expired, suddenly and without any notice, called upon the Respondent to pay the entire amount and stopped co-operating with the process. The non-receipt of consent letter from the Petitioner in March/April 2025 was the sole reason that the Respondent could not complete the IPO and raise the funds.

6.9. It has been stated by the Petitioner in its reply in Paragraph l8 that the fresh NOC superseded the earlier NOC dated 28.6.2024. Thus,

even as per the Petitioner's own admissions, the time for completing the IPO stood extended till 23.12.2025. This was done considering the delays caused by the Petitioner in the process and the assurances given to the representatives of the Respondent at the time for full co-operation in the listing of the shares of the company. Whilst time was permitted to the Respondent Company for completing the IPO, the Petitioner contrary to its own undertakings, representations and warranties, abruptly stopped co-operating with the process. It is solely due to the Petitioner that the further process for the IPO could not be completed. It is pertinent to highlight that the Rejoinder does not dispute the position that the petitioner failed to provide necessary co-operation which was required post filing of the DRFIP for further filings in respect of the IPO.

6.10. It is a settled principle that no party can be permitted to take advantage of its own wrong. Here, the Petitioner's own conduct withholding agreed funding, breaching moratorium terms, and obstructing agreed repayment routes including the proposed IPO of the Company, despite assurances and written NOCs issued by the Petitioner for the purpose, prevented the Respondent repeated attempts for repayment. Thus, any default is one manufactured by the Petitioner's own breaches and sudden change of stance and lack of co-operation on mutually agreed funding plans rather than a genuine failure attributable to the Respondent. In such circumstances, the insolvency process cannot be invoked as a

recovery proceeding, the IBC requires a real default, not one engineered by creditor malfeasance.

6.11. The detailed facts and circumstances raised in the Reply, ably show that the Petition is filed maliciously and with an ulterior motive to derail the Respondent's repayment efforts (IPO and SWAMIH) that would have enabled full repayment. The timing of the Petition - which was filed on 08.07.2025, was around the same time that the Company was required to re-file its IPO prospectus as per requirements of SEBI and immediately after the Financial Creditor had agreed in writing not to file proceedings while a SWAMIH deal was in process via a NOC DATED 05.05.2025 for the SWAMIH transaction. As stated earlier, this was well within the one-year period of the NOCs dated 23.12.2024.

6.12. The chronology reveals a pattern of the Financial creditor approbating and reprobating: giving consents and approvals to repayment / funding plans the other. The present Petition is thus a malicious Petition barred by Section 65 of the IBC. The Petitioner cannot be allowed to abuse the process of IBC to sidestep its own commitments and leverage the threat of CIRP to extract leverage or evade the mutually agreed repayment plans.

6.13. The Petitioner in the Rejoinder itself reveals that the Financial Creditor the Petitioner acknowledged the Letter dated 18.12.2024 as well as the subsequent NOC dated 23.12.2024, which clearly provides until 24.12.2025 to complete the IPO and shows the

dishonest attempt by the Petitioner to wrongly admit the Respondent.

6.14. The Petitioner, as now evident, did not approach this Hon'ble Tribunal with clean hands and has thus suppressed and downplayed material history, including its own role in repeatedly shifting the debt between Group entities and changing the nature of the obligations. Over the years, various Edelweiss entities (including ECL Finance, Edelweiss Housing Finance Ltd, Edelweiss ARC, India Investment Credit Fund ('IICF'), ECap Securities, etc.) acting in concert with the Petitioner have changed their positions at their whims sanctioning facilities, then freezing disbursements; consenting to refinancing, then reneging; issuing NoCs for fundraising, then revoking cooperation all to the severe detriment of the Corporate Company's project and repayment efforts. The inconsistent and opportunistic conduct of the Petitioner is writ large on the record. In equity and good conscience, the Petitioner should not be permitted to benefit from its own wrong by now claiming a default and dragging the Respondent into insolvency.

6.15. Whilst the Rejoinder seeks to give a futile explanation to such transactions, it remains beyond doubt the same were being done to trap the Company into a situation of no return. It is shocking to note that the Petitioner has repeatedly blocked repayment attempts at its own whims and fancies and now seeks to admit the Petitioner. It is worthwhile to highlight that the manner in which the Petitioner/

Edelweiss Group has transferred loans inter se between its group entities, is contrary to RBI directives and contrary to law and the Edelweiss Group has been penalized by RBI for such violations as demonstrated in the reply filed by this Respondent.

6.16. The stand taken by the Petitioner with respect to the transactions from 2015, is clearly shocking and is infact self-contradictory. Whilst, on one hand the Petitioner characterizes these instruments as wholly "fresh" lending with "no nexus" to the prior transactions at the same time relies upon them/ takes benefit of them to increase its own claim. The attempts of the Petitioner to interse transfer the loan within the Edelweiss Group and then claim no nexus is completely baseless and is only an attempt to deny the allegation, without any basis. In fact, it is the Petitioner who claims benefits of the earlier transactions, compounds interest on principal only to increase the liability and at the same time, claims that the transactions have no nexus.

6.17. The contention that the Respondent defaulted under any instruments issued is also disputed. The Respondent has explained in detail as to how these transactions were never defaulted upon, and the Petitioner after defaulting at its end of the bargain, did not let the Petitioner take available funding to make necessary repayments. It is on account of the actions of the Edelweiss Group/ Petitioner that the present situation has arisen.

6.18. As detailed in the Reply, the present NCDs/OFCDs are the direct result of a continuum of transactions dating back to 2015-2017 as also accepted by the Petitioner, and the defaults of the Petitioner under them cannot be viewed in isolation from the history. The timeline of events as explained by the Petitioner demonstrates that the Edelweiss Group rolled over previous debt (including past-due interest) into the 2022 NCDs, and later converted a portion into OFCDs, all while assuring the Company of IPO and SWAMIH routes.

6.19. It is pertinent to point out that the Rejoinder taken an incorrect stand on the attempts of resolution through SWAMIH fund, which is directly in conflict with the position recently settled by the Hon'ble Supreme Court of India. Further, the Respondent seeks to place of record the extant position of law with respect to project wise CIRP as well as the directions issued with respect to resolution through asovereign funds such as SWAMIH Fund.

6.20. ON PROJECT-WISE CIRP

6.21. It is submitted that in terms of the recent and binding judgment of the Hon'ble Supreme Court in the case of Mansi Brar Fernandes v Shubha Sharma & Anr. (Civil Appeal No. 3826 of 2020), delivered on 12.09.2025 and the Hon'ble National Company Law Appellate Tribunal ('NCLAT') in the case of Amit Jain v. IDBI Trusteeship Services Ltd. & Anr. (Company Appeal (AT) (Ins.) No. 1186 of 2025),

a CIRP concerning a real estate company, ought to be carried out in a project wise manner.

6.22. A copy of the judgment passed by the Hon'ble Supreme Court in the case of Mansi Brar Fernandes v. Shubha Sharma & Anr. (Civil Appeal No. 3826 of 2020), delivered on 12.09.2025 is annexed hereto and marked as Exhibit – “A”

6.23. A copy of the judgment passed by the Hon'ble National Company Law Appellate Tribunal ('NCLAT') in the case of Amit Jain v. IDBI Trusteeship Services Ltd. & Anr. (Company Appeal (AT) (Ins.) No. 1186 of2025) is annexed hereto and marked as Exhibit - "B".

6.24. The Hon'ble Supreme Court in the case of Mansi Brar (supra) has explicitly directed that for real estate projects, the CIRP must be initiated only on a "Project-Wise" basis. The relevant directions issued by the Hon'ble Supreme Court in Paragraph 21.2(6) are reproduced as under:

> *“Resolution of real estate insolvency should, as a rule, proceed on a project-specific basis rather than the entire Company, unless circumstances justify otherwise. This would protect solvent projects and genuine homebuyers from collateral prejudice…..”*

6.25. These directions having been passed exercising powers under Article 141 of the Constitution of India, is binding in nature. This legal position been recently reiterated and applied by, in the case of Amit Jain (supra), where the Hon'ble NCLAT dealing with the judgment

of Mansi Brar in extenso passed directions to consider project wise CIRP so that the other independent projects of the Company therein are not affected and the project under CIRP is also managed properly to ensure delivery of units booked by purchasers.

6.26. In the Amit Jain case, the Hon'ble NCLAT, applying the principles laid down in Mansi Brar Fernandes, set aside the admission order passed by the NCLT which had admitted the entire company into CIRP. The Hon'ble NCLAT remanded the matter back to the Adjudicating Authority to reconsider limiting the CIRP only to the defaulting project.

6.27. Therefore, as on date, the law is clear and well-settled that for the admission of a real estate entity into CIRP, the same must be done on a Project-Wise basis to protect independent, solvent projects. The reply respect to the project namely "Neelkanth Heights" situated at Thane, and does not extend to the other independent project of the Respondent.

6.28. Considering, the above position of law, it is pertinent to point out that the Respondent has two completely independent and distinct projects:

- **Project A:** "Neelkanth Heights / Neelkanth Heights Annexe" Situated at Thane being developed by the Company; and
- **Project B:** Project situated at Vidyavihar, being developed by the Company in partnership with other joint venture partners.

6.29. The financial facility which forms the subject matter of the present Petition was taken exclusively for the project at Thane, namely "Neelkanth Heights / Neelkanth Heights Annexe". The Respondent is presently developing two towers/wings under the branding "Neelkanth Heights Anex". namely Tower Zen and Tower Lakeview.

6.30. The status of the project is that Tower Lakeview has received the Occupancy Certificate (OC) and for Tower Zen however, sales of balance units along with completion of project amenities like clubhouse, gym etc. is ongoing, sales are ongoing and substantial project receivables are due. Construction of the Tower Zen is ongoing and is due for completion by December 2026 asper the RERA registration of the project. In addition to the erected buildings, the Respondent is in the process of receiving permissions for developing three (3) further buildings in Neelkanth Heights, namely Building Nos. 9, 11. and 12

6.31. The financial facilities were extended specifically for this Thane project only. The other project of the Company being developed in Vidyavihar is an independent project. The financial documents executed between the parties clearly highlight that the Vidyavihar project was kept distinct.

6.32. The present Section 7 Petition arises out of a Debenture Trust Deed dated 19th April, 2022 and 4th,December 2024. This Deed was a result of internal transfer of the loans from time to time by the Edelweiss group to their group entities, as more particularly stated

in the reply. The facilities were morphed and intemally transferred into sister entities, finally culminating in the subject Debenture Trust Deed. The DTD dated 19th April 2022 has under clause 5.1 specifically permitted the Vidyavihar project to be taken out of the Company.

6.33. This clearly establishes that the loan facilities were solely extended for the purposes of the Thane Project. The Vidyavihar project was kept exclusively out of the transaction with the lender, as they were fully aware that the Thane Project assets were more than sufficient to cover the facilities extended by the Debenture Holder.

6.34. The Petitioner/Debenture Holders are well aware that the total value of the report by Insight Valuation and Advisory Services Pvt. Ltd. who was appointed by the Debenture Holder at the time of issuance of the debentures. A copy of the email from the valuer to the representatives of the Debenture Holder attaching the valuation report is annexed and marked as Exhibit -"C".

6.35. It is pertinent to point out that with respect to the developed portion of the project (Lakeview and Zen), the Respondent is constructing 83 flats in the Zen building and 50 flats in the Lakeview building. For Lakeveiw while the building work is complete, the clubhouse and amenities work are being completed and for Zen, the construction of the building is partly complete and is substantially delayed due to the Debenture Holders, blocking the release of funds from the escrow accounts to the contractors.

6.36. It is pertinent to state that as on date 51 flats sold in Lakeview, and 5l flats are sold in Zen. A total of 36 unsold flats is there with total receivables of Rs. 57 Crores (approx.). Further, the Respondent is taking steps to complete the development of Zen building and develop other buildings (Nos. 9, 11, and 12) for which development is at the permission stage. In all, a Project-Wise CIRP restricted to the Thane project would fully cover the alleged debts claimed by the Financial creditor. The total valuation of the project far exceeds any claims being made by the Petitioner.

6.37. Any commencement of CIRP on the Thane project ought not to adversely affect the other independent project at Vidyavihar. This is the exact ratio of Mansi Brar Fernandes.

ON NON-COOPERATION REGARDING SWAMIH FUND

6.38. It is further pertinent to point out that Paragraph 21.2(7) of the Mansi Brar Fernandes judgment specifically directs the union Government to consider revival funds like the SWAMIH Fund to provide bridge financing for stressed projects as under:-

6.39. The Union Government shall consider establishing a revival fund under NARCL or expanding the SWAMIH Fund, to provide bridge financing for stressed projects undergoing CIRP, thereby preventing liquidation of viable projects and safeguarding homebuyer interests. SVAMIH Fund is a commendable initiative; however, being a large fund involving public money, every rupee must be utilized strictly for its intended purpose of last-mile financing. To prevent misuse, we

direct that a comprehensive periodic performance audit by the CAG be carried out, with reports placed in the public domain in a form comprehensible even to laypersons.

6.40. In the facts of the present case, the Respondent had proactively approached the SWAMIH Fund for funding the project Neelkanth Heights / Neelkanth Heights Annex. The SWAMIH Fund had, in fact, issued a Term Sheet for full funding of the ongoing and upcoming buildings in the project as recently as 5th August,2025. A copy of the term sheet dated 5th August, 2025 issued by SWAMIH Fund is annexed hereto and marked as Exhibit – “D".

6.41. However, it is the Petitioner who as on 7th August 2025 and 22nd September 2025 has completely ignored the interest of the project and has not responded to the Term Sheet and emails for finalizing Inter Creditor Agreement ("lCA"), acting contrary to the spirit of the directions of the Hon'ble Supreme Court. This is despite the Petitioner having issued the ratio for cash flows from the project in the said NOC.

6.42. It is shocking to note that despite the clear and unambiguous dicta of the Hon'ble Supreme Court, the stand taken by the Petitioner with respect to SWAMIH fund in its rejoinder, is clearly erroneous and the Petitioner has deliberately thwarted a bona fide attempt to ensure the repayment of the debentures.

6.43. It is submitted that the Petitioner's central premise in its rejoinder that the NCDs and OFCDs are independent, "fresh" lending transactions demonstrably false. The record establishes a clear, unbroken nexus to the 201512017 financing facilities. The NCDs were merely a mechanism to refinance and “evergreen" the prior debt of Edelweiss ARC/ECL Finance in violation of RBI Guidelines, which had stalled due to the lender's own failure to fund the project. The so-called "No Dues Certificates" were merely administrative formalities to facilitate this internal shifting of debt within the Edelweiss group.

6.44. It is pertinent to note that while the Petitioner claims that it' s group entities disbursed the entire facility that was sanctioned in 2017, it has conveniently not disclosed the use of the funds by the Respondent and the payments it has forced the Respondent to make to the Petitioners group entities immediately after such disbursement. A perusal of the payments made by the Respondent to the Petitioner's Group annexed to the reply the funds disbursed from various facilities were utilized for payments to the Edelweiss Group leaving barely any funding for the project or construction. The table annexed by the Petitioner at Exhibit 4 of the Rejoinder is thus misleading and only one side of the facts. The Respondent craves leave to rely upon a combined table of the disbursements and repayments to Edelweiss Group at the time of the Tribunal.

6.45. Clearly, the Rejoinder does not answer the issue that the situation of default was orchestrated engineered by the Petitioner which is especially evident from the hot-and-cold sand taken with respect to the IPO issue as well as the transaction with the SWAMIH fund. No reasonable or sustainable reasons are provided for the sudden change in stance towards the transactions / fund raise in the Rejoinder. In fact, the documents annexed in the rejoinder only support the Reply of the Respondent. The NOC dated 23.12.2024 clearly states that a period of one year had been granted to complete the IPO. It is clear from the rejoinder filed by the Petitioner that the default it claims was in fact engineered by the Petitioner itself by first not co-operating for issue of the documents required under the IPO despite having issued an NOC only three months earlier and thereafter, issuing notices for alleged default, when the default was actually at its end.

6.46. The alleged default is not a commercial failure of the Respondent, but a situation engineered by the Petitioner/ Edelweiss group repeatedly. The conduct of the Petitioner/ Edelweiss group as explained in the Reply first led to lack of funding, project delays, the cash-flow mismatches. It is settled position that a creditor cannot cripple the debtor's ability to pay and then sue for non-payment.

6.47. Evidently and undeniably, the Petitioner has acted in bad faith by actively obstructing two concrete repayment plans. The Petitioner induced the Respondent to pursue an IPO, issued a consent letter,

and then arbitrarily withheld a routine consent required at the final stage (March 2025), forcing the lapse of the timeline. In addition, the Petitioner issued an in-principle NoC for the SWAMIH transaction in May 2025 and participated in negotiations with SWAMIH up to 08.07.2025, filing the present petition on that very day-while simultaneously negotiating terms with representatives of the SWAMIH Fund. The actions of the Petitioner constitute a malicious attempt to derail the transaction. In fact the breach with respect to the SWAMIH transaction was upto October 2025, which is much after the Hon'ble Supreme Court passed the order in Mansi Brar (supra).

6.48. The timing and conduct of the Petitioner reveal that this Petition is not a genuine attempt to resolve insolvency but a pressure tactic to coerce one-sided terms or seize the project assets. Invoking the IBC while simultaneously engaging in settlement/funding talks (and approving funding of due diligence costs from the escrow) is an abuse of the judicial process. Such conduct falls squarely within the mischief of Section 65 of the Code, as the intent is collateral recovery, not resolution.

6.49. Without prejudice to the above, the Respondent relies on the law laid down in Mansi Brar Fernandes (supra) and Amit Jain (supra), submitting that the alleged default pertains to a specific project context involving complex disputes. To admit the entire Corporate Debtor into CIRP based on a disputed, engineered default of one

project-especially when solvent repayment avenues (SWAMIH/IPO) exist-would be disproportionate and contrary to the objective of the Code.

6.50. The Respondent repeats and reiterates that all the allegations and contentions raised in the present Rejoinder in so are as they are inconsistent with the stand taken by the Respondent in their Reply is expressly opposed and denied. The Respondent submits that the Petitioners rejoinder is replete with false self-serving statements to falsely indicate that the Petitioners had supported the company at all stages and continued to give financial assistance, when the fact remains that at every state the Petitioner has breached its representations and assurances and despite entering into binding arrangements has completely disregarded them to put the Respondent in prejudicial situations to take advantage of the same, which is impermissible in law and equity.

6.51. In view of the aforesaid, it is most respectfully submitted that the Petition is an abuse of process, devoid of merit, and the Petitioner has failed to make out a case for admission under Section 7 of the Code. The Petition is therefore liable to be dismissed with costs

6.52. Alliteratively, if the Petition is not dismissed, it is prayed that admission into CIRP be strictly restricted to a Project-Wise CIRP qua the Neelkanth Heights Project, Thane, in terms of the binding precedents of Mansi Brar Fernandes (Supreme Court) and Amit Jain (NCLAT).

Summarized Contentions of the Applicant

6.53. Applicant has stated that pursuant to and in terms of the NCD DTD dated 19.04.2022, Corporate Debtor issued 1760 (One Thousand Seven Hundred and Sixty) debentures of face value INR 10,00,000/ (Rupees Ten Lakh only) each, in two tranches of Series I: Rs. 163,00,00,000/ (Rupees One Hundred and Sixty-Three Crores only), Series II: Rs. 13,00,00,000/ (Rupees Thirteen Crores only) out of the aggregate proposed issue of Rs. 180,00,00,000/- (Rupees One hundred and Eighty Crores only), which was subscribed by the debenture holders "Subscribed NCDs").

6.54. Applicant has stated that disbursement were made on different dates as under :-

Amount Rs.	Date
163,00,00,000/-	28.4.2022
13,00,00,000/-	13.05.2022

6.55. Applicant has stated that as per Third Schedule of NCD DTD, Subscribed NCDs were to be fully redeemed by the Corporate Debtor by September 30, 2024, in the following manner:

Redemption Dates	% of initial face value of NCDs
June 30, 2024	50%
September 30, 2024	50%
Total	100%

6.56. Applicant has stated that owing to the said defaults committed by the Corporate Debtor including failure to cure the default in redemption of principal amount of the NCDs, the Corporate Debtor approached the Financial Creditor and pursuant to various discussions and deliberations, it was agreed that the Financial Creditor shall swap the Subscribed NCDs under the NCD DTD for an equivalent amount of INR 25 Crores only, i.e. by 250 debentures, thereby reducing the principal outstanding under the NCD DTD proportionately by an amount of Rs. 25 Crores and accordingly a settlement letter/term sheet was executed between the Corporate Debtor and the Financial Creditor on December 18, 2024 ("Settlement Letter"). The Settlement Letter dated December 18, 2024, is annexed as Exhibit — K.

6.57. It is stated that subsequently, in order to give effect to the understanding entered into between the parties in terms of the Settlement Letter, a Debenture Trustee Deed dated December 24, 2024 ("OFCD DTD"), was entered into between the Financial Creditor (in its capacity as a Trustee / Debenture Trustee acting on behalf of and for the benefit of the debenture holders) and the Corporate Debtor, for issuance of 250 (Two Hundred and Fifty) unlisted, unrated, secured, redeemable, optionally fully convertible debentures having face value of INR 10,00,000/- (Rupees Ten Lakh only) each to the debenture holder(s) for an aggregate amount of Rs. 25,00,00,000/- (Rupees Twenty-Five Crores only) to be issued in one single series, on a private placement basis ("OFCDs") and in

the manner more particularly in the Third Schedule of the OFCD DTD. A copy of the OFCD DTD is annexed as Exhibit — L.

6.58. It is stated that for the issuance of aforesaid OFCDs, a Debenture Trustee Agreement dated December 24, 2024, was executed wherein the Financial Creditor was appointed as the debenture trustee acting for and on behalf of the subscribers of the OFCDs issued by the Corporate Debtor. A copy of the Debenture Trustee Agreement dated December 24, 2024, is annexed as Exhibit — M.

6.59. It is stated that the consideration for the issuance of the OFCDs was in the form of swapping of the non-convertible debentures under the NCD DTD for an equivalent amount of Rs. 25 Crores only. Details of the Statement of Holdings reflecting subscription of the OFCDs by the debenture holder is annexed above as Exhibit F and copy of the PAS-3 (Return of Allotment) is annexed as Exhibit —N.

6.60. The present application is filed by Catalyst Trusteeship Limited against Neelkanth Realtors Limited claiming to be financial creditor being Debenture Trustee u/s 7 of the Code. The applicant is claiming an amount of Rs. 2,24,06,06,675 towards the NCD and a sum of Rs. 25,90,66,449/- towards the OFCD.

6.61. The Date of Default is mentioned as 01.05.2025 for NCD and 02.05.2025 for the OFCD.

6.62. Applicant has demonstrated that they were holding various securities against the NCD and OFCD.

6.63. Applicant submitted the record of default issued by NESL which was filed through additional affidavit dated 18.09.2025. The status of authentication is “disputed”.

Summarized Contentions of the Corporate Debtor:-

6.64. Respondent has filed a detailed and lengthy reply and sur-rejoinder raising various contentions which are briefly provided below.

I. The petition is not maintainable since there is no default in law.

II. There has been evergreening of loans by the holders of Debentures being Edelweiss group.

III. The respondent is a viable, going concern developing a real estate project in Thane, Maharashtra.

IV. The respondent was contemplating a public issue (IPO) for which an NOC was issued by the applicant. The applicant was to be paid out of the proceeds of the IPO and not otherwise.

V. Applicant has blocked the attempts made by the respondent to repay the debt by arranging other financiers.

VI. Applicant has obstructed further fund raising by way of debt by the respondent.

VII. Applicant was in breach of the earlier loan agreements and has not disbursed the amount as envisaged under the earlier loan agreements.

VIII. Respondent is an MSME unit.

IX. Project wise insolvency.

7. Analysis & Findings

7.1. We have considered the pleadings in the matter and have heard the Ld. Counsels for the parties. We have also considered the written submissions filed by both the parties , which in our view summarize the arguments presented in the pleadings and as such for the sake of brevity we are not discussing them in detail here.

7.2. The following are the undisputed facts in the present matter:

I. Both the sides agree that NCD and OFCD were issued.

II. Both the sides agree that NCD and OFCD were debt payable as per a fixed schedule and that they carried a pre-defined coupon (interest).

III. Both the sides agree that NCD and OFCD are in default.

IV. Further, both the sides agree that the NCD and OFCD were issued for development, construction and completion of a residential housing complex / commercial complex named as "Neelkanth Heights Annexe" being constructed on all that piece and parcel of land bearing Survey No. 194/1B situated at Village Majiwade, Pokhran Road No. 2, Thane West. (herein referred to as Project)

V. The “project” land was also mortgaged to the Applicant as a security interest for securing the issuance of NCD and OFCD**.**

VI. Several attempts were made by the Corporate Debtor from alternative sources for repayment of the debt; however, the same could not fructify.

7.3. The corporate debtor has vehemently argued that the applicant has blocked further fund raising through debt and equity. It was further argued that in terms of the NOCs issued by the applicant for the public issue, there exists no default as the applicant was to be repaid out of the proceeds of the issue.

7.4. As regards the allegation of the Corporate Debtor including that the applicant has blocked efforts by them to raise fresh debt/equity, it is seen that the document placed on record, which is dated 05.05.2025, is an “in-principle non-binding No Objection Certificate (NOC) for release of first charge/mortgage on Project Neelkanth Heights Annexe. As regards the other allegation relating to DMI Finance and Trust Capital, the Financial Creditor has stated that it was not commercially acceptable or viable to the Financial Creditor to accept the terms. Hence the contention of the Corporate Debtor cannot be considered

7.5. As regards retraction of consent for IPO or that the loan was to be repaid out of the proceeds of IPO, the Financial Creditor has stated that they at no point agreed that it would be the only source for repayment. The Financial Creditor was under no obligation, contractual or otherwise, to accept the proposal of the Corporate Debtor for a repayment out of the proceeds of the IPO. The Corporate Debtor wanted NOC which was provided, but that does not mean that it was accepted as the only source of repayment.

7.6. As regards evergreening allegation, the applicant has denied that they are subject to any inquiry or scrutiny by RBI in this regard

7.7. On the other hand the respondent has relied on judgment of Hon'ble NCLAT in the matter of Catalyst Trusteeship Ltd. v. Ecstasy Realty Pvt. Ltd. [CP(IB) 922 of 2022] and CA(AT)(Ins) No. 467 of 2023 (Catalyst Trusteeship v. Ecstasy Realty Pvt. Ltd.) wherein it has been held that a Financial Creditor cannot breach its own obligations and thereafter seek admission under the Code. The Respondent further states that the Financial Creditor in the above Petition and the Debenture Holders referred to in the present Petition form part of the same Edelweiss Group. It is further submitted by the Respondent that the basis of S.65 of the Code, furthers this position, as a lender cannot be allowed to use its status and powers under the Code for malafide action.

7.8. In our view , the reliance by the respondent on the above judgment of Hon'ble NCLAT is misplaced as the said judgment has been set aside by Hon'ble Supreme Court vide its order dated 24.02.2026 in Civil Appeal No. 7424/2025(2026) ibclaw.in104 SC, wherein Hon'ble Supreme Court has also restored the company petition to file of NCLT and has directed that the said petition shall be admitted by a separate order. While making the said judgment, Hon'ble Supreme Court has reiterated the legal position for admission under Section 7 of the IBC as held in its judgment in the matter of Innoventive Industries Ltd. Vs. ICICI Bank and Another (2017). Para 12 of

Hon'ble Supreme Court's judgment in Catalyst Trusteeship Ltd. vs. Ecstasy Realty Pvt. Ltd., is reproduced below;-

> *"12. In this regard, we may note the settled legal position that for admission of an application under Section 7 of the Code, the adjudicating authority is only required to examine and satisfy itself that a financial debt exists and there is default in relation thereto. In this context, the observations of this Court in Innoventive Industries Limited vs. ICICI Bank and another are of relevance and are extracted hereunder:*
>
> *'30. On the other hand, as we have seen, 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.'*
>
> *Thus, the concept of a pre-existing dispute, which may be a stumbling block for admission of an application filed under Section 9 of the Code by an operational creditor, has no bearing on an application filed by a financial creditor under Section 7 of the Code."*

7.9. We have also noted that the respondent has relied upon the Judgment of Hon'ble Supreme Court in the matter of Mansi Brar Fernandes vs Shubha Sharma & Anr. In our considered opinion, the facts of the present case are quite different. Mansi Brar was a case filed by an individual home buyer, who was held as speculative home buyer, however present is a case, which is filed by a Financial Creditor, who has shown us that amount was disbursed towards time value of money.

7.10. At this stage this Tribunal is also guided by the Judgment of Hon'ble Supreme Court in Civil Appeal No(s). 2211/2024 decided on 18.02.2026 in the matter of Power Trust (Promoter of Hiranmaye Energy Ltd.) v. Bhuvan Madan, IRP of Hiranmaye Energy Ltd. and Ors.,which 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 WBSEDCL 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)

7.11. To summarize the above judgment, we observe as under :-

7.11.1. 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.

7.11.2. 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 a corporate debtor is 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.

7.11.3. 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).

7.11.4. The Adjudicating Authority is not required to go into the inability of a corporate debtor to pay its debt.

7.11.5. 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.

7.12. Now we examine the claim of the Corporate Debtor that the NCD and the OFCD which are in default were issued for construction, development and completion of particular project namely Neelkanth Heights Annexe situated at Thane (West) and therefore, the CIRP should be restricted to the said project only. The Respondent has in this regard relied upon the judgement of Hon'ble Supreme Court in Mansi Brar (Supra) and Judgement of Hon'ble NCLAT in the matter of Amit Jain vs IDBI Trusteeship Services limited in company appeal no 1186 / 2025, wherein it has been held that for real estate project, CIRP should be initiated only on "Project wise" basis.

7.13. In regard to the above issue , in addition to placing the reliance on the Mansi Brar (supra) and Amit Jain(supra) Judgements, it is pertinent to take note of the Judgement of Hon'ble NCLAT in the case of Surender Singh V. IDBI Trusteehip Services Ltd and Anr. 2026 ibclaw.in 383 NCLAT wherein it was held that if the CIRP initiated by a Financial Institution relates to one project then the CIRP has to be confined to the said project only and not to the other real estate projects. The relevent paras are reproduced herein;

> *33."we have no hesitation to hold that when CIRP initiated by allottees or Financial institutions, under Section 7 relates to one project, the CIRP has to be confined to the said project and cannot take into its fold, the other real estate projects, situated in other cities or other states".*

34.The adjudicating authority in the impugned order, although has noticed the judgement of the Hon'ble Supreme Court in 'Mansi Brar Fernandes' (supra) and this Tribunal in 'Flat Buyers Association Winter Hills – 77, Gurgaon' (supra), and 'Amit Jain (Suspended Directors of Mahagun (India) Pvt. Ltd.)' (supra), but has not even adverted to the said judgements, law laid down by this Tribunal and the Hon'ble Supreme Court is fully binding on the adjudicating authority without adverting to the said judgements which had clearly held that project-wise insolvency process can begin and where the CIRP initiated by allottees or a financial institution, with respect to one project, it cannot take in its fold in other cities or otherstates. The judgement of the 'Gagan Tandon & Ors.' (supra), was delivered by this Tribunal on 07.01.2026, where the impugned judgement has been passed by the adjudicating authority on 03.02.2026. The adjudicating authority has neither dealt the judgement of this Tribunal in 'Gagan Tandon & Ors.' (supra), nor those judgments of this Tribunal and the Hon'ble Supreme Court which has been noticed by the adjudicating authority itself in paragraph 5 as noticed above.

7.14. Hence this Tribunal is of the view based on the documents on record that the debt in default was disbursed by the applicant only in regard to the project i.e. "NEELKANTH HEIGHTS ANNEXE" and also the charge of the Applicant exists in regard to the assets of the said project only.

8. Applying the ratio of Power Trust (supra) and also Mansi Brar (Supra), Amit Jain (Supra) and Surender Singh (Supra) , we are of the view that the applicant has established based on the Documents placed on record that it has advanced a financial debt to the Corporate Debtor in respect of its project “NEELKANTH HEIGHTS ANNEXE” which is in default for an amount exceeding Rs. 1 Crore and as the default is with respect to construction and development of project Neelkanth Heights Annexe, the same project must go into CIRP, which shall not be extended to other projects of the Corporate Debtor. We also hold that all the required details / documents have been attached by the Applicant along with the Application and therefore the Application is Complete. Further , there is no displinary proceeding going on against the proposed IRP as is confirmed by the said IRP in its consent letter.

9. In view of the above , we are forced to order commencement of CIRP on the Project i.e. Neelkanth Heights Annexe situated at Survey No. 194/1B situated at Village Majiwade, Pokhran Road No. 2, Thane West ("Project") belonging to the Corporate Debtor M/s Neelkanth Realtors Limited.

10. As such contentions of the corporate debtor for project wise insolvency is allowed.

11. Accordingly, we pass the following order.

12. As a consequence of the above analysis, the present Application being ***CP(IB)/747/MB/2025*** is being admitted in terms of Section 7 of

the Code in regard to the project “NEELKANTH HEIGHTS ANNEXE” of the Corporate Debtor M/s Neelkanth Realtors Limited,

i. The ***project named “NEELKANTH HEIGHTS ANNEXE”*** is admitted to the Corporate Insolvency Resolution Process under Section 7 of the IBC, 2016.

ii. As a consequence, thereof, the moratorium under Section 14 of the IBC, 2016 is declared for prohibiting all of the following in terms of Section 14(1) of the IBC, 2016 with regard to specific project of the Corporate Debtor i.e. “NEELKANTH HEIGHTS ANNEXE” hereinafter referred to as “the said project”

   a. The institution of suits or continuation of pending suits or proceedings against the Corporate Debtor in regard to the said project 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 asset or any legal right or beneficial interest therein in regard to the said project.

   c. Any action to foreclose, recover or enforce any security interest created by the Corporate Debtor in regard to the said project 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 in regard to the said project.

e. The provisions of sub-section (1) shall however, not apply to such transactions, agreements 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 the Corporate Debtor.

iii. 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 liquidation of Corporate Debtor under Section 33 of the IBC, 2016, as the case may be.

iv. It is further directed that the supply of essential goods/services to the said project of the Corporate Debtor, if continuing, shall not be terminated or suspended or interrupted during the moratorium period as per provisions of sub-sections (2) and (2A) of Section 14 of IBC, 2016.

v. Since the Applicant has named an IRP, we hereby appoint **Mr. Snehal Arvind Kamdar,** having registration no ***IBBI/IPA-001/IP-P00415/2017-18/10738 and e-mail ID*** snehal.kamdargjjkandeo.com***, (AFA valid till 30-Jun-2026)*** as the IRP of the Corporate Debtor, in regard to the said project.

vi. The IRP shall perform all his functions as contemplated, inter-alia, under Sections 17, 18, 20 & 21 of the IBC, 2016 It is further made clear that all personnel connected with the said project of the Corporate Debtor, its Promoters or any other person associated with the management of the said project of the Corporate Debtor are under legal obligation under section 19 of the IBC, 2016 for extending assistance and co-operation to the IRP. Where any personnel of the Corporate Debtor, its Promoter or any other person required to assist or co-operate with IRP, do not assist or co-operate, the IRP is at liberty to make appropriate application to this Adjudicating Authority with a prayer for passing an appropriate order.

vii. This Adjudicating Authority directs the IRP to make a public announcement for the initiation of CIRP and call for the submission of claims under Section 15, as required by section 13(1)(b) of the IBC, 2016 in regard to the said project.

viii. The IRP is expected to take full charge of the Corporate Debtor's the said project and documents without any delay whatsoever.

ix. The IRP or the RP, as the case may be, shall submit to this Adjudicating Authority periodical report with regard to the progress of the CIRP in respect of the said project of the Corporate Debtor.

x. The IRP shall be under a duty to protect and preserve the value of the property of the said project of the Corporate Debtor and manage the operations of the said project of the Corporate Debtor

as a going concern, to the extent possible, as a part of obligation imposed by Section 20 of the IBC, 2016.

xi. **The Financial Creditor is directed to pay an advance of Rs. 3,00,000/-** (Rupees Three Lakhs Only) to the IRP within a period of 7 days from the date of this order **to meet the cost of CIRP** arising out of issuing public notice and inviting claims etc. till the CoC decides about his fees/expenses.

xii. The Registry is directed to communicate a copy of this order to the Financial Creditor, Corporate Debtor and to the IRP and the concerned Registrar of Companies, after completion of necessary formalities, and upload the same on the website immediately after the pronouncement of the order. The Registrar of Companies shall update its website by updating the Master Data of the Corporate Debtor in MCA portal specifically mentioning regarding admission of this Application in regard to the said project and shall forward the compliance report to the Registrar, NCLT.

xiii. The commencement of the Corporate Insolvency Resolution Process in regard to the said project shall be effective from the date of this order.

xiv. The IRP is directed to issue notice of admission upon all the statutory authorities of the said project of the Corporate Debtor without fail.

xv. IRP is directed to publish the Form-A on Flex at the specified project i.e. NEELKANTH HEIGHTS ANNEXE at prominent place besides the Registered Office of the Corporate Debtor.

13. ***Accordingly, CP(IB)/747/MB/2025*** in regard to the said project stands admitted. A certified copy of this order may be issued, if applied for, upon compliance with all requisite formalities.

Sd/-
NILESH SHARMA
MEMBER (JUDICIAL)

Sd/-
SAMEER KAKAR
MEMBER (TECHNICAL)