NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT – II
CHENNAI

ATTENDANCE CUM ORDER SHEET OF THE HEARING OF NATIONAL COMPANY LAW TRIBUNAL, CHENNAI BENCH, HELD ON 25.08.2026 AT 10.30 A.M. THROUGH VIDEO CONFERENCING:

CORAM: SHRI. JYOTI KUMAR TRIPATHI, HON'BLE MEMBER (JUDICIAL)
SHRI. RAVICHANDRAN RAMASAMY, HON'BLE MEMBER (TECHNICAL)

APPLICATION NUMBER	**: --**
PETITION NUMBER	**: CP/IBC/142/CHE/2025**
NAME OF THE PETITIONER	**: Pharmarule**
NAME OF THE RESPONDENT(S)	**: Kniss Laboratories Pvt Ltd**
UNDER SECTION	**: Sec 9 Rule 6 of IBC 2016**

ORDER

Vide separate order pronounced in open court, **CP (IB)/142(CHE)2025** is Allowed.

Sd/-
RAVICHANDRAN RAMASAMY
Member (Technical)

Sd/-
JYOTI KUMAR TRIPATHI
Member (Judicial)

jp

IN THE NATIONAL COMPANY LAW TRIBUNAL, DIVISION BENCH – II, CHENNAI

CP(IBC)/142(CHE)/2025

(Filed under Section 9 of the Insolvency and Bankruptcy Code, 2016, R/w, Rule 6 of the Insolvency and Bankruptcy Rules, 2016)

In the matter of ***Kniss Laboratories Private Limited***

PHARMARULE,
Rep. by its Partner Ms. Malliga
Having office at: Plot No 67 & 68, Ramakrishna Kubera,
AVS Main Road, Annai Nagar, Korattur North,
Chennai – 600 076, Tamil Nadu, India.

… Petitioner/ Operational Creditor

V/s

KNISS LABORATORIES PRIVATE LIMITED
Having office at: Plot No.9, Multi Industrial Estate,
Gerugambakkam Porur - Kundrathur Road,
Chennai – 600 128, Tamil Nadu, India.

… Respondent/ Corporate Debtor

Order pronounced on 25th August 2026

CORAM:

***SHRI.* JYOTI KUMAR TRIPATHI, MEMBER (JUDICIAL)**

***SHRI.* RAVICHANDRAN RAMASAMY, MEMBER (TECHNICAL)**

Present:
For Applicant: Alpa Jain, Advocate
For Respondent: K. Moorthy, Advocate

O R D E R

(Heard through Hybrid Mode)

This Application under Section 9 of IBC filed by **Pharmarule**, represented by its Partner Ms. Malliga, Petitioner/ Operational Creditor herein against **Kniss Laboratories Private Limited**, Respondent /

Corporate Debtor herein for initiating Corporate Insolvency Process (CIRP) against the Corporate Debtor.

2. SUBMISSIONS OF THE APPLICANT

2.1. Part I of the Application contains the particulars of the Applicant Pharmarule, represented by its Partner Ms. Malliga. Part II of the Application sets out the details of the Corporate Debtor. It was incorporated on 17.11.1988 with nominal share capital of Rs. 12,00,00,000/- and paid up share capital of Rs. 10,29,44,640/- and address at Plot No.9, Multi Industrial Estate, Gerugambakkam Porur - Kundrathur Road, Chennai – 600 128, Tamil Nadu, India, within the jurisdiction of this Tribunal. In Part III of the application, the Operational Creditor has not proposed anyone as the IRP. Part IV of the application sets out the details of the debt being Rs. 2,49,63,066.82/- (Rupees two crores forty nine lakhs sixty three thousand and sixty six and eight two paise only) including Principal amount of Rs. 1,70,64,588.00 /- (Rupees one crore seventy lakhs sixty four thousand five hundred and eighty eight only) and Rs. 78,98,478.82/- (Rupees seventy eight lakhs ninety eight thousand four hundred and seventy eight and eight two paise only) is an interest amount and it would continue until the actual date of payment, with the date of default as 07.12.2023. This application has been filed on 16.05.2025.

2.2. It is submitted that against the supplies made by the Applicant, a principal sum of Rs. 1,70,64,588/- remains outstanding. In addition thereto, interest of Rs. 78,98,478.82/- has accrued at the rate of 24% per annum, making the total amount claimed as outstanding Rs.

2,49,63,066.82/-. The Applicant states that interest would continue to accrue until payment of the outstanding amount in full. The date of default is stated to be 07.12.2023, being 90 days from the date of the first outstanding invoice.

2.3. It is further submitted that despite repeated reminders, requests and communications calling upon the Corporate Debtor to clear the outstanding dues, no payment was forthcoming and also that the Corporate Debtor had, on various occasions, confirmed the balance outstanding in favour of the Applicant and had also issued cheques towards the dues; however, the said cheques were returned unpaid by the bank. The Applicant has relied upon the corresponding bank return memos in support of its claim.

2.4. It is further submitted that the Applicant issued a demand notice under Section 8 of the Code dated 04.04.2025, demanding payment of the unpaid operational debt. The demand notice was served upon the Corporate Debtor by e-mail on 07.04.2025 and by post, which was delivered on 08.04.2025. The statutory period of ten days expired on 17.04.2025 and no reply to the demand notice was received from the Corporate Debtor and no notice of dispute in relation to the operational debt was communicated.

2.5. It is submitted that the operational debt and the default are duly supported by the purchase orders, outstanding tax invoices, balance confirmation, ledger confirmation, acknowledgement of interest, credit notes, GST records, bank statements and the returned cheques. The Applicant has also furnished the relevant bank statements in compliance with Section 9(3)(c) of the Code and has placed on record the record of default relating to the operational debt.

2.6. It is further submitted that the Corporate Debtor has committed default in payment of the operational debt and has failed to discharge the same despite repeated demands and service of the statutory demand notice.

3. SUBMISSIONS OF THE RESPONDENT

3.1. The Respondent/ Corporate Debtor stated that the present Application is not maintainable as it is founded on incomplete and suppressed facts.

3.2. It is stated that the Respondent and the Applicant are in the same line of business and have had business dealings for more than 25 years. The Respondent further states that, during the past 15 years, it has not defaulted in making payments to any of its suppliers.

3.3. It is stated that during the period 2023–2024, the Respondent had purchased pharmaceutical raw materials from the Applicant, including Metformin Hydrochloride-IP, Amoxycillin Trihydrate and Ciprofloxacin HCL-IP. However, owing to renovation of its manufacturing unit pursuant to the observations made during an inspection conducted by the Central Drugs Standard Control Organisation (CDSCO) in October 2023, the manufacturing unit remained shut from October 2023 to February 2024. Consequently, the Respondent was unable either to utilise/ sell the materials supplied or to store the goods received from its suppliers, including the Applicant.

3.3. It is stated that owing to the aforesaid circumstances, the materials supplied by the Applicant were subsequently returned during July and August 2024. The Respondent states that the Applicant had acknowledged receipt of the returned materials. It is alleged that the Applicant has deliberately suppressed the fact of return of the goods in the present petition. The Respondent has relied upon the return invoices in support of its contention.

3.4. It is further stated that the goods returned by the Respondent comprised 525 Kg of Ciprofloxacin HCL-IP valued at Rs. 10,87,223/-, 2,000 Kg of Metformin Hydrochloride-IP valued at Rs. 4,90,880/-, another 2,000 Kg of Metformin Hydrochloride-IP valued at Rs. 4,90,880/-, 2,000 Kg valued at Rs. 4,16,000/- and 8,000 Kg valued at Rs. 19,63,520/-, aggregating to Rs. 44,48,503/- and also states that the Applicant had orally conveyed that the returns were necessitated due to space constraints, assured that the corresponding tax invoices would be reversed and stated that the goods would be collected subsequently.

3.5. It is therefore contended that since the materials supplied by the Applicant were returned and the Applicant acknowledged such return, no amount remains due and payable by the Respondent. Consequently, there is no subsisting operational debt and, in the absence of a debt, there can be no default so as to attract the provisions of Section 9 of the Code.

3.6. It is further stated that the Applicant had issued a notice dated 03.04.2025 under Section 138 of the Negotiable Instruments Act, 1881, in respect of dishonour of cheques issued by the Respondent and contended that the said notice and the dispute arising therefrom have been deliberately suppressed by the Applicant in the present proceedings. The Respondent states that it had also registered its objection with the Information Utility and that the dispute had been recorded therein as a "pre-existing dispute".

3.7. It is contended that the suppression of the aforesaid dispute renders the application liable to rejection under Section 9(5)(ii) of the Code, particularly as the provision contemplates rejection where notice of dispute has been received by the Operational Creditor or there is a record of dispute in the Information Utility and also stated that the Applicant was aware of the dispute and, despite the same, failed to bring it to the notice of this Tribunal.

3.8. It is reiterated that the returned goods were duly acknowledged by the Applicant and, upon taking the same into consideration, there would be no outstanding debt and is therefore submitted that the essential ingredients of "debt" and "default" required for initiation of proceedings under Section 9 of the Code have not been established.

3.9. The Respondent also disputes the Applicant's claim for interest, pointing out that while the date of default stated in the Information Utility is 07.12.2023, the Applicant is seeking interest from as early as 2016.

4. SUBMISSIONS OF THE APPLICANT IN REJOINDER

4.1. The Applicant/ Operational Creditor, through its rejoinder, denies the averments made by the Respondent and, at the outset, questions the authority of the Respondent's authorised signatory to file the counter in the absence of a valid Board Resolution and proper authorisation. Without prejudice, the Applicant has responded to the counter on merits.

4.2. It is submitted that the Respondent's contention regarding return of goods is irrelevant to the present claim. Out of the nine invoices forming part of the outstanding dues, seven have no connection with the returned goods, while the amounts relating to the goods returned against the remaining two invoices have already been duly adjusted and corresponding credit notes issued and therefore denies any suppression of facts.

4.3. It is further submitted that the Respondent's own conduct establishes the subsistence of the debt, as its Managing Director acknowledged outstanding dues of approximately Rs. 1.71 Crores on 14.10.2024 and the Respondent thereafter issued one cheque dated 07.03.2025 and seven cheques dated 14.03.2025 towards the outstanding dues, all of which were dishonoured for insufficiency of funds.

4.4. It is submitted that with regard to the alleged pre-existing dispute, the Information Utility record reflects the default as "Deemed to be Authenticated", after three reminders were issued to the Corporate Debtor under Regulation 21(3) of the IBBI (Information Utilities) Regulations, 2017. The Applicant relies upon ***Vipul Himatlal Shah & Anr. v. Teco Industries & Anr., Company Appeal (AT) (Insolvency) No. 470 of 2022***, in support of the effect of such deemed authentication.

4.5. It is further submitted that there was no suppression of the Section 138 proceedings, as the dishonoured cheques and their return were already disclosed in the original application and working computation of default. Relying upon ***Sudhi Sachdev v. APPL Industries Ltd., Company Appeal (AT) (Insolvency) No. 623 of 2018***, it is contended that pendency of proceedings under Section 138 of the Negotiable Instruments Act does not constitute a pre-existing dispute and, rather, amounts to an admission of debt.

4.6. It is submitted that as regards interest the amount claimed relates to delayed payments on earlier invoices and was acknowledged by the Respondent on 19.01.2024. The Applicant therefore contends that the documentary record, including the acknowledgements, dishonoured cheques and Information Utility record, establishes the existence of debt and default and negates the alleged pre-existing dispute.

5. WRITTEN SUBMISSIONS OF THE APPLICANT

5.1. The Applicant has reiterated all the submissions made in the petition and rejoinder and submitted that the present application satisfies the requirements of Section 9 of the Code, as the existence of operational debt and default is established by the documentary record.

5.2. It is submitted that the principal outstanding is Rs. 1,70,64,588/-, together with interest of Rs. 78,98,478.82/-, aggregating to Rs. 2,49,63,066.82/-. The date of default is stated as 07.12.2023. It is further submitted that the Information Utility record reflects the default as "Deemed to be Authenticated".

5.3. It is submitted that the Respondent's defence regarding return of goods is misconceived, as the corresponding credit notes were duly issued and the returned goods were accounted for while computing the outstanding amount. It is contended that, even subsequent to the alleged return of goods, the Respondent acknowledged dues of approximately Rs. 1.71 Crores by letter dated 14.10.2024 and thereafter issued cheques towards the outstanding liability, thereby clearly admitting the subsisting debt.

5.4. It is further submitted that there was no genuine pre-existing dispute between the parties. No dispute was raised prior to issuance of the statutory demand notice and the Respondent did not furnish any reply thereto and contends that the subsequent recording of a dispute with the Information Utility cannot constitute a pre-existing dispute, particularly when the record reflects the default as deemed authenticated.

5.5. It is submitted that with regard to the proceedings under Section 138 of the Negotiable Instruments Act, 1881, the issuance and dishonour of cheques constitute an acknowledgement of the underlying debt and do not amount to a pre-existing dispute. Reliance is placed on ***Sudhi Sachdev v. APPL Industries Limited, Company Appeal (AT) (Insolvency) No. 623 of 2018***, wherein the Hon'ble NCLAT held that pendency of proceedings under Section 138 amounts to an admission of debt and not existence of a dispute. Reliance is also placed on ***Vipul Himatlal Shah & Anr. v. Teco Industries & Anr., Company Appeal (AT) (Insolvency) No. 470 of 2022***, concerning the effect of a default being deemed authenticated in the Information Utility.

5.6. It is further submitted that the Respondent is estopped from disputing the interest component, having issued cheques towards the outstanding dues, including interest, and having acknowledged the liability for interest on belated payments by letter dated 19.01.2024.

5.7. It is submitted that the interest has been computed in accordance with the terms of the invoices providing for interest at 24% per annum and has been duly reflected in the Working Computation of Default and Form C filed with the Information Utility. Reliance is also placed on ***Chikali Nagaraju, Member of the Suspended Board of Directors of Balajisore Alloys Limited v. M/s Isrpt Corp Limited, Company Appeal (AT) (Insolvency) No. 1594 of 2025***, on issuance of cheques as an acknowledgement of debt.

6. WRITTEN SUBMISSIONS OF THE RESPONDENT

6.1. It is reiterated that the present Petition under Section 9 of the Code is liable to be dismissed as the claim arises out of a disputed running commercial account between the parties and the Operational Creditor has sought to invoke the insolvency jurisdiction as a recovery mechanism by suppressing material aspects of the transactions and also stated that the parties have had longstanding commercial dealings for more than 25 years.

6.2. It is stated that the claim of Rs. 2,49,63,066.82/- includes interest of Rs. 78,98,478.82/-, which itself is disputed. The Respondent alleges suppression of the return of substantial quantities of goods, corresponding credit notes and debit adjustments, payments made subsequent to the alleged default, the running nature of the account and the pendency of proceedings under Section 138 of the Negotiable Instruments Act.

6.2. It is reiterated that about the CDSCO inspection and non-utilization of the raw materials purchased from the Applicant and were returned, which was accepted by the Applicant and resulted in credit notes/ debit adjustments aggregating to approximately Rs. 45 lakhs.

6.3. It is contended that the subsequent acknowledgement dated 14.10.2024 and issuance of cheques cannot be considered in isolation, since further returns, credit notes, adjustments and part-payments took place thereafter and the account required reconciliation.

The Respondent further submits that it had made payments of Rs. 30,00,000/- on 26.02.2024 and Rs. 15,00,000/- on 08.03.2024, which, according to it, demonstrate that the account remained a live and continuously adjusted running account and therefore contended that the alleged outstanding amount cannot be determined merely on the basis of a unilateral working computation.

6.4. It is stated that with regard to interest, the claim of Rs. 78,98,478.82/- is untenable, as the invoices dated 08.09.2023, 14.09.2023, 03.10.2023, 19.10.2023, 25.10.2023 and 01.11.2023 contain no contractual stipulation for payment of interest. Only the invoices dated 18.09.2024 and 30.09.2024 contain a 24% interest clause.

6.5. It is stated that the dishonour of cheques and the proceedings under Section 138 of the Negotiable Instruments Act do not determine the quantum of liability where the underlying account itself is disputed. Likewise, the Information Utility record cannot substitute the adjudication required under Section 9, and the Tribunal is required to independently consider the documentary material demonstrating a bona fide dispute regarding the quantum of the operational debt.

6.6. It is further stated that the Corporate Debtor has significant Government-related business and supplies medicines to Government hospitals, besides providing employment to a substantial number of persons.

6.7. It is stated that the present proceedings have been initiated as a coercive measure for recovery of a disputed claim and that the alleged debt is not crystallised or undisputed. Since determination of the claim would require reconciliation of accounts, verification of returned goods and credit notes, adjustment of payments and adjudication of disputed interest, the proceedings under Section 9 cannot be used as a substitute for recovery proceedings.

6.8. It is stated that without prejudice, they had produced a Demand Draft for Rs. 50,00,000/- before the Tribunal as evidence of its bona fide intention to discharge the principal liability and states that they are willing to pay the entire outstanding principal amount within four weeks and to pay such interest as may be legally determined by the Tribunal.

7. FINDINGS OF THE TRIBUNAL

7.1. We have heard the Learned Counsel for both the parties and perused the documents placed on record.

7.2. The principal issue that arises for consideration is whether the Applicant has established the existence of an operational debt and default and, if so, whether the defence raised by the Corporate Debtor constitutes a genuine pre-existing dispute so as to attract Section 9(5)(ii)(d) of the Insolvency and Bankruptcy Code, 2016 ("Code").

7.3. The Applicant has claimed a principal outstanding amount of Rs. 1,70,64,588/-, together with interest of Rs. 78,98,478.82/-, aggregating to Rs. 2,49,63,066.82/-. The date of default has been stated as 07.12.2023. The Applicant has placed on record the purchase orders, invoices, ledger statements, working computation of default, acknowledgement of dues, correspondence between the parties, dishonoured cheques and the record of default maintained with the Information Utility. The statutory demand notice under Section 8 of the Code was issued on 04.04.2025 and, admittedly, no reply thereto was furnished by the Corporate Debtor within the statutory period.

7.4. The Corporate Debtor, on the other hand, principally disputes the quantum of the claim on the ground that certain goods supplied by the Applicant were subsequently returned, corresponding credit notes were issued, payments were made and the running account between the parties required reconciliation. It is further contended that a substantial portion of the claim represents disputed interest and that proceedings under Section 138 of the Negotiable Instruments Act are pending between the parties.

7.5. In this regard, it is not in dispute that certain goods were returned by the Corporate Debtor and that the Applicant issued corresponding credit notes. However, the Applicant has specifically submitted that the returned goods have already been duly accounted for and the corresponding amounts have been adjusted in the working computation of default. It is also borne out from the pleadings that the Applicant does not seek to recover the value of the goods for which credit notes were admittedly issued. Therefore, the mere fact that certain goods were returned cannot, by itself, establish a dispute with respect to the balance operational debt claimed in the present application.

7.6. More importantly, the chronology of events assumes significance. The date of default pleaded by the Applicant is 07.12.2023, whereas the alleged return of goods took place during July and August 2024. Thus, the alleged dispute regarding return of goods arose subsequent to the date of default. The subsequent return of goods and adjustments, therefore, cannot be construed as a dispute which existed prior to the issuance of the demand notice so as to constitute a "pre-existing dispute" within the meaning of Section 9 of the Code.

7.7. The subsequent conduct of the Corporate Debtor also assumes significance. The Applicant has placed on record the letter dated 14.10.2024 whereby the Corporate Debtor acknowledged outstanding dues of approximately Rs. 1.71 Crores. Thereafter, the Corporate Debtor issued cheques towards the outstanding liability, which were subsequently dishonoured. The issuance of the said cheques, particularly after the alleged return and adjustment of goods, lends considerable support to the Applicant's contention that the liability in respect of the subsisting dues was acknowledged by the Corporate Debtor.

7.8. The contention of the Corporate Debtor that the account was a running account and that payments of Rs. 30,00,000/- and Rs. 15,00,000/- were made on 26.02.2024 and 08.03.2024 respectively, does not by itself establish the existence of a pre-existing dispute. On the contrary, such payments demonstrate the subsistence of commercial transactions and part discharge of the liability. The fact that the parties were maintaining a running account cannot, in the absence of a specific dispute regarding the liability existing prior to the demand notice, be treated as a bar to proceedings under Section 9 of the Code.

7.9. As regards the interest component, the Respondent has disputed the Applicant's entitlement to interest on the ground that most of the invoices do not contain an express stipulation for payment of interest. We are conscious that the entitlement and quantum of interest may require examination with reference to the contractual terms and the documents relied upon by the parties. However, even assuming that a dispute exists with respect to a part of the interest component, the same would not, in the facts of the present case, constitute a pre-existing dispute in respect of the underlying principal operational debt, particularly when the Corporate Debtor had acknowledged the outstanding dues and thereafter issued cheques towards the liability.

7.10. The Respondent has also relied upon the pendency of proceedings under Section 138 of the Negotiable Instruments Act, 1881. We are unable to accept the same as constituting a pre-existing dispute for the purposes of Section 9 of the Code. The said proceedings arose pursuant to dishonour of cheques issued towards the outstanding dues. The Applicant has also disclosed the dishonoured cheques as part of the material placed before this Tribunal. Therefore, the pendency of such proceedings cannot, in the facts of the present case, obliterate the underlying acknowledgement of liability or convert the admitted commercial liability into a pre-existing dispute.

7.11. The Respondent has further questioned the effect of the Information Utility record. The Applicant has placed on record the Information Utility record showing the status of the default as "Deemed to be Authenticated". While such record is not by itself determinative of the existence of a debt or default, it constitutes relevant material which has to be considered along with the other documentary evidence placed on record. In the present case, the said record is corroborated by the acknowledgement of dues dated 14.10.2024 and the subsequent issuance of cheques by the Corporate Debtor.

7.12. The Respondent has relied upon the alleged pre-existing dispute and has contended that the present proceedings are being utilised as a recovery mechanism. However, the material placed before us does not demonstrate that any dispute regarding the subsisting operational debt was raised by the Corporate Debtor prior to the issuance of the demand notice under Section 8. Significantly, the Corporate Debtor did not issue any reply to the statutory demand notice disputing the debt. The disputes sought to be relied upon in the present proceedings principally concern subsequent events relating to return of goods, adjustments and the computation of interest. Such subsequent disputes cannot be retrospectively treated as a pre-existing dispute so as to defeat an otherwise maintainable application under Section 9.

7.13. We have also considered the offer made by the Corporate Debtor to pay the principal amount and the Demand Draft of Rs. 50,00,000/-

stated to have been produced before this Tribunal. While the same demonstrates the willingness of the Corporate Debtor to discharge the liability, such willingness, by itself, does not extinguish the default already committed. The proceedings under Section 9 are concerned with the existence of debt and occurrence of default, and not merely with the subsequent willingness of the Corporate Debtor to make payment.

7.14. At this stage, it is pertinent to observe that the object of the Code is not to provide a mere substitute for debt recovery. However, where the existence of operational debt and default is established and the Corporate Debtor fails to demonstrate a genuine dispute which existed prior to the issuance of the demand notice, the mere assertion that the proceedings have been initiated for recovery cannot constitute a ground for rejection of an application under Section 9.

7.15. In the present case, the documentary material placed on record establishes the existence of operational debt and default. The Corporate Debtor's subsequent conduct, including acknowledgement of dues and issuance of cheques towards the outstanding amount, materially corroborates the Applicant's claim. The alleged return of goods and consequential adjustments took place subsequent to the date of default and have, according to the Applicant, already been given effect to in the computation of the amount claimed. The dispute regarding interest, even if accepted to the limited extent of requiring determination of its quantum, does not constitute a pre-existing dispute in respect of the principal operational debt.

7.16. Accordingly, we are satisfied that the Corporate Debtor has failed to establish the existence of a genuine pre-existing dispute within the meaning of Section 9 of the Code. The debt claimed is above the statutory threshold, the occurrence of default has been established, the application is complete in all material particulars and the statutory demand notice has been duly served.

7.17. In view of the foregoing discussion, the present application satisfies the requirements of Section 9 of the Insolvency and Bankruptcy Code, 2016. Accordingly, the application satisfies the conditions for admission.

7.18. In the present case, the Operational Creditor has not proposed anyone as the Insolvency Resolution Professional in Part – III of the Application. Hence, this Tribunal appoints **Mrs. Ramela Rangasamy**, having Reg No: **IBBI/IPA-002/IP-N00506/2017-2018/11700**, (email id: **rum_jai@yahoo.com**) who is having **AFA till 31.12.2026** as the "Interim Resolution Professional" (IRP) in respect of the Corporate Debtor. The IRP appointed shall take in this regard such other and further steps as are required under the Code, more specifically in terms of Section 15,17,18 of the Code and file the report within 20 days before this Bench. The powers of the Board of Directors of the Corporate Debtor shall stand superseded as a consequence of the initiation of the CIRP in relation to the Corporate Debtor in terms of the provisions of IBC, 2016.

7.19. As a consequence of the Application being admitted in terms of Section 9 (5) of the Code, the moratorium as envisaged under the provisions of Section 14(1) and as extracted hereunder shall follow in relation to the Corporate Debtor:

"a. The institution of suits or continuation of pending suits or proceedings against the respondent 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 respondent any of its assets or any legal right or beneficial interest therein;

c. Any action to foreclose, recover or enforce any security interest created by the respondent 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 respondent.

Explanation.-For the purposes of this sub-section, it is hereby clarified that notwithstanding anything contained in any other law for the time being in force, a licence, permit, registration, quota, concession, clearance or a similar grant or right given by the Central Government, State Government, local authority, sectoral regulator or any other authority constituted under any other law for the time being in force, shall not be suspended or terminated on the grounds of insolvency, subject to the condition that there is no default in payment of current dues arising for the use or continuation of the license or a similar grant or right during moratorium period;"

7.20. However, during the pendency of the moratorium period in terms of Section 14(2) (2A) and 14(3) as extracted hereunder:

"(2) The supply of essential goods or services to the Corporate Debtor as may be specified shall not be terminated or suspended or interrupted during moratorium period.

(2A) Where the interim resolution professional or resolution professional, as the case may be, considers the supply of goods or services critical to protect and preserve the value of the Corporate Debtor and manage the

operations of such Corporate Debtor as a going concern, then the supply of such goods or services shall not be terminated, suspended or interrupted during the period of moratorium, except where such Corporate Debtor has not paid dues arising from such supply during the moratorium period or in such circumstances as may be specified.

(3) The provisions of sub-section (1) shall not apply to

(a) such transactions, agreements or other arrangement as may be notified by the Central Government in consultation with any financial sector regulator or any other authority;

(b) a surety in a contract of guarantee to a corporate debtor."

7.21. The duration of the period of moratorium shall be as provided in Section 14(4) of the Code and for ready reference reproduced as follows:

"(4) The order of moratorium shall have effect from the date of such order till the completion of the Corporate Insolvency Resolution Process: Provided that where at any time during the Corporate Insolvency Resolution Process period, if the 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, the moratorium shall cease to have effect from the date of such approval or Liquidation Order, as the case may be."

7.22. The Operational Creditor is directed to pay a sum of Rs.2,00,000/- (Rupees Two lakh only) to the Interim Resolution Professional upon the Interim Resolution Professional filing the necessary declaration form as required under the provisions of the Code to meet out the expenses to perform the functions assigned to her in accordance to Regulation 6 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

7.23. Based on the above terms, the Application stands admitted in terms of Section 9(5) of IBC, 2016 and the moratorium shall come in to effect as of this date. A copy of the Order shall be communicated to the Operational Creditor as well as to the Corporate Debtor above named by the Registry. In addition, a copy of the Order shall also be forwarded to IBBI for its records. Further, the Interim Resolution Professional above named be also furnished with copy of this Order forthwith by the Registry, who will also communicate the initiation of the CIRP in relation to the Corporate Debtor to the Registrar of Companies concerned.

7.24. Accordingly, **CP(IBC)/142/(CHE)/2025** is **allowed**.

-Sd-	-Sd-
RAVICHANDRAN RAMASAMY	**JYOTI KUMAR TRIPATHI**
MEMBER (TECHNICAL)	MEMBER (JUDICIAL)