NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH COURT VI

Item No. P1.

C.P. (IB)/725(MB)2025

CORAM:

SHRI SAMEER KAKAR
HON'BLE MEMBER (TECHNICAL)

SHRI NILESH SHARMA
HON'BLE MEMBER (JUDICIAL)

ORDER SHEET OF HEARING (HYBRID) DATED **11.08.2026**

NAME OF THE PARTIES: **Ratnaafin Capital Private Limited**

Vs

Kamdar Plastics Private Limited

Under Section 7 of the IBC.

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)

//S.DUBEY//

IN THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH-VI

C.P. (IB)/725/MB/2025

[Under Section 7 of the Insolvency and Bankruptcy Code, 2016 r/w Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016]

Ratnaafin Capital Private Limited

[CIN No. U65929DL2018PTC437822]

402, Bhikaji Cama Bhawan

Ring Road, Bhikaji Cama Place,

Near Hyatt Hotel,New Delhi,

India, 110066.

…Financial Creditor

V/s

Kamdar Plastic Private Limited

[CIN No. U25209MH1996PTC098169]

5 Nirman Industrial Estate,

New Link Road, Malad West,

Maharashtra, India, 400064.

...Corporate Debtor

Pronounced: 11.08.2026

CORAM:

HON'BLE SHRI NILESH SHARMA, MEMBER (JUDICIAL)

HON'BLE SHRI SAMEER KAKAR, MEMBER (TECHNICAL)

Appearances: Hybrid

For Applicant: Adv. Mr. Arjon Sheth a/w Adv. Mr. Amish S. Gandhi i/b Amish S. Gandhi.

For Respondent: Adv. Mr. Avinash R. Khanolkar a/w Adv. Mr. Mahesh T. Nulolu i/b Adv. Mr. Jenil Shah.

ORDER

[PER: CORAM]

1. BACKGROUND

1.1. C.P. (IB) No.725/MB/2025 (Application) was filed on 05.07.2025 by **Ratnaafin Capital Private Limited,** the Financial Creditor (FC), having CIN No.: U65929DL2018PTC437822 under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC), read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, for initiating Corporate Insolvency Resolution Process (hereinafter referred to as "CIRP") in respect of **Kamdar Plastic Private Limited,** the Corporate Debtor, having CIN No. U25209MH1996PTC098169.

1.2. This Application has been affirmed by one Mr. Ranpreet Gandhi, authorised signatory of the Applicant vide Authority Letter dated 02.05.2023.

1.3. As per Part IV of the Application, the amount claimed to be in default is Rs.1,31,58,389/- (Rupees One Crore Thirty-One Lakh Fifty-Eight Thousand Three Hundred Eighty-Nine).

1.4. In Part III of the application, the Financial Creditor has proposed the name of Mr. Jigar Tarunkumar Bhatt, an Insolvency Professional, having Registration No. IBBI/IPA-001/IP-P-01917/2019-2020/13005, to act as the Interim Resolution Professional (IRP) (having valid Authorisation for Assignment up to 31.12.2026) (as per IBBI site), in case the Application is Admitted.

2. CONTENTIONS OF APPLICANT (FC)

2.1. The Financial creditor had granted M/s. Kamdar Plastic (Principal Borrower), a loan of Rs. 2,00,00,000/- for the purpose of purchase bill discounting on the terms and conditions as mentioned in the Sanction Letters Dated 04.09.2023 and 24.07.2024. Copies of the loan application/ Sanction Letter having no. RCPL/CF/10082 dated 04.09.2023 and Sanction Letter dated 24.07.2028 are annexed to the application as annexure C.

2.2. That the Borrower and the Corporate Debtor, in pursuance to the sanction of the aforesaid loan, had entered into a Facility Agreement on 02.10.2023 with the Applicant herein wherein the CD is the Corporate Guarantor as per Schedule I of the said agreement dated 02.10.2023. Copies of the loan agreement dated 02.10.2023 including the Deed of Guarantee dated 02.10.2023 are annexed as annexure D.

2.3. A loan recall notice dated 03.11.2024 was issued by the Financial Creditor herein upon the Borrower and other guarantors including the CD herein, terminating two loan Agreement and demanding the outstanding loan amount together with contractual rate of interest, costs and charges payable under the said loan agreement dated 02.10.2023. Copy of recall notice is annexed as Annexure E.

2.4. The Financial Creditor has stated that proceedings under section 138 of the Negotiable Instruments Act, 1881 has also been initiated against the Borrower and its guarantors including the CD herein.

2.5. Further, the Borrower defaulted on its obligations under the Facility and has failed to repay the entire debt/ amount till date, the amount due and repayable under the Facility as on 09.05.2025 is Rs.1,31,58,389/-. Hence, guarantee was invoked, and CD was called upon to, inter alia, pay the said outstanding amount vide notice dated 13.05.2025. A copy of the notice dated 13.05.2025 issued upon the CD is annexed at Annexure F.

2.6. The said outstanding amount has been computed by the Financial Creditor as under:

Particulars	Amount (in rupees)
Total Overdue Principal	1,05,00,000/-
Normal Interest	9,29,959/-
Penal Charges	17,28,430/-
Total Outstanding as on 09.05.25	**1,31,58,389/-**

2.7. The Financial Creditor has computed the Date of Default as **19.05.2025**, being three days after service of the guarantee invocation notice dated 13.05.2025.

2.8. The Applicant has attached the following documents along with the Application and /or additional affidavit:

a. Copy of the master data of the Corporate Debtor.

b. Copy of the written commination of the proposed IRP in Form-2.

c. Copies of the loan application/ sanction letter having no. RCPL/CF/10082 dated 04.09.2023 and sanction letter dated 24.07.2024.

d. Copies of the loan agreement dated 02.10.2023 including the Deed of Guarantee dated 02.10.2023.

e. Copy of the loan recall notice dated 03.11.2024.

f. Copy of the guarantee invocation notice dated 13.05.2025 issued upon the CD.

g. Copy of Record of Default (Form D) with NeSL.

h. Copy of acknowledgement of intimation to the IBBI Form 1A(IAAA).

i. Copy of the master data of the Financial Creditor.

j. Copy of the loan account statement for Account number: 0010242001000033

k. Copy of the relevant extract of the Commercial Credit Information Report by TransUnion CIBIL Limited.

l. Copy of the Board Resolution dated 02.05.2023.

m. Copy of the Certificate under Banker's Book Evidence Act, 1891.

n. Copy of relevant Bank Statement indicating the disbursement and repayment by the Borrower.

o. Copy of the table detailing the amounts outstanding to the account of the Borrower, for which the Corporate Debtor had given guarantee, as on 09.05.2025.

3. ADD. AFFIDAVIT BY FINANCIAL CREDITOR

3.1. It is stated that the Financial Creditor had granted the Borrower, a loan of Rs.2,00,00,000/- towards the Purchase Bill Discounting facility on the terms and conditions as mentioned in the Sanction Letters dated 04.09.2023 and 24.07.2024. That the Borrower executed the Loan Agreement dated 02.10.2023 with the Financial Creditor, wherein the Corporate Debtor was the Corporate Guarantor. The copies of the loan application! sanction letter having no. RCPL/CF/10082 dated 04.09.2023 and sanction letter dated 24.07.2024 is already annexed with the petition as Annexure - "C", and a copy of the loan agreement dated 02.10.2023 including the Deed of Guarantee dated 02.10.2023 is annexed to the petition as Annexure - "D".

3.2. It is stated that the applicable interest as per the loan documents was deducted on each disbursal amounts of Rs. 50,00,000/- (Rupees Fifty Lakhs Only) at the time of disbursal. The Financial Creditor has placing on record a Certificate under Banker's Book Evidence Act, 1891 along with the copies of the Bank Statement of the Petitioner's account maintained with its banker State Bank of India detailing the amounts disbursed by the Financial Creditor to the Borrower in accordance with the loan agreement. A table detailing the disbursements is as given below:

Sr. No.	Date of Disbursement	Reference No.	Amount (in ₹)
1	05-07-2024	RTGS UTR NO: SBINR12024070533827040	₹48,39,726/-
2	16-07-2024	RTGS UTR NO: SBINR12024071636056819	₹48,39,726/-
3	26-07-2024	RTGS UTR NO: SBINR12024072638139394	₹48,39,726/-
4	28-08-2024	RTGS UTR NO: SBINR12024082844500728	₹48,52,055/-

3.3. The Financial Creditor has also produced a Certificate under Banker's Book Evidence Act, 1891, along with the copies of the Bank Statement of the Financial Creditor account maintained with its banker State Bank of India detailing the amounts received from the Borrower towards repayment of the loan amounts. It is further submitted that the details of such repayments are reflecting in the bank statement, a tabular summary whereof is reproduced herein below:

Sr. No.	Date of Repayment	Reference No.	Amount (in ₹)
1	25-10-2024	RTGS UTR NO.: MAHBR52024102518594993	₹10,00,000/-
2	19-11-2024	RTGS UTR NO.: UTIBR62024111984458618	₹5,00,000/-
3	26-11-2024	RTGS UTR NO.: MAHBR52024112618853332	₹10,00,000/-
4	29-11-2024	RTGS UTR NO.: UTIBR62024112986174730	₹10,00,000/-
5	13-12-2024	RTGS UTR NO.: UTIBR62024121388600566	₹5,00,000/-
6	26-12-2024	IMPS/436119267944/AXB-XX994-KAMDARPL/IMPS 0097948162093	₹5,00,000/-
7	29-12-2024	RTGS UTR NO.: UTIBR62024122991085886	₹5,00,000/-
8	16-01-2025	RTGS UTR NO.: UTIBR62025011694390376	₹10,00,000/-
9	17-01-2025	RTGS UTR NO.: UTIBR62025011794495738	₹5,00,000/-
		Total	**65,00,000/-**

A copy of the certificate under Banker's Book Evidence Act, 1891 along with relevant Bank Statement indicating the repayment by the Borrower is annexed as Exhibit B to the Additional Affidavit.

3.4. It is stated that the Borrower till 09.05.2025 has repaid an amount of Rs. 65,00,000 (Rupees Sixty-Five Lakhs). That as per the terms and condition of the Loan Agreement the amounts disbursed under the purchase bill discounting facility were to be repaid within a period of 90 days from the date of disbursement. The last repayment made by the Corporate Debtor was on 17.01.2025. The Financial Creditor had thereafter on 31.01.2025, adjusted the security deposit amount of Rs. 30,00,000/- (Rupees Thirty Lakhs Only). The said amount is adjusted towards the outstanding balance in the account of the Borrower. The table below provides the outstanding amounts in the Borrower's account, guaranteed by the Corporate Debtor, as on **09.05.2025**.

EXHIBIT "C"

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Payment made by customer and overdue details as on 09.05.2025											
Sr no.	Account Name	Amount adjusted against Disb Date	Amount adjusted against	Amount paid by customer	POS Amount pending from the Invoice	ROI	Due Date	Payment Date	Late Days	Collectable Interest to be Paid by customer on Delay	Penal Charges
1	Kamdar Plastics	05-07-2024		₹ 10,00,000.00		13.00%		25-10-2024	23	₹ 8,191.78	₹ 14,838.71
2	Kamdar Plastics	05-07-2024		₹ 5,00,000.00		13.00%		19-11-2024	48	₹ 8,547.95	₹ 16,000.00
3	Kamdar Plastics	05-07-2024		₹ 10,00,000.00		13.00%		26-11-2024	55	₹ 19,589.04	₹ 36,666.67
4	Kamdar Plastics	05-07-2024	₹ 50,00,000.00	₹ 10,00,000.00	₹ 0.00	13.00%	02-10-2024	29-11-2024	58	₹ 20,657.53	₹ 38,666.67
5	Kamdar Plastics	05-07-2024		₹ 5,00,000.00		13.00%		13-12-2024	72	₹ 12,821.92	₹ 23,225.81
6	Kamdar Plastics	05-07-2024		₹ 5,00,000.00		13.00%		26-12-2024	85	₹ 15,136.99	₹ 27,419.35
7	Kamdar Plastics	05-07-2024		₹ 5,00,000.00		13.00%		29-12-2024	88	₹ 15,671.23	₹ 28,387.10
8	Kamdar Plastics	16-07-2024		₹ 10,00,000.00		13.00%		16-01-2025	95	₹ 33,835.62	₹ 61,290.32
9	Kamdar Plastics	16-07-2024	₹ 50,00,000.00	₹ 5,00,000.00	₹ 5,00,000.00	13.00%	13-10-2024	17-01-2025	96	₹ 17,095.89	₹ 30,967.74
10	Kamdar Plastics	16-07-2024		₹ 30,00,000.00		13.00%		31-01-2025	110	₹ 1,17,534.25	₹ 2,12,903.23
11	Kamdar Plastics	16-07-2024		-		13.00%		-	208	₹ 37,041.10	₹ 67,096.77
12	Kamdar Plastics	26-07-2024	₹ 50,00,000.00	-	₹ 50,00,000.00	13.00%	23-10-2024	-	198	₹ 3,52,602.74	₹ 6,38,709.68
13	Kamdar Plastics	28-08-2024	₹ 50,00,000.00	-	₹ 50,00,000.00	12.00%	25-11-2024	-	165	₹ 2,71,232.88	₹ 5,32,258.06
TOTAL			₹ 2,00,00,000.00	₹ 95,00,000.00	₹ 1,05,00,000.00					₹ 9,29,958.90	₹ 17,28,430.11

Note : - ₹30,00,000/- is Security Deposit which is adjusted against overdue on 31.01.2025

Total Overdue Principal	₹ 1,05,00,000.00
Normal Interest	₹ 9,29,959.00
Penal Charges	₹ 17,28,430.00
Total Outstanding as on	**₹ 1,31,58,389.00**

4. REPLY BY CORPORATE DEBTOR

4.1. The principal contention of the Corporate Debtor is that the Financial Creditor wrongfully terminated the Loan Facility Agreement without there being any valid event of default on the part of the Borrower. It is submitted that the Bill Purchase facility was availed by the partnership firm M/s. Kamdar Plastics ("Borrower") pursuant to the sanction letters dated 04.09.2023 and 24.07.2024 and the Facility Agreement dated 02.10.2023.

4.2. It is stated that the loan account of borrower was never declared as Non-performing asset (NPA) nor any default notice was issued to the borrower disclosing the event of default by the borrower as per facility agreement between the parties. It is submitted that date of default cannot be 19.05.2025 as stated in the subject Petition, on this ground this Petition must be dismissed at this very threshold.

4.3. It is further contended that even after issuance of the Loan Recall Notice dated 03.11.2024, the Financial Creditor has received payments which is evident from the computation table also referred and relied upon by the financial creditor in the additional affidavit (Exhibit C). Financial creditor has not issued any demand upon the borrower before 03.11.2024 and has issued demand notice upon the corporate guarantor which is completely misconceived.

4.4. The Corporate Debtor therefore contends that in absence of event of default clearly established against the borrower, guarantor does not become liable to pay the dues of the Borrower. Even if for the sake of argument, it is admitted that borrower has defaulted and event of default has occurred against the borrower, as per clause 11.1.2 of the loan facility agreement such default needs to be clearly established and continue for 7 days after notice in writing to the borrower. Financial creditor has received payments after recall notice dated 03.11.2024 as is evident from their computation and thereafter there is no event of default established against the borrower. Therefore, it is submitted that the loan facility has been wrongfully been terminated with ulterior motives and in absence of established financial debt and default, the subject petition is liable to be dismissed.

4.5. The Corporate Debtor contends that invocation of the corporate guarantee is premature. In absence of established event of default against the borrower, no demand can be raised against the corporate debtor. Therefore, the said invocation is pre-mature in nature and deserves to be dismissed at this very threshold. The Corporate Guarantor vehemently denies that date of default for the borrower is 19.05.2025 as stated in the said petition. The said demand notice was never served upon the original borrower.

4.6. It is stated that the invocation of guarantee is contingent on the event of default by the borrower and absence of any default by the borrower, the Financial creditor cannot unilaterally terminate the facility agreement and invoked the provisions of the guarantee and demand the guarantee amount from the corporate guarantor. Further, it is contended that the said demand by the financial creditor in the subject petition is nothing but an arm- twisting technique to settle scores with the borrower and use this tribunal as tool for recovery.

4.7. The Corporate Debtor further contends that no effective steps have been taken by the Financial Creditor against the principal Borrower before initiating insolvency proceedings against the Corporate Guarantor. It is submitted that the Financial Creditor has inflated the outstanding dues by levying penal charges without first declaring the loan account as NPA. According to the Corporate Debtor, the Facility Agreement itself does not clearly provide any repayment cycle or repayment plan and therefore the Financial Creditor could not have unilaterally recalled the facility.

4.8. It is further stated that the Financial creditor has unilaterally terminated the agreement and seeks recovery of dues for reasons best known to them. It appears that financial creditor has filed the said petition to avoid civil adjudication by civil court.

4.9. The Corporate Debtor submits that the Principal Borrower and the Corporate Guarantor are distinct legal identity and financial creditor ought to follow the due process and take adequate steps for the financial debt due and payable by the borrower.

4.10. It is submitted that provisions u/s 7 of Insolvency and Bankruptcy Code, 2016 (said Act), uses words 'may' u/s 7(5) of the said Act which shows the intention the legislature that Hon'ble Court must take into consideration all aspects before admitting a company into CIRP. Without prejudice to the arguments raised by the Corporate Debtor herein, even if for the sake of argument, it is admitted that financial debt and default exists against the borrower, this bench must examine all parameters including steps taken by the financial creditor against the borrower before admitting Corporate Debtor into Corporate Insolvency Resolution process (CIRP).

4.11. On the aforesaid grounds, the Corporate Debtor has prayed for dismissal of the Company Petition with costs.

5. REJOINDER BY THE FINANCIAL CREDITOR

5.1. The Rejoinder is filed by on Mr. Ranpreet Gandhi stated to be authorised officer of the Applicant vide Letter of Authority dated 02.05.2023.

5.2. The Financial Creditor submits that the Borrower failed to remit the instalments as per the schedule recorded in the Facility Agreement and the account was not maintained in accordance with the contractual terms. In view of repeated delays and non-payment, the Financial Creditors issued a Loan Recall Notice dated 03.11.2024 to both the Borrower and the Guarantor i.e. Corporate Debtor herein, thereby terminating the facility due to default. Termination of the facility was therefore on account of contractual non-compliance by the borrower.

5.3. It is stated that the Corporate Debtor has relied upon payments made by the borrower after the loan recall notice dated 03.11. 2024 and contended that no default existed. The Financial Creditor in its Additional Affidavit dated 30.08.2025 has placed on record in the Exhibit' C as annexed to the Additional Affidavit the amounts received by the Financial Creditor post loan recall notice. That out of the disbursal of Rs. 2,00,00,000/- the borrower after the issuance of the loan recall notice made a payment of Rs.55,00,000/- (Rupees Fifty-Five Lakhs Only) from 19.11.2024 to 17.01.2025. It is further stated that the borrower failed to repay the entire amounts as due and payable to the Financial Creditor. The Financial Creditor therefore on 31.01.2025 adjusted the security deposit of Rs. 30,00,000/- and therefore the balance amount due and payable by the borrower stood at Rs. 1,05,00,000/- towards principal amounts and additional Interest and penal charge on said outstanding amounts. That no payment after 17.01.2025 has been received by the Financial Creditor. Default therefore continued and remained unremedied. It is submitted that the receipt of partial payment totalling Rs. 55,00,000/- between 19.11.2024 and 17.01.2025 does not cure the default; on the contrary, it constitutes an unequivocal admission of debt and liability by the Borrower.

5.4. It is specifically averred that the Corporate Debtor has conveniently ignored the fact that no payments whatsoever have been received by the Petitioner since 17.01.2025. Thus the "Default" within the meaning of Section 3(12) of the Code is continuing and subsisting. That the Corporate Debtor has failed to produce and/or place on record that payments were made after 17.01.2025 or that the outstanding amount was cleared. Hence, the stance that there was “no event of default" is unsupported by facts and contrary to the contractual framework.

5.5. The Financial Creditor has denied the Contention that invocation of the Corporate Guarantee was premature or illegal. It is submitted that the Facility Agreement dated 02.10.2023 and the Deed of Guarantee dated 02.10.2023, both executed by the Corporate Debtor, clearly record that the Corporate Debtor stands as Corporate Guarantor for due repayment of the debt. It is settled law that the liability of a Guarantor is co-extensive with that of the Principal Borrower under section 128 of the Indian Contract Act, 1872. The deed of Guarantee dated 02.10.2023 expressly renders the Corporate Debtor liable as a principal borrower upon the occurrence of a default. The guarantee is unconditional, irrevocable, and co-extensive with that of the principal borrower. That upon occurrence of default, the Petitioner validly invoked the Corporate Guarantee vide notice dated 13.05.2025, and therefore the Corporate Debtor (herein Corporate

Guarantor) became directly liable to discharge the outstanding amount. It is stated that the plea that invocation was premature or illegal is misconceived.

5.6. The Financial Creditor further submits that receipt of certain payments from the Borrower after recall does not extinguish the liability of the Corporate Guarantor. Since no payment has been made by the Corporate Debtor pursuant to the invocation notice, the default under the guarantee continues unabated. With regard to the objection concerning service of notices, the Financial Creditor submits that the Loan Recall Notice dated 03.11.2024 was duly served upon both the Borrower and the Corporate Debtor. It is further contended that the Borrower's subsequent payments after issuance of the recall notice clearly establish its knowledge of the recall.

5.7. The Financial Creditor further contends that the invocation notice dated 13.05.2025 was specifically addressed to the Corporate Debtor as Corporate Guarantor. According to the Financial Creditor, there exists no legal requirement that a separate guarantee invocation notice must also be served upon the principal Borrower before invoking the liability of the Corporate Guarantor.

5.8. The Financial Creditor submits that the liability of the Corporate Guarantor being co-extensive with that of the principal Borrower, service of the invocation notice upon the Corporate Debtor is sufficient to trigger its contractual obligations under the Deed of Guarantee. Consequently, the alleged non-service upon the Borrower cannot constitute a valid defence to the present proceedings. In response to the allegation that the claim amount has been inflated, the Financial Creditor submits that the principal outstanding alone is ₹1,05,00,000/-, which is itself well above the minimum threshold prescribed under Section 4 of the Insolvency and Bankruptcy Code, 2016. The computation of contractual interest and penal charges has been made strictly in accordance with the terms of the Facility Agreement and Sanction Letters and cannot be termed as arbitrary or inflated.

5.9. The Financial Creditor has further submitted that classification of the loan account as a Non-Performing Asset (NPA) is not a statutory prerequisite for initiation of proceedings under Section 7 of the Code. According to the Financial Creditor, the only relevant considerations are the existence of a financial debt and the occurrence of default, both of which stand duly established from the material placed on record.

5.10. The Financial Creditor has denied the allegation that the present proceedings have been initiated with ulterior motives or as a coercive recovery mechanism. It is submitted that the Petition has been instituted solely in exercise of the statutory remedy available under Section 7 of the Insolvency and Bankruptcy Code, 2016 upon occurrence of default and that the Corporate Debtor has failed to disclose any bona fide defence capable of defeating the Petition.

5.11. On the aforesaid premises, the Financial Creditor has reiterated that a financial debt exceeding the statutory threshold exists, the Corporate Debtor has committed default in discharge of its liability as Corporate

Guarantor, and all requirements under Section 7 of the Insolvency and Bankruptcy Code, 2016 stand duly satisfied. Accordingly, the Financial Creditor has prayed for admission of the Company Petition, commencement of the Corporate Insolvency Resolution Process against the Corporate Debtor and grant of consequential reliefs under the Code.

6. WRITTEN SUBMISSIONS BY FINANCIAL CREDITOR

6.1. The Financial Creditor has also filed brief synopsis/ written statement of its arguments on 03.02.2026 which has been considered while passing this order.

6.2. The Financial Creditor has relied on the following judgments:

i. Innoventive Industries Ltd. v. ICICI Bank.

ii. Laxmi Pat Surana v. Union Bank of India.

7. WRITTEN SUBMISSIONS BY CORPORATE DEBTOR

7.1. The Corporate Debtor has also filed brief synopsis/ written statement of its arguments on 21.02.2026 which has been considered while passing this order.

7.2. The Corporate Debtor has relied on the following judgments:

i. M. Suresh Kumar Reddy v. Canara Bank (2023) 8 SCC 387

ii. Innoventive Industries Ltd. v. ICICI Bank (2018) 1 SCC 407

8. ANALYSIS AND FINDINGS

8.1. We have perused the documents as placed before us and have heard the Ld. Counsels for the Applicant and the Corporate Debtor. Our findings in the matter are as under: -

8.2. From the documents placed before this Bench, it is evident that the Financial Creditor sanctioned a Purchase Bill Discounting Facility aggregating to Rs. 2,00,00,000/- in favour of M/s. Kamdar Plastics, a partnership firm. The Facility Agreement dated 02.10.2023 was executed between the Financial Creditor, the Principal Borrower and various guarantors. Simultaneously, i.e. on 02.10.2023 the Corporate Debtor executed a Deed of Corporate Guarantee whereby it irrevocably guaranteed repayment of all dues payable under the said facility.

8.3. The execution of the Facility Agreement and the Deed of Guarantee has not been specifically denied by the Corporate Debtor. Nor the Corporate Debtor denied the disbursement of the debt to the Principal Borrower. The Corporate Debtor has also not disputed that it acted as the Corporate Guarantor in respect of the said financial facility. Consequently, the existence of a financial debt within the meaning of Section 5(8) of the Code stands established.

8.4. The principal defence of the Corporate Debtor is that the loan facility was wrongfully recalled without occurrence of any event of default and that the Borrower continued to make payments even after issuance of the Loan Recall Notice dated 03.11.2024.

8.5. It is observed from the Loan Agreement dated 02.10.2023 that in clause 2.5, the term or tenor of the loan shall be as per Schedule I to the said Agreement. Further, Para 5.1 of the Loan Agreement states that notwithstanding anything to the contrary contained in the Agreement, the loan shall be repayable on demand and the lender shall have the right to be paid forthwith on demand the entire outstanding obligations in respect of the Loan. The said clause further stated that without prejudice to the aforesaid, the Borrower shall repay the loan together with interest and other charges thereon on due dates as mentioned in Schedule II. The clause 5.1 is reproduce below:

> *“**5.1**. Notwithstanding anything to the contrary contained in this Agreement, the Loan shall be repayable on demand and the Lender shall have the right to be paid forthwith on demand the entire Outstanding Obligations in respect of the Loan. Without prejudice to the aforesaid, the Borrower shall repay the Loan together with interest and other charges thereon on Due Date as mentioned in the **Schedule II** hereto (**"Repayment Schedule"**). The Repayment Schedule is without prejudice to the right of the Lender to recompute the interest in case of variation of the Interest Rate and on such re-computation, payment shall be made by the Borrower in accordance with such*

*varied Repayment Schedule. The Borrower hereby agree that the time is the essence of the contract.***”**

Schedule I of the said Loan Agreement in Clause (16) stated the Tenure of Loan as “*12 Months Renewable Every year*” and clause 25 of the said schedule defines the usance tenor as “*Maximum up to 90 days, or such other tenure as may be mutually agreed.”* Schedule II attached to the Loan Agreement does not specify any date or amount of repayment and is blank.

We have also observed from the Loan Account Statement of the principal borrower in the books of the Applicant that with effect from 30.07.2024 the Applicant has charged overdue interest/overdue penal charges in respect of delayed recovery of the bills discounted. Thereafter, on 10.10.2024, there was a credit entry for an amount of Rs. 50,43,602/-, however, on the same day the said entries was reversed on account of insufficient funds. Thereafter, again on 25.10.2024, two credit entries of Rs. 50 lakh each is made, however, the said entry also got reversed due to “*Being Nach return*”. Again on 14.11.2024 there are two credit entries on Rs. 7.50 lakh and Rs. 10 lakh, which also got reversed on the same date. Thereafter, again there were a number of credit entries, which got reversed on the same day. As a result of these failed payments on behalf of the principal borrower, the Loan Agreement was terminated and loan was recalled by the Applicant on 03.11.2024. As a consequence of the said recall, the entire outstanding amount became due and as the same was not paid by the principal borrower, there was a default on the part of the principal borrower. Consequently, the Applicant invoked the guarantee of the Corporate Debtor *vide* notice dated 13.05.2025, which was not honoured by the Corporate Debtor giving rise to filing of this Application.

8.6. In view of the contents of para 8.5 above, we are unable to accept the aforesaid contention of the Corporate Debtor that Loan facility was wrongfully recalled. Though each bill discounted was to be repaid within the usance period of 90 days in terms of the Loan Agreement, in case of delay/default, the applicant is entitled to recall the loan. Moreover, as per clause 5.1 of the Loan Agreement, notwithstanding anything to the contrary contained in the Agreement, the loan was repayble on demand, and as the Applicant recalled the Loan, the entire outstanding became due for payment. The said demand by the Applicant did not require any default by the principal borrower, though principal borrower committed various defaults. The documents placed on record reveal that although certain amounts aggregating to Rs. 55,00,000/- were received from the Borrower after issuance of the Loan Recall Notice between 19.11.2024 and 17.01.2025. Prior to the same also, the Borrower had made payment of Rs. 10 lakhs to the Applicant. The said payments admittedly did not liquidate the entire outstanding liability. The Financial Creditor has also adjusted the security deposit of Rs. 30,00,000/- on 31.01.2025. Even after giving credit to all such amounts, the principal outstanding admittedly remained at Rs. 1,05,00,000/-. The Corporate Debtor has not produced any documentary evidence to establish that the entire liability stood discharged. Rather, the fact that the Borrower continued to make payments after issuance of the recall notice itself evidences acknowledgment of the subsisting liability. The subsequent payments cannot be construed as obliterating the earlier default when admittedly a substantial amount continued to remain unpaid.

8.7. The Corporate Debtor has further contended that the loan account was never classified as a Non-Performing Asset (NPA) and therefore default cannot be said to have occurred. This submission deserves outright rejection. Classification of an account as NPA is not a statutory condition precedent for invoking Section 7 of the Code. What is required to be established is the existence of a financial debt and the occurrence of default. The Hon'ble Supreme Court in *Innoventive Industries Ltd. v. ICICI Bank and Anr [CIVIL APPEAL Nos. 8337- 8338 OF 2017]* has categorically held that at the admission stage, the Adjudicating Authority is only required to ascertain the existence of debt and default from the records before it. We are supported by the said decision of Hon'ble Supreme Court in *Innoventive Industries Limited* matters wherein it was held as follows:

> ***"28.*** *….The moment the adjudicating authority is satisfied that a default has occurred, the application must be admitted unless it is incomplete, in which case it may give notice to the applicant to rectify the defect within 7 days receipt of a notice from the adjudicating authority.*
>
> *…………….*

> ***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."*
>
> (emphasis supplied)

8.8. The next defence raised by the Corporate Debtor is that the Corporate Guarantee was invoked prematurely and that no proceedings were initiated against the principal Borrower prior to invoking the guarantee.

8.9. The said contention is contrary to settled principles of law. Section 128 of the Indian Contract Act, 1872 expressly provides that the liability of the guarantor is co-extensive with that of the principal debtor unless otherwise provided by the contract. The Deed of Guarantee executed by the Corporate Debtor is unconditional and irrevocable. Upon occurrence of default, the Financial Creditor was fully entitled to invoke the Corporate Guarantee.

8.10. The Hon'ble Supreme Court in *Laxmi Pat Surana v. Union Bank of India in Civil Appeal No. 2734 of 2020* has authoritatively held that proceedings under Section 7 of the Code are maintainable against a Corporate Guarantor even though the principal borrower is not a corporate person and that the liability of the guarantor arises immediately upon default committed by the principal borrower. The relevant abstract of the said Judgment is reproduced below: -

> ***"26.*** *The expression "corporate debtor" is defined in Section 3(8) which applies to the Code as a whole. Whereas, expression "corporate guarantor" in Section 5(5A), applies only to Part II of the Code. Upon harmonious and purposive construction of the governing provisions, it is not possible to extricate the corporate person from the liability (of being a corporate debtor) arising on account of the guarantee given by it in respect of loan given to a person other than corporate person. The liability of the guarantor is coextensive with that of the principal borrower. The remedy under Section 7 is not for recovery of the amount, but is for reorganisation and insolvency resolution of the corporate debtor who is not in a position to pay its debt and commits default in that regard. It is open to the corporate debtor to pay off the debt, which had become due and payable and is not paid by the principal borrower, to avoid the rigours of Chapter II of the Code in general and Section 7 in particular.*
>
> ***27.*** *In law, the status of the guarantor, who is a corporate person, metamorphoses into corporate debtor, the moment*

principal borrower (regardless of not being a corporate person) commits default in payment of debt which had become due and payable. Thus, action under Section 7 of the Code could be legitimately invoked even against a (corporate) guarantor being a corporate debtor. The definition of "corporate guarantor" in Section 5(5A) of the Code needs to be so understood.

***28.** A Priori, we find no substance in the argument advanced before us that since the loan was offered to a proprietary firm (not a corporate person), action under section 7 of the Code cannot be initiated against the corporate person even though it had offered guarantee in respect of that transaction. Whereas, upon default committed by the principal borrower, the liability of the company (corporate person), being the guarantor, instantly triggers the right of the financial creditor to proceed against the corporate person (being a corporate debtor). Hence, the first question stands answered against the appellant."*

8.11. The Corporate Debtor has also argued that the invocation notice was defective on account of alleged non-service upon the principal Borrower. This contention is equally devoid of merit. The Loan Recall Notice dated 03.11.2024 was admittedly issued to both the Borrower and the Corporate Debtor. Proof of service of the Loan Recall Notice upon the principal borrower by way of speed post, in the form of a tracking report is attached on page no. 109. The same reflects that service of the Recall Notice was made upon the Principal borrower at its office situated at Malad (west) Mumbai having Pin code 400064 on 11.11.2024. Thereafter, the Corporate Guarantee was invoked by notice dated 13.05.2025 addressed to the Corporate Debtor. The said invocation notice was served upon the Corporate Debtor by way of speed post at its registered office situated at Malad (west) Mumbai-400064 on 15.05.2025. The proof of service, in the form of tracking report, is attached at page no. 117 of the Application. Once the guarantee was invoked, the liability of the Corporate Debtor arose independently under the Deed of Guarantee. No legal provision has been brought to the notice of this bench requiring a separate guarantee invocation notice to the Borrower as a pre-condition for enforcing the liability of the Corporate Guarantor.

8.12. The Corporate Debtor has further contended that the outstanding amount claimed by the Financial Creditor is inflated on account of inclusion of contractual interest and penal charges. Even assuming such contention to be correct for the sake of argument, the principal outstanding itself admittedly exceeds ₹1,05,00,000/-, which is substantially above the statutory threshold prescribed under Section 4 of the Code. Therefore, the dispute regarding computation of interest or penal charges does not affect the maintainability of the present Petition.

8.13. This Bench also takes note of the fact that the Financial Creditor has also placed on record NeSL Record of Default in Form-D, evidencing the occurrence of default, which reflects the status of authentication of default as **"DEEMED TO BE AUTHENTICATED"**. The Corporate Debtor has failed to produce any cogent documentary evidence disproving the said record or establishing complete repayment of the financial debt.

8.14. The Financial Creditor has produced the Sanction Letters, Facility Agreement, Deed of Guarantee, Statement of Account, Loan Recall Notice, Invocation Notice, Information Utility record and the bank statements filed by way of the Additional Affidavit. The bank statements clearly demonstrate the actual disbursement of the sanctioned facility as well as the repayments received from time to time from the Principal Borrower. The Additional Affidavit merely supplements the documentary evidence already forming part of the Petition and reinforces the financial transactions between the parties.

8.15. Having considered the pleadings, the documentary evidence and the rival submissions advanced by the parties, this Bench is satisfied that the Financial Creditor has successfully established (i) the existence of a financial debt; (ii) execution of the Corporate Guarantee by the Corporate Debtor; (iii) occurrence of default; (iv) Invocation of Guarantee by the Applicant; and (v) the continuing failure of the Corporate Debtor to honour its liability under the Deed of Guarantee despite invocation thereof.

8.16. Accordingly, this Bench is of the considered opinion that the present Company Petition deserves to be admitted under Section 7 of the Insolvency and Bankruptcy Code, 2016.

8.17. The present Application is filed on 05.07.2025. which is well within the period of three years from the date of default of 19.05.2025 and therefore we hold that the Application is well within the limitation period.

8.18. This Tribunal places reliance on the judgment of ***Hon'ble Supreme Court in Power Trust (Promoter of Hiranmaye Energy Ltd.) v. Bhuvan Madan, IRP of Hiranmaye Energy Ltd. and Ors. [Civil Appeal No(s). 2211/2024 decided on 18.02.2026]*** 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. <u>In a similar vein, the Adjudicating Authority is not required to go into the inability of a corporate debtor to pay its debt.</u> 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.

<u>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.</u> 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)

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

a. The Code prescribes whenever a corporate debtor defaults on a debt that is due and payable, an insolvency process must 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.

b. 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.

c. 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).

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

e. 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.

8.20. The Corporate Debtor has relied upon the judgments of the Hon'ble Supreme Court in M. Suresh Kumar Reddy v. Canara Bank, (2023) 8 SCC

387 and Innoventive Industries Ltd. v. ICICI Bank, (2018) 1 SCC 407. We have considered the aforesaid judgments. Both authorities reiterate that, while examining an application under Section 7 of the Code, the Adjudicating Authority is required to ascertain the existence of a financial debt and occurrence of default.

8.21. In the present case, the execution of the Facility Agreement and Corporate Guarantee is not disputed. The Financial Creditor has also placed material showing that a substantial amount remained unpaid despite recall of the facility and invocation of the guarantee. Hence, the ratio of the aforesaid judgments does not assist the Corporate Debtor. On the contrary, once debt and default are established, the requirements of Section 7 stand satisfied. Accordingly, the reliance placed by the Corporate Debtor on the aforesaid judgments does not merit acceptance.

8.22. In view of the above, the Applicant has successfully demonstrated the existence of a financial debt, as the transaction involves money borrowed against the payment of interest under section 5(8)(a) of IBC 2016, the occurrence of default which is way above the threshold as stipulated under Section 4 of the Code, and continuing nature of such default supported by clear documentary evidence.

8.23. Financial Creditor has also proposed the name of an Insolvency Professional i.e. Mr. Jigar Tarunkumar Bhatt, an Insolvency Professional, having Registration No IBBI/IPA-001/IP-P-01917/2019-2020/13005 and Authorization for Assignment (AFA), which is valid upto 30.12.2026 as per IBBI portal, as the proposed IRP and as per the Form 2 attached along with the Application, no disciplinary proceedings are going on against the said IP. Further, this Application is complete as all the required documents have been attached along with the Application. Accordingly, the present Application is fit for admission under Section 7 of the IBC, 2016.

8.24. We make it clear that at this stage we have not crystallised the amount as claimed in this Application; the same is left to be collated by the IRP.

ORDER

In view of the aforesaid findings, this Application bearing C.P. (IB) 725/MB/2025 filed under Section 7 of IBC, 2016, by Ratnaafin Capital Private Limited, the Applicant (FC), for initiating CIRP in respect of Kamdar Plastic Private Limited, the Corporate Debtor, is **Admitted.**

We further declare a moratorium under Section 14 of IBC, 2016 with consequential directions as mentioned below:

I. We prohibit:

a) the institution of suits or continuation of pending suits or proceedings against the Corporate Debtor, including the execution of any judgment, decree, or order in any court of law, tribunal, arbitration panel, or other authority;

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

c) any action to foreclose, recover, or enforce any security interest created by the Corporate Debtor in respect of its property, including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, and;

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

II. That the supply of essential goods or services to the Corporate Debtor, if continuing, shall not be terminated or suspended or interrupted during the moratorium period.

III. That the order of moratorium shall have effect from the date of this order till the completion of the CIRP or until this Tribunal approves the resolution plan under Section 31(1) of the IBC or passes an order for the liquidation of the Corporate Debtor under Section 33 thereof, as the case may be.

IV. That the public announcement of the CIRP shall be made immediately as specified under Section 13 of the IBC read with Regulation 6 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 and other Rules and Regulations made thereunder.

V. That this Bench hereby appoints**,** Mr. Jigar Tarunkumar Bhatt, having Registration No. **IBBI/IPA-001/IP-P-01917/2019-2020/13005** and **e-mail address:** **jigarb.jigarb@gmail.com** having valid Authorisation for Assignment up to 31.12.2026 (as per IBBI site) as the IRP to carry out the functions under the IBC.

VI. That the fee payable to IRP/RP shall be in accordance with such Regulations/Circulars/ Directions as may be issued by the IBBI.

VII. That during the CIRP Period, the management of the Corporate Debtor shall vest in the IRP or, as the case may be, the RP in terms of Section 17 or Section 25, as the case may be, of the IBC. The officers and managers of the Corporate Debtor are directed to provide all assistance to the IRP as and when he takes charge of the assets and management of the Corporate Debtor. Coercive steps will follow against them under the provisions of the IBC read with Rule 11 of the NCLT Rules for any violation of law.

VIII. That the IRP/IP shall submit to this Tribunal monthly reports with regard to the progress of the CIRP in respect of the Corporate Debtor.

IX. In exercise of the powers under Rule 11 of the NCLT Rules, 2016, the Financial Creditor is directed to deposit a sum of Rs.**3,00,000**/- (Three Lakh Rupees) with the IRP to meet the initial CIRP cost arising out of issuing public notice and inviting claims, etc. The amount so deposited shall be interim finance and paid back to the Financial Creditor on priority upon the funds becoming available with IRP/RP from the Committee of Creditors (CoC). The expenses incurred by IRP out of this fund are subject to approval by the CoC.

X. A copy of this Order be sent to the Registrar of Companies, Mumbai Maharashtra, for updating the Master Data of the Corporate Debtor.

XI. The IRP is directed to issue notice of Admission upon all the statutory authorities of Corporate Debtor without Fail

XII. A copy of the Order shall also be forwarded to the IBBI for record and dissemination on their website.

XIII. The Registry is directed to immediately communicate this Order to the Financial Creditor, the Corporate Debtor and the IRP by way of Speed Post, e-mail and WhatsApp.

XIV. **Compliance report of the order by Designated Registrar is to be submitted today.**

Sd/-	**Sd/-**
NILESH SHARMA	**SAMEER KAKAR**
MEMBER (JUDICIAL)	**MEMBER(TECHNICAL)**

//S.Dubey//