

IN THE NATIONAL COMPANY LAW TRIBUNAL
NEW DELHI BENCH (COURT – II)

Item No. 206
(IB)-692/ND/2024

IN THE MATTER OF:

Varsha

Registered Office at:
B-342, New Friends Colony,
New Delhi-110025

**... Applicant/
Financial Creditor**

Versus

Ritzy Chemicals Pvt. Ltd.

Registered Office at:
DT-132, First Floor, DLF
Tower-B, District Centre,
Jasola, New Delhi-110025

... Respondent

Under Section: 7 of IBC, 2016

Order delivered on 08.01.2025

CORAM:

SH. ASHOK KUMAR BHARDWAJ, HON'BLE MEMBER (J)

SH. SUBRATA KUMAR DASH, HON'BLE MEMBER (T)

PRESENT:

For the Applicant : Adv. Samman Vardhman Gautam, Adv.
Praphull Kumar, Adv. Khushi Sharma

For the Respondent : Adv. Mohit Chaudhary, Adv. Kunal Sachdeva,
Adv. Isha Virmani

Hearing Through: VC and Physical (Hybrid) Mode

ORAL ORDER

The present petition has been preferred by Varsha for initiation of Insolvency Resolution Process qua Ritzy Chemicals Pvt. Ltd. The amount of debt and default has been mentioned in Part-IV of the petition which reads thus:

PARTICULARS OF FINANCIAL DEBT

1.	Total amount of Debt granted	Rs. 26,57,60,000/-
	Date of disbursement	14.03.2008 – Deposit of Title deeds for property bearing Plot No. 567, Sector 21A, Faridabad, Haryana



		2007-2017 – Offered FDRs as a collateral security from time to time. Date of recovery by bank :: - Rs. 20,21,60,000/- on 07.04.2021 - Rs. 6,36,00,000/- on 25.08.2022
2.	Amount claimed to be in default and the date on which the default occurred	Total amount in default: Rs. 26,57,60,000/- Rs. 20,21,60,000/- on 07.04.2021 Rs. 6,36,00,000/- on 25.08.2022 Default date: 30.09.2023 The Corporate Debtor vide letter dated 01.07.2023 assured the Financial Creditor to clear its outstanding debt as on or before 30.09.2023. Hence, the default.

2. The factual matrix given by the Petitioner in synopsis filed in the petition is not controverted on behalf of the Corporate Debtor. The same reads thus: -

SYNOPSIS

4

The present application/ petition is being filed by the Financial Creditor under Section 7 of the Insolvency and Bankruptcy Code, 2016 being aggrieved by the non-payment of debt amounting to Rs. 26,57,60,000/- by the Corporate Debtor/ Ritzy Chemicals Pvt. Ltd.

That the Financial Creditor stood as a guarantor to secure the loan of the Corporate Debtor/ Ritzy Chemicals Pvt. Ltd. from 'Union Bank of India' ['Bank'] to the extent of value of property bearing Plot No. 567, Sector 21A, Faridabad, Haryana and FDR(s) amounting to Rs. 20,21,60,000/-. It is submitted that the FDRs offered as guarantee have been consumed by bank and further the property has been released upon payment of Rs. 6.36 Cr to the bank. Thus, the bank has recovered a total amount of Rs. 26,57,60,000/- from the Financial Creditor/ Guarantor as partial recovery for the loan account of the Corporate Debtor/ Ritzy Chemicals Pvt. Ltd. ['Borrower'].



By virtue of Section 140 of the Indian Contracts Act, 1872, the surety/ guarantor steps into the shoes of the creditor [Right of subrogation]. Thus, the guarantor is entitled to initiate action as a 'Financial Creditor' under Insolvency and Bankruptcy Code, 2016 against the Corporate Debtor.

That on a Company Petition preferred earlier by the Financial Creditor [Bearing CP (IB) No. 703/ 2022], the Ld. Adjudicating Authority initiated Corporate Insolvency Resolution proceedings [CIRP] against the Corporate Debtor for default of Rs. 26,57,60,000/- vide order dated 17.01.2024. However, the same was remanded back by Ld. Appellate Tribunal in an appeal preferred by the Corporate Debtor for want of issuance of proper notice to the Corporate Debtor. Be that as it may, post revival of the Company Petition the Corporate Debtor lured and entered into a settlement agreement with the Financial Creditor for payment of dues in installment. The Corporate Debtor stands in default of the said settlement agreement yet again. Hence, the present petition.

That records clearly indicate that the financial position of the Corporate Debtor is unsound and characterized by traits of insolvency and therefore, it is in the interest of the creditors and in public interest and, it is just, equitable and necessary that Corporate Insolvency Resolution Process [CIRP] is initiated against the Corporate Debtor. Hence, the present Petition.

3. Having drawn our attention to settlement deed dated 21.02.2024, the Ld. Counsel for the Creditor submitted that the Debtor was liable to pay the amount of default which could be paid as per Clause 2 of the deed. According to the Ld. Counsel for the Creditor, neither the upfront amount nor the instalment due on 30.10.2024 has been paid. The full and final settlement deed placed on record as Annexure I (J) of the petition reads thus:

FULL AND FINAL SETTLEMENT AGREEMENT

197

This settlement agreement is being executed on 21st day of February 2024 at New Delhi by and between:

Ms. Varsha, D/o: Late MK Malhotra, R/o: B-342, New Friends Colony, New Delhi-110025 [Hereinafter referred to as 'First Party'] which expression shall, unless repugnant to context or meaning thereof, be deemed to include its successors and assigns) of the first part;

AND

'Ritzy Chemicals Pvt. Ltd.' a company registered under the Companies Act, 1956, having its registered office at DTJ 132, First Floor, Dif Tower-B, Jasola, South Delhi, New Delhi, Delhi, India, 110025 acting through its Director/ authorised representative, Mr. Satish Kumar Sethi [Vide Board Resolution dated 26.02.2024] [Hereinafter referred to as 'Second Party'] which expression shall, unless repugnant to context or meaning thereof, be deemed to include its successors and assigns) of the second part.

(Each of the First Party and the Second Party shall hereinafter be individually referred to as a "Party" and collectively as "Parties", as the context may require).

WHEREAS:

- a) The First Party stood as a guarantor to secure the loan of 'Ritzy Chemicals Pvt. Ltd.' from 'Union Bank of India' [Hereinafter referred to as 'Bank'] to the extent of value of its property bearing Plot No. 567, Sector 21A, Faridabad, Haryana and offered FDR(s) amounting to Rs. 20,21,60,000/- in favour of the bank as additional guarantee.
- b) That the said FDRs offered as guarantee were consumed by bank and the abovementioned property was released upon payment of Rs. 6.36 Cr to the bank. Thus, the bank has recovered a total amount of Rs. 26,57,60,000/- from the First Party as partial recovery for the loan account of the 'Ritzy Chemicals Pvt. Ltd'.
- c) That an insolvency petition came to be filed under Section 7 of Insolvency and Bankruptcy Code, 2016 titled as "Varsha vs. Ritzy Chemicals Pvt. Ltd." bearing CP (IB) No. 703/ 2023 before the National Company Law Tribunal, New Delhi [Hereinafter referred to as 'NCLT'].
- d) The Parties have agreed to fully and finally settle the matter, and waive all claims against each other, with their free will and consent and without any coercion or undue influence and wish to commit and record the terms of their accord in this Settlement Agreement.

LIC
★
Varsha



NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereto agree as follows:

1. RELEASE OF ALL CLAIMS

- 1.1** Subject to the compliance with, and faithful performance of, the provisions, terms and conditions set out in this Settlement Agreement by the Parties, the First Party do hereby, fully and finally, relinquish, settle, waive, release, acquit and discharge the Company and the Second Party of and from any and all claims of the First Party against the Company or the Second Party, which formed part of the disputes before the Ld. NCLT in the Insolvency Petition.
- 1.2** In the event, the Second Party violates the terms of payment mention in Clause 2 herein, the First Party shall have the right to approach the Ld. NCLT seeking revival of the Insolvency Petition or any other forum, in relation to the recovery of the outstanding amount, in which case the Settlement Agreement shall stand null and void and the rights of the Parties shall be restored against each other, and any amount paid by the Second Party to the First Party, pursuant to this Settlement Agreement, the same shall stand forfeited, automatically.

2. TERMS OF PAYMENT

- 2.1** The Second Party agrees, undertakes and acknowledges to pay, an amount of Rs. 26,57,60,000/- (Rupees Twenty-Six Crores Fifty-Seven Lacs and Sixty Thousand) ("**Settlement Amount**") to the First Party as the full and final settlement of the Outstanding Amount, which formed part of the disputes before the Ld. NCLT in the Insolvency Petition in the following manner:

- a) Upfront payment of Rs. 2,10,000/- by the way of Cheque/ Demand Draft at the time of signing of the agreement.
- b) Payment of Rs. 55,00,000/- on or before 30.10.2024.
- b) Payment of Rs. 1,00,00,000/- at last date of each month starting from 30.04.2025 till 30.06.2027

- 2.2** The Parties mutually agree to take following steps viz.

- a) The Party/Parties take all necessary steps so as to withdraw pending proceedings. Both parties will cooperate before the Ld. NCLT/NCLAT/Supreme Court or any other Court, so as to achieve withdrawal of the Insolvency Petition bearing CP (IB) No. 703/ 2023.
- b) Both Parties agree that upon realization of payment in favour of the First Party, none of the Parties shall have any right or claim over each other and/ or their respective management / directors.





e) Both Parties agree to sign any other paper and document which may be required to give effect to this settlement without further consideration and shall perform any act which may be necessary or desirable to give full effect to this Agreement and each of the transactions contemplated under this Agreement.

3. WAIVER OF CLAIMS

The Parties hereby acknowledge, represent and agree that as on the Execution Date of this Settlement Agreement, the Parties shall have no further claims or demands against each other.

4. FURTHER ASSURANCES

Each Party undertakes to the other Party that it shall, as required by the other Party, execute and perform all such deeds, documents, assurances, acts and things to give effect to the terms of this Settlement Agreement.

5. ADDITIONAL SECURITY/ GUARANTEE

As a further security measure to ensure compliance with the terms of the Settlement Agreement, one 'Meghaaarika Impex Pvt. Ltd.' has agreed to extend its Corporate Guarantee in favor of Second Party, in the event of default by the Borrower. Reference may be drawn to Deed of Guarantee dated 21.02.2024 annexed as Schedule-A of the present agreement.

6. JURISDICTION

Courts In New Delhi shall have exclusive jurisdiction.

7. COUNTERPARTS

This Settlement Agreement may be executed in two counterparts, each of which will be deemed an original but all of which together shall constitute one and the same Settlement Agreement.

For Ritzy Chemicals Pvt

4. The Petitioner has enclosed with the petition the deed of guarantee. When the Ld. Counsel for the Petitioner relied upon Section 140 of the Indian Contract Act to espouse that the Guarantor is entitled to recover the amount of debt paid by him/her/it to the Creditor, the Ld. Counsel for the Debtor submitted that the amount of debt allegedly defaulted to be paid cannot be treated as financial debt. Section 140 of the Indian Contract Act reads thus:

“140. Rights of surety on payment or performance. —Where a guaranteed debt has become due, or default of the principal debtor to perform a guaranteed duty has taken place, the surety upon payment or performance of all that he is liable for, is invested with all the rights which the creditor had against the principal debtor.”

5. The Ld. Counsel for the Corporate Debtor referred to the judgment of Hon'ble Supreme Court extracted in her reply, to contend that the amount of



debt referred to in Part-IV of the application is not financial debt. The judgement as quoted in her reply reads thus:

III It is submitted that the Petitioner is not a financial Creditor, Therefore, Section 7 of the Financial Creditor is not maintainable.

Reliance Placed Upon *PHOENIX ARC PVT. LTD VS KETULBHAI RAMUBHAI PATEL (SUPREME COURT)*

CIVIL APPEAL No. 5146 OF 2019.

"30. This court held that a person having only security interest over the assets of corporate debtor, even if falling within the description of 'secured creditor' by virtue of collateral security extended by the corporate debtor, would not be covered by the financial creditors as per definitions contained in sub-section (7) & (8) of Section 5. What has been held by this Court as noted above is fully attracted in the present case where corporate debtor has only extended a security by pledging 40,160 shares of GEL. The appellant at best will be secured debtor qua above security but shall not be a financial creditor within the meaning of Section 5 sub-sections (7) & (8)

33. We may notice that the Appellate Tribunal has dealt with Section 5(8)(f) while rejecting the claim of the appellant as to be the Financial creditor. It appears that the submissions based on Section 5(8) (i) were not addressed before the Appellate Tribunal which has not



been pressed before us. We, thus, uphold the decision of the Resolution Professional as approved by the NCLAT as correct. The appellant is not a financial creditor of the Corporate Debtor. Hence, the Miscellaneous Application was rightly rejected by the Adjudicating Authority. We, however, make it clear that observations made by us in this judgment are only for deciding the claim of the appellant as the financial creditor within the meaning of Section 5(7) and 5(8) of the Code and shall have no bearing on any other proceedings undertaken by the appellant to establish any of its rights in accordance with the law. We, thus, do not find any merit in this appeal. The appeal is dismissed. No costs.

6. As far as the issue of the debt being financial debt is concerned, it would not be out of context to note that when liabilities between the parties to any business or profession is created on the account of running/operating the business, the liability so created has to be treated as operational liability and can be called as operational debt. Similarly, when any liability is created in the process of availing/extending financial facility, indubitably the same is financial liability and has to be treated as financial debt. In any case, to make the proposition clear, the Ld. Counsel for the Petitioner could make reference to the judgment of Hon'ble Supreme Court in ***Amrit Lal Goverdhan Lalan (dead) by his Legal Representative vs. State Bank of Travancore and Others [1968 SCC Online SC 246]***. In the said judgment Hon'ble Supreme Court noted and ruled that the surety would be entitled to every remedy which



the creditor has against the principal debtor; to enforce every security and all means of payment; to stand in the place of the creditor.

Para 7 of the judgment reads thus:

“7. We proceed to consider the next important question arising in this case, namely, whether a portion of the security was lost by the creditor or parted with without the surety's consent and whether the surety is discharged to the extent of the value of the security so lost. It was pointed out on behalf of the appellant that when the quantity of the goods actually in stock was verified with the weekly statement dated April 18, 1957 shortage of goods to the value of Rs 35,690 was found. The weekly statement dated March 15, 1957 shows that the stock was valued at Rs 99,991 and odd and in the course of his evidence the Agent of the respondent Bank said that “he did not know how the shortage occurred” and “there was a possibility of Defendants 1 to 5 taking away the goods”. On behalf of the respondent Bank reference was made to clause 5 of Ex. P-4 which has already been quoted. It was contended that on account of this clause in Ex. P-4 the appellant has opted out of the benefit of Section 141 of the Indian Contract Act. We are unable to accept the argument put forward by the Attorney-General on behalf of the respondent Bank. In our opinion, the expression “any security” in clause 5 of Ex. P-4 should be properly construed as “any security other than the pledge of goods mentioned in the primary agreement, Ex. P-1 between the Bank and the firm”. We consider that there is nothing in clause 5 of Ex. P-4 to indicate that the appellant is not entitled to invoke the provisions of Section 141 of the Indian Contract Act. In this connection it is necessary to consider the provisions of Section 140 of the Indian Contract Act, 1872 which states:

“Where a guaranteed debt has become due, or default of the principal debtor to perform a guaranteed duty has taken place, the surety, upon payment or performance of all that he is liable for, is invested with all the rights which the creditor had against the principal debtor(s).”



*This section embodies the general rule of equity expounded by Sir Samuel Romilly as counsel and accepted by the Court of Chancery in *Crauthorne v. Swinburne*, namely:*

“The surety will be entitled to every remedy which the creditor has against the principal debtor; to enforce every security and all means of payment; to stand in the place of the creditor; not only through the medium of contract, but even by means of securities entered into without the knowledge of the surety; having a right to have those securities transferred to him, though there was no stipulation for that; and to avail himself of all those securities against the debtor. This right of a surety also stands, not upon contract, but upon a principle of natural justice.”

The language of the section which employs the words “is invested with all the rights which the creditor had against the principal debtor” makes it plain that even without the necessity of a transfer, the law vests those rights in the surety. Section 141 of the Indian Contract Act, 1872 states;

“A surety is entitled to the benefit of every security which the creditor has against the principal debtor at the time when the contract of suretyship is entered into, whether the surety knows of the existence of such security or not; and, if the creditor loses, or, without the consent of the surety, parts with such security, the surety is discharged to the extent of the value of the security.

*“As pointed out by this Court in *State of Madhya Pradesh v. Kaluram* the expression “security” in this section is not used in any technical sense; it includes all rights which the creditor has against the property at the date of the contract. The surety is entitled on payment of the debt or performance of all that he is liable for to the benefit of the rights of the creditor against the principal debtor which arise out of the transaction which gives rise to the right or liability. The surety is therefore on payment of the amount due by the principal debtor entitled to be put in the same position in which the creditor stood in relation to the principal debtor. If the creditor has lost or parted with the security without the consent of the surety, the latter is by the express provision contained in Section 141, discharged to the extent of the value of the*



security lost or parted with. In *Wulff and Billing v. Jay* , Hannen, J. stated the law as follows:

*“... I take it to be established that the defendant became surety upon the faith of there being some real and substantial security pledged, as well as his own credit, to the plaintiff; and he was entitled, therefore, to the benefit of that real and substantial security in the event of his being called on to fulfil his duty as a surety, and to pay the debt for which he had so become surety. He will, however, be discharged from his liability as surety if the creditors have put it out of their power to hand over to the surety the means of recouping himself by the security given by the principal. That doctrine is very clearly expressed in the notes in *Rees v. Barrington-2 White & Tudor's L.C.*, 4th Edn. at p. 1002 — ‘As a surety, on payment of the debt, is entitled to all the securities of the creditor, whether he is aware of their existence or not, even though they were given after the contract of suretyship, if the creditor who has had, or ought to have had, them in his full possession or power, loses them or permits them to get into the possession of the debtor, or does not make them effectual by giving proper notice, the surety to the extent of such security will be discharged. A surety, moreover, will be released if the creditor, by reason of what he has done, cannot, on payment by the surety, give him the securities in exactly the same condition as they formerly stood in his hands.”*

It is true that Section 141 of the Indian Contract Act has limited the surety's right to securities held by the creditor at the date of his becoming surety and has modified the English rule that the surety is entitled to the securities given to the creditor both before and after the contract of surety. But subject to this variation, Section 141 of the Indian Contract Act incorporates the rule of English law relating to the discharge from liability of a surety when the creditor parts with or loses the security held by him. Upon the evidence adduced by the parties in this case we are satisfied that there was shortage of goods of the value of Rs 35,690 brought about by the negligence of the Bank or for some other reason and to that extent there must be deemed to be a loss by the Bank of the securities which the Bank had at the time when the contract of surety was entered into. It follows therefore that the principle of Section 141 of the Indian Contract Act applies to this case and the surety is discharged of the liability to the Bank to the extent of Rs 35,690. We accordingly hold that the respondent Bank is entitled to a decree against Respondent 6, the appellant only to the extent of Rs 5243.58 and not to the sum of Rs 40,933.58 and to proportionate costs.”



7. The view taken in the aforementioned judgment was followed by Hon'ble Supreme Court in ***BRS Ventures Investments Ltd. vs. SREI Infrastructure Finance Ltd. and Another [2024 SCC Online SC 1767]***. Para 24 & 25 of the judgment reads thus:

SUBROGATION UNDER SECTION 140 OF THE CONTRACT ACT

24. Now, we come to the argument based on subrogation as provided under Section 140 of the Contract Act. Reliance was placed by both parties on conflicting decisions of different High Courts. Therefore, this issue will have to be resolved. Section 140 is relevant which reads thus:

"140. Rights of surety on payment or performance.— Where

a guaranteed debt has become due, or default of the principal debtor to perform a guaranteed duty has taken place, the surety upon payment or performance of all that he is liable for is invested with all the rights which the creditor had against the principal debtor."

The words used in Section 140 are "upon payment or performance of all that he is liable for". When the principal debtor commits a default and when the liability under the deed of guarantee of the surety is not limited to a particular amount, its liability is in respect of the entire amount repayable by the principal debtor to the creditor. The words 'all that he is liable' used under Section 140 cannot be ignored. The principal borrower must continuously indemnify the surety. Section 140 of the Contract Act may be founded on the said obligation. The 1st respondent-financial creditor relied upon a decision of this Court in the case of *Economic Transport Corporation, Delhi*⁴, which holds that the doctrine of subrogation is a creature of equity. Therefore, the Section will have to be interpreted having regard to the equitable principles. If the surety pays the entirety of the amount payable under guarantee to the creditor, Section 140 provides a remedy to the surety to recover the entire amount paid by him in the discharge of his obligations. Therefore, the surety gets invested with the rights of the creditor to recover from the principal debtor the amount which was paid as per the guarantee. If the surety pays only a part of the amount payable to the creditor, the equitable right the surety gets under Section 140 will be confined to the debt he cleared.

25. Under the corporate guarantee, in the facts of this case, the liability of ACIL was to the extent of the entire amount repayable by the 2nd respondent-corporate debtor to the corporate creditor. In the CIRP of ACIL, the appellant paid a sum of Rs. 38.87 crores only to the 1st respondent-financial creditor. The amount was paid by the appellant on behalf of ACIL, the corporate guarantor. For the rest of the amount payable as per the guarantee, the 1st respondent-financial creditor had to take a haircut because of the involuntary process by operation of law. Only the liability of ACIL under the corporate guarantee to repay the loan to the 1st respondent-financial creditor has been extinguished on the payment of Rs. 38.87 crores. By the involuntary act of the creditor of accepting part of the amount from the surety in the discharge of the entire liability of the surety, even if Section 140 is attracted, it will confer on the guarantor or the appellant the right to recover only the amount mentioned above from the corporate debtor. The subrogation will be only to the extent of the amount recovered by the creditor from the surety. Notwithstanding the subrogation to the extent of the amount paid on behalf of the corporate guarantor by the resolution

applicant, the right of the financial creditor to recover the balance debt payable by the corporate debtor is in no way extinguished.

8. In view of the aforementioned judgment of the Hon'ble Supreme Court, we are left with no doubt that the principal debtor has liability to pay the amount of debt which the PG discharged qua the creditor to the principal debtor. Besides, the surety/guarantee being given by the personal guarantor in financial transaction of availing and extending the financial facility, there can be not to opinion that the liability of Corporate Debtor is to discharge the financial debt only.

9. The Applicant has given the particulars of the RP to be appointed in Part-III of the application which reads thus:

**PART-III
PARTICULARS OF THE PROPOSED INTERIM RESOLUTION
PROFESSIONAL (IF PROPOSED)**

1.	Name, address, e-mail address and the registration number of the proposed Insolvency professional	Parminder Singh Bhullar IBBI/PA-002/IP-N01127/2021-2022/13700 Insolvency Professional At: E-10/313, Mangal Puri Gali, Ghanapur Road, Khandwala, Near Water Tank, Amritsar- 143104 Written communication by proposed IRP along with other requisite documents are annexed as Annexure -II (COLLY)
----	---	---

10. The RP has declared in Form-2 that no legal proceedings are pending against him. The relevant excerpt of the declaration made by the IP proposed to be appointed as RP reads thus: -



- (iv) certify that there are no disciplinary proceedings pending against me with the Board or ICSI IIP
- (v) affirm that I am eligible to be appointed as a resolution professional in respect of the corporate debtor in accordance with the provisions of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.
- (vi) make the following disclosures in accordance with the code of conduct for insolvency professionals as set out in the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016.
- i) That I have not derived any revenue/fee or any other benefit from the Corporate Debtor.
 - ii) That I am not shareholder, director, Key Managerial Personnel or Partner of the related party of the Corporate Debtor.
 - iii) That none of my relative have either derived any revenue fee or are shareholders, Directors or Key Managerial Persons of Corporate Debtor.



11. The Ld. Counsel for the Corporate Debtor could not point out any infirmity or deficiency in the application, thus the application is found as complete. The aforementioned settlement deed is sufficient evidence to establish the liability of Corporate Debtor to repay the amount of debt. The Ld. Counsel for the Corporate Debtor has not disputed that the amounts agreed to be paid as upfront, as the first instalment have defaulted to be paid. Thus, apparently the default is established. **In the wake of the aforementioned, we are left with no option but to admit the present petition. Ordered accordingly.**

12. In the backdrop, moratorium as provided under Section 14 of IBC, 2016 is declared qua the CD and as a necessary consequence thereof the following prohibitions are imposed, which must be followed by all and sundry:

- (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.

13. As proposed by the Petitioner, Mr. Parminder Singh Bhullar, having Registration No. IBBI/IPA-002/IP-N01127/2021-2022/13700, is appointed as IRP, subject to the condition that no disciplinary proceeding is pending against him and disclosures as required under IBBI Regulations, 2016 are made by him within a period of one week from this Order.

14. It is further ordered that Mr. Parminder Singh Bhullar, having Registration No. IBBI/IPA-002/IP-N01127/2021-2022/13700, shall take charge of the CIRP of the Corporate Debtor with immediate effect and would take steps as mandated under the IBC specifically under Section 15, 17, 18, 20 and 21 of IBC, 2016 read with extend provisions of IBBI (Insolvency Resolution of Corporate Persons) Regulations, 2016.”

15. The Petitioner is directed to deposit Rs. 2,00,000/- only with the IRP to meet the immediate expenses. The amount, however, will be subject to adjustment by the Committee of Creditors as accounted for by Interim Resolution Professional and shall be paid back to the Financial Creditor.



16. A copy of this Order shall immediately be communicated by the Registry/Court Officer of this Tribunal to the Petitioner /Financial Creditor, the Respondent/Corporate Debtor and the IRP mentioned above.

17. In addition, a copy of this Order shall also be forwarded by the Registry/Court Officer of this Tribunal to the IBBI for their records.

Sd/-

**(SUBRATA KUMAR DASH)
MEMBER (T)**

Sd/-

**(ASHOK KUMAR BHARDWAJ)
MEMBER (J)**

UPASANA/HETASH