



**NATIONAL COMPANY LAW TRIBUNAL  
CHANDIGARH BENCH (COURT-II), CHANDIGARH**

**CP (IB)23/Chd/Pb/2023**

***(An Application under Section 7 of the Insolvency and Bankruptcy Code, 2016)***

**IN THE MATTER OF:**

**Canara Bank**

Through its Authorised Representative  
Sh. Ranjeet Kumar, Assistant General Manager  
Registered Office at: Spl. Arm Branch,  
Circle Office, Sector-34, Chandigarh  
EMAIL: cb5220@canarabank.com

...Applicant/Financial Creditor

**Versus**

**Mohan Rail Components Private Limited**

Registered Office at: 86 Sobti Building, Mandir  
Marg, Tanda Road, Jalandhar, Punjab  
CIN : U99999PB1990PLC010741

...Respondent/Corporate Debtor

**Order delivered on: 20.02.2026**

**Coram: MR. KHETRABASI BISWAL, MEMBER (JUDICIAL)  
MR. KAUSHALENDRA KUMAR SINGH, MEMBER (TECHNICAL)**

**Present:**

**For the Applicant**

: Mr. Harsh Garg along with Mr. Pulkit Goyal and Ms. Ramneek Kaur Mann, Advocates

**For the Respondent**

: Ms. Jyoti Sareen along with Ms. Anshul Mehta, Advocates



## **ORDER**

1. The present Application has been filed by Sh. Ranjeet Kumar, Assistant General Manager of **Canara Bank** (hereinafter referred to as “**Financial Creditor**”) under Section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as “Code”) for initiation of Corporate Insolvency Resolution Process (CIRP) against **Mohan Rail Components Private Limited** (hereinafter referred to as “**Corporate Debtor**”), through its Authorised Signatory for the default amount of Rs. 63,85,20,356.54/- along with applicable interest. The date of default, as mentioned in the Application is 31.03.2015.

2. Brief facts of the case as stated in the Application and argued presented by the Learned Counsel for the Petitioner are summarised as follows:

(i) The Applicant, Canara Bank, is a Financial Creditor of *Mohan Rail Components Pvt. Ltd.*, the Corporate Debtor. The Applicant sanctioned various credit facilities, including cash credit and term loan facilities, from time to time, which were renewed and restructured on multiple occasions, lastly sanctioned on 24.03.2015. The facilities were governed by loan agreements, demand promissory notes, supplemental agreements, and secured by deeds of hypothecation and other collateral security documents.

(ii) The Corporate Debtor committed default in repayment of its financial obligations, and the loan account was classified as a Non-Performing Asset (NPA) on 31.03.2015, which is stated as the initial date of default. The Corporate Debtor has not denied the



existence of the debt or the occurrence of default. The Corporate Debtor acknowledged its liability on multiple occasions after the date of default, including through written communications, settlement proposals, and payments credited to the loan account. An One Time Settlement (OTS) proposal was accepted on 20.03.2021 (erroneously mentioned as 28.03.2021 in the main petition, which stands clarified through IA No. 1183 of 2024), but the Corporate Debtor failed to adhere to its terms, and the default continued.

(iii) The total amount claimed by the Financial Creditor is Rs. 63,85,20,356.54/-, along with applicable interest. The claim is supported by bank statements, calculation sheets, loan documents, and a record of default filed with the Information Utility. The debt arises from money borrowed against payment of interest and falls within the definition of “financial debt” under Section 5(8) of the Code.

(iv) Prior to filing the present Application under Section 7 of the Code in November 2022, the Financial Creditor initiated recovery proceedings, including issuance of a demand notice under Section 13(2) of the SARFAESI Act. Further, the proceedings before the Debt Recovery Tribunal are pending, and the Hon’ble High Court granted a stay only with respect to taking physical possession of the secured assets.

3. The Respondent/Corporate Debtor filed its **Reply** which are summarised hereunder;



(i) The Corporate Debtor has primarily challenged the maintainability of the Section 7 Application on procedural and legal grounds rather than disputing the existence of the lending relationship. It has been contended that the Application was not filed by a duly authorised officer of Canara Bank, as no board resolution authorising the Assistant General Manager to institute insolvency proceedings was placed on record, rendering the filing defective. Objections were also raised regarding non-compliance with mandatory requirements of Form-1, including alleged incorrect disclosure of the amount in default, absence of bifurcation of principal and interest, incomplete financial contracts, defective certificates under the Bankers' Books Evidence Act, and filing of incomplete and improperly stamped loan and security documents.

(ii) The Corporate Debtor has further contended that the Application is barred by limitation, asserting that the admitted date of default is 31.03.2015 and that the Application filed in November 2022 is beyond the three-year limitation period under Article 137 of the Limitation Act. It has been argued that the bank cannot rely upon subsequent recovery proceedings, SARFAESI actions, or an One Time Settlement proposal to extend limitation, as such steps do not revive a time-barred debt. The Corporate Debtor has also relied on judicial precedents to contend that any alleged acknowledgment after expiry of limitation cannot extend the limitation period, and that the bank failed to satisfactorily explain how the petition survives the bar of limitation.



4. During the pendency of the Section 7 Application, multiple Interlocutory Applications were filed under Rule 11 of the NCLT Rules, 2016 to place on record additional facts and documents, mainly concerning limitation and proceedings before the Hon'ble Punjab & Haryana High Court. IA No. 709 of 2023 was filed pursuant to directions of this Adjudicating Authority to place on record interim orders of the Hon'ble High Court granting protection against taking physical possession of the secured assets; IA No. 1183 of 2024 and IA No. 2075 of 2024 were filed by the Financial Creditor to place on record documents and explanations on limitation and were taken on record and the latter being allowed subject to just exceptions; IA No. 2615 of 2024, filed by the Corporate Debtor seeking recall/modification of the order allowing IA No. 2075 of 2024, was disposed of.

7. We have heard the submissions made by the Learned Counsel for the Applicant/Financial Creditor as well as the Respondent/Corporate Debtor and have gone through the material available on record carefully, along with the extant provisions Code and the settled position of law on the subject issue.

8. The principal objection raised by the Corporate Debtor is that the present Application under Section 7 of the Insolvency and Bankruptcy Code, 2016 is barred by limitation, the admitted date of default being 31.03.2015 and the Application having been filed in November 2022. It is also contended that the bar under Section 10A of the Code is attracted. These objections are examined hereunder in a chronological framework.



9. It is not in dispute that the loan account of the Corporate Debtor was classified as a Non-Performing Asset on 31.03.2015, which is the date of default disclosed in Form-1. In terms of Article 137 of the Limitation Act, 1963, the initial period of limitation of three years would ordinarily expire on 30.03.2018.

10. However, prior to the expiry of the said period, the Corporate Debtor issued multiple written communications acknowledging the subsisting financial liability. These include letters dated 23.05.2016, 22.08.2016, 30.01.2017, 18.02.2017, and 14.03.2017, wherein the Corporate Debtor admitted the outstanding dues, sought continuation of operations and restructuring of facilities, and undertook to regularise the account and clear overdue amounts. The last acknowledgment dated 14.03.2017, being within the original limitation period, extended the limitation by a further three years, i.e. up to 13.03.2020, in terms of Section 18 of the Limitation Act, 1963.

11. Before the expiry of the extended period on 13.03.2020, the Corporate Debtor once again acknowledged its liability by submitting a settlement proposal dated 05.03.2018, followed by a specific One Time Settlement proposal dated 18.09.2019, wherein the outstanding dues were expressly admitted and settlement was sought. Hence, the acknowledgment dated 18.09.2019 extended the limitation period by a further three years, i.e. up to 17.09.2022.

12. Thereafter, the Financial Creditor sanctioned the One Time Settlement on 20.03.2021. It is clarified that the sanction or failure of the OTS by itself does not extend limitations. However, what is material for the



purpose of limitation is the conduct of the Corporate Debtor after the OTS sanction. Immediately thereafter, and within the subsisting limitation period ending on 17.09.2022, the Corporate Debtor issued written communications dated 24.03.2021, 08.07.2021, 19.07.2021, 08.10.2021, and 09.11.2021, wherein it admitted that the settlement amount and underlying loan dues remained unpaid and sought extension of time to make payment. These letters, being in writing and signed by the Corporate Debtor, constitute acknowledgments of subsisting liability under Section 18 of the Limitation Act.

13. The acknowledgment dated 24.03.2021, having been made within the then subsisting limitation period, extended the limitation by a further three years, i.e. up to 23.03.2024. Consequently, the present Application filed in November 2022 is well within the period of limitation.

14. The contention of the Corporate Debtor that limitation cannot be extended by filing Interlocutory Applications is misconceived. The Interlocutory Applications filed under Rule 11 of the NCLT Rules, 2016 do not introduce a new cause of action but merely place on record contemporaneous documents evidencing acknowledgments already made by the Corporate Debtor within the prescribed period.

15. As regards the applicability of Section 10A of the Code, this Adjudicating Authority notes that the admitted date of default is 31.03.2015, which is much prior to 25.03.2020, the date from which Section 10A came into force. Section 10A applies only to defaults occurring during the period between 25.03.2020 and 24.03.2021 and does not operate retrospectively. The acknowledgments of liability and requests for



extension made during the said period do not constitute a fresh default but merely relate back to the original default. Accordingly, the bar under Section 10A of the Code is not attracted in the present case.

16. In view of the aforesaid chronological chain of acknowledgments, this Adjudicating Authority holds that the Financial Creditor has successfully demonstrated continuous extension of limitation from 2015 to 2018, from 2018 to 2021, and from 2021 to 2024, and that the Application under Section 7 of the Code filed in November 2022 is within limitation and otherwise maintainable.

17. In view of the aforesaid discussion, the Adjudicating Authority has noted that the Applicant has established the existence of a financial debt, the occurrence of default on 31.03.2015, and that the Application under Section 7 of the Code is within the period of limitation and is not hit by Section 10A of the Code. Further, the objections raised by the Corporate Debtor are devoid of merit. Accordingly, the requirements under Section 7(5) of the Code stand fulfilled.

18. On the basis of the facts, the Application is otherwise defect-free and on order. Accordingly, we admit this Application and Order as under:

- (i) The Corporate Debtor **Mohan Rail Components Private Limited** is admitted in the Corporate Insolvency Resolution Process under Section 7 of the Insolvency and Bankruptcy Code, 2016.
- (ii) The moratorium under section 14 of the Insolvency and Bankruptcy Code, 2016 is declared for prohibiting all of the following in terms of Section 14(1) of the said Code.



- (a) the institution of suits or continuation of pending suits or proceedings against the corporate debtor, including execution of any judgment, decree, or order in any Court of Law, Tribunal, Arbitration Panel, or other Authority;
  - (b) transferring, encumbering, alienating, or disposing of by the Corporate Debtor, any of its assets or any legal right or beneficial interest therein;
  - (c) any action to foreclose, recover, or enforce any security interest created by the Corporate Debtor in respect of its property, including any action under the Securitisation and Reconstruction of Financial Assets and the Enforcement of Security Interest Act, 2002;
  - (d) the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the Corporate Debtor.
  - (e) the Order of moratorium shall have effect from the date of this Order till the completion of the Corporate Insolvency Resolution Process or until this Adjudicating Authority approves the Resolution Plan under sub-section (1) of Section 31 or passes an order for the liquidation of the Corporate Debtor Company under Section 33 of the Insolvency & Bankruptcy Code, 2016, as the case may be.
- (iii) As proposed, **Mr. Mohit Chawla**, having Registration Number: IBBI/IPA-001/IP-P00524/2017-2018/10949 to act as Interim Resolution Professional, Email - camohitchawla@gmail.com and



Mobile No: 9888003303 is appointed to act as Interim Resolution Professional (IRP) under Section 13(1)(c) of the Insolvency and Bankruptcy Code, 2016. He shall conduct the Corporate Insolvency Resolution Process as per the provisions of the Insolvency and Bankruptcy Code, 2016, r.w. Regulations made thereunder. The IRP shall make a public announcement of the initiation of the Corporate Insolvency Resolution Process and call for submission of claims under Section 15 as required by Section 13(1) (b) of the Insolvency and Bankruptcy Code, 2016.

(iv) 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. The Corporate Debtor is to provide effective assistance to the IRP as and when it takes charge of the assets and management of the Corporate Debtor.

(v) The IRP shall perform all its functions as contemplated, inter alia, by sections 17, 18, 20 & 21 of the Insolvency and Bankruptcy Code, 2016. It is further made clear that all personnel connected with Corporate Debtor, its Promoter, or any other person associated with the management of the Corporate Debtor are under legal obligation under Section 19 of the Insolvency and Bankruptcy Code, 2016, to extend every assistance and co-operation to the IRP. Where any personnel of the Corporate Debtor, its Promoter, or any other person, is required to assist or co-operate with the IRP, do not assist or co-operate, the IRP is at liberty to make an appropriate




Application to this Adjudicating Authority with a prayer for passing an appropriate Order.

(vi) The IRP shall be under a duty to protect and preserve the value of the property of the 'Corporate Debtor Company' and manage the operations of the Corporate Debtor Company as a going concern as a part of the obligation imposed by Section 20 of the Insolvency and Bankruptcy Code, 2016.

(vii) The Financial Creditor is directed to pay an advance of Rs. 3,00,000/- (Rupees Three lakh only) to the IRP within two weeks from the date of receipt of this Order for smooth conduct of Corporate Insolvency Resolution Process and IRP to file proof of receipt of such amount before the Adjudicating Authority along with First Progress Report. Subsequently, the IRP may raise further demands for Interim funds, which shall be provided as per the Rules.

(viii) The Registry is directed to communicate a copy of this Order to the Financial Creditor, Corporate Debtor, and the Interim Resolution Professional and the concerned Registrar of Companies, after completion of the necessary formalities, within seven working days, and upload the same on the website immediately after pronouncement of the Order.

(ix) The IRP shall also serve a copy of this Order to the various departments, such as Income Tax, GST, State Trade Tax, and Provident Fund, etc. those who are likely to have their claim against Corporate Debtor as well as to the trade unions/employees



associations so that they are timely informed about the initiation of CIRP against the Corporate Debtor.

(x) The commencement of the Corporate Insolvency Resolution process shall be effective from the date of this Order.

19. The Registry is directed to communicate a copy of this Order immediately to both the Parties and also to IRP

20. As a result **CP (IB) No.23/Chd/Pb/2023** stands allowed and disposed of.

Sd/-

**Kaushalendra Kumar Singh**  
**Member (Technical)**  
Jashan

Sd/-

**Khetrabasi Biswal**  
**Member (Judicial)**