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

ATTENDANCE CUM ORDER SHEET OF THE HEARING
HELD ON **08.09.2026** THROUGH VIDEO CONFERENCING

CORAM: **HON'BLE SHRI. SANJIV JAIN, MEMBER (JUDICIAL)**
HON'BLE SHRI. VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)

APPLICATION NUMBER	**:**
PETITION NUMBER	**:** CP(IBC)/75(CHE)/2026
NAME OF THE PETITIONER(S)	**:** State Bank of India
NAME OF THE RESPONDENT(S)	**:** Prakash Gold Palace Pvt. Ltd.
.UNDER SECTION	**:** Sec 7 Rule 4 of IBC, 2016

ORDER

Present: Shri. B. Rghavulu Naidu, Ld. Counsel for the Petitioner.
None Counsel for the Respondent.

Vide separate order pronounced in the Open Court, petition is admitted. CIRP is initiated against the Corporate Debtor, Prakash Gold Palace Pvt. Ltd.

Shri. R. Raghavendran is appointed as the IRP.

Sd/-	**Sd/-**
[VENKATARAMAN SUBRAMANIAM]	**[SANJIV JAIN]**
MEMBER (TECHNICAL)	MEMBER (JUDICIAL)

VS

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

CP/75/IB/CB/2026

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

In the matter of Prakash Gold Palace Private Limited

State Bank of India
Stressed Assets Management Branch ,
Montieth Road,
Egmore,
Chennai - 600008

----Petitioner

Vs

Prakash Gold Palace Private Limited
CIN : U36911TN1998PTC040659
No 144, Purasawalkam, Kellys,
Chennai 600010

----Respondent

Order pronounced on ***8th September, 2026***

CORAM :

SANJIV JAIN, MEMBER (JUDICIAL)
VENKATARAMAN SUBRAMANIAM , MEMBER (TECHNICAL)

For Petitioner:	*B.Raghavalu Naidu, Advocate*
	K.Chandrasekaran, Advocate
For Respondent:	*Gaurav Kumar, Advocate*
	M. Sree Kumar, Advocate

O R D E R

(Heard Through Hybrid Mode)

1. This petition ***CP IB 75 CHE 2026*** has been filed by **State Bank of India** as financial creditor on 13.03.2026 under **Section 7** of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as "the Code") read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 (hereinafter referred to as "the AAA Rules") for initiating Corporate Insolvency Resolution Process (hereinafter referred to as "CIRP") against **Prakash Gold Palace Private Limited**, the Corporate Debtor (CD).

2. In **Part I** of Form I, the details of the financial creditor are given. State Bank of India, Stressed Assets Management Branch, Montieth Road, Egmore, Chennai is the address of the financial creditor.

3. In **Part II** of the Form I, details of the Corporate Debtor are given as under: **Prakash Gold Palace Private Limited** with CIN: *U36911TN1998PTC040659* and having its registered office at No 144, Purasawalkam, Kellys, Chennai 600010.

4. In **Part III** of the Form, R. Raghavendran with IP Registration No. IBBI/IPA-001/IP-P00211 /2017-18/10411 has been recommended as IRP. Written consent of proposed IRP is also obtained.

5. In **Part IV** of the form, total default amount is mentioned as Rs. 104,38,78,184.45 as on 31.05.2025 and date of default is mentioned as 29.01.2025. Present dues as on 12.03.2026 is Rs.126,43,21,649.03.

6. Submissions by the Petitioner

6.1. It is stated that Corporate Debtor has been carrying on jewellery business which includes gold. silver, diamond and other ancillary products. Corporate Debtor availed credit facilities from State Bank of India and other consortium banks like Axis Bank, HDFC Bank Ltd, Indus Ind Bank and Yes Bank to carry on its business operations. Corporate Debtor is represented by its directors Prakash Chand Jain and Mukesh Kumar Jain.

6.2. It is stated that the Corporate Debtor had approached the Financial Creditor requesting for sanction of certain loan facilities, in the form of Cash credit facilities. The Financial Creditor on 29.01.2021, 18.06.2021, 31.03.2022, 13.04.2023 and on 01.03.2024 sanctioned Fund Based and Non-Fund Based facilities aggregating to Rs.105.61 crores to the Corporate Debtor for carrying the business.

6.3. It is stated that in order to expand the business operation on a large-scale basis, Corporate Debtor approached the consortium banks for financial assistance to meet out working capital requirements against the common securities, and accordingly, the consortium banks extended fund based and non-fund based credit limits under the consortium arrangement. The Financial Creditors including petitioner, Axis Bank and HDFC Bank sanctioned the following credit facilities from time to time to the Corporate Debtor:

S No.	Name of the Bank	Date of sanction	Amount in crores
1	State Bank of India	29.01.2021, 18.06.2021, 31.03.2022, 13.04.2023, 01.03.2024	FB + NFB facilities aggregating to Rs. 105.61 crores
2.	Axis Bank Ltd.	06.04.2021, 01.03.2023, 08.04.2024	FB + NFB facilities aggregating to Rs. 25.87 crores
3.	HDFC Bank	08.03.2021, 03.08.2022, 18.07.2023, 03.08.2024	FB +NFB facilities aggregating to Rs. 58.60 crores

6.4. In confirmation of availing of the aforesaid credit facilities, the Corporate Debtor along with its Directors and Guarantors executed the following loan documents on 15.11.2021:

i) Amended and restated working capital consortium agreement

ii) Amended and restated Deed of Hypothecation.

iii) Deed of Guarantee executed by Prakash Chand Jain, Suraj Kumari Jain, Mukesh Kumar Jain, Mrs. Pramila Jain, Abhilash Mutha, Mamtha Abhilash Mutha in favour of Security Trustee.

iv) Deed of guarantee by Suryaprakash Hotels P Ltd., the Corporate Guarantor in favour of the Security Trustee.

v) Security Trustee Agreement by Corporate Debtor in favour of the lenders which includes the Financial Creditor and security Trustee.

vi) Undertaking cum Indemnity executed by the Corporate Debtor in favour of security trustee.

6.5. It is submitted that for the benefit of and on behalf of consortium lenders, the Corporate Debtor and consortium lender banks appointed security trustee, SBI CAP Trustee company Ltd. and accordingly, the financial creditors, SBI Cap Trustee Company Ltd., and the Corporate Debtor entered into Security Trustee Agreement on 15.11.2021.

6.6. It is stated that the loan accounts were running irregular for want of servicing of principal and interest and they slipped to NPA on 29.01.2025. Since the loan accounts slipped into NPA, Financial Creditor initiated SARFAESI action by causing demand notice on 30.4.2025 to the CD and other guarantors / mortgagors to repay the outstanding loan amount within 60 days but no response was received. Financial creditor also issued legal notice to the Corporate Debtor on 02.05.2025 which was acknowledged.

6.7. It is stated that the Corporate Debtor availed the aforesaid credit facilities from the financial creditor as shown in the statement of accounts, which are maintained by the financial creditor in its regular course in the conduct of business. Corporate Debtor further executed Revival letter and balance confirmation letters, whereby it admitted and acknowledged the outstanding loan amount payable to the Financial Creditor.

6.8. Corporate Debtor acknowledged the liability in writing by executing revival letter on 13.11.2024 in favour of the Financial Creditor for the purpose of Section 18 of the Limitation Act, 1963.

6.9. It is stated that the account was classified as Non-Performing Asset (NPA) on 29.01.2025. In spite of repeated demands and several reminders made, Corporate Debtor failed to repay the liability owed by them to the Financial Creditor under the aforesaid credit facilities. The Financial Creditor issued demand notice dated 30.4.2025 under Sec. 13(2) of SARFAESI Act to the Corporate Debtor calling upon them to clear the aforesaid liability, without prejudice to the Financial Creditor's right to initiate such other actions or legal proceedings as it deems necessary under any applicable provisions of law, but the Corporate Debtor did not comply with the same and failed to repay the dues to the Financial Creditor as promised.

6.10. It is stated that the Corporate Debtor is liable to pay a sum of Rs. 104,38,78,184.45 (Rupees One Hundred Four crores Thirty Eight Lakhs Seventy Eight Thousand One Hundred Eight Four and paise Forty Five) under the aforesaid loan facility availed by them from the Financial Creditor as on 31.05.2025 along with contractual rate of interest till repayment apart from cost, charges and expenses. The Financial Creditor filed *Original Application* before DRT-1, Chennai for recovery of the dues from the Corporate Debtor and its Guarantor.

7. Counter

7.1. It is stated that the petitioner is attempting to turn the Code on its head by treating the Tribunal as a debt-collection agency or a substitute for a civil recovery court. It is a settled position of law that the IBC was never intended to be a "sword" for recovery, but rather a "shield" for the resolution of insolvency. The Petitioner's primary objective is the coercive extraction of dues through the threat of corporate death, rather than the "reorganization and insolvency resolution" of a viable going concern as mandated by the Preamble of the Code.

7.2. It is stated that petitioner is blatantly playing fast and loose with the judicial machinery by simultaneously filing SARFAESI proceedings and insolvency petition and this is a transparent attempt to get two bites at the same apple. Such conduct is an affront to the spirit of the Code, which is designed as a collective process for the benefit of stakeholders, not a private fishing expedition for the benefit of a singular, dominant creditor. The Petitioner's strategy is to harass the Corporate Debtor across every conceivable forum rather than seeking a bona fide resolution. Consequently, this petition is a gross abuse of the process of law and must be dismissed at the threshold.

7.3. It is stated that the petitioner's case is built on a foundation of sand and there exists a glaring and irreconcilable contradiction between the "Record of Default" (NesL Form-D) and the data presented in Form 1 regarding both - date of default and the quantum of debt. The NesL report dated September 20, 2025, provides a version of events that is poles apart from the assertions made in the main petition, as the Date of Default mentioned in Form 1 is inconsistent with the timeline reflected in the Record of default.

7.4. It is stated that the amount of Default i.e., Rs. 104,38,78,184.45 in Form 1 (Pg no. 1 V- 1) does not align with the figures certified in the NesL Report Pg no. 698 V- 7). Where the very "factum of default" is shrouded in contradictory evidence, the petition fails the test of certainty required for admission, if the Petitioner's NesL report contradicts its own pleading (Form1), the entire petition is rendered completely unreliable and must be dismissed at the threshold.

Particulars	As per Form 1	As per NeSL (Form-D)
Date of Default	29.01.2025	01.11.2024
Quantum of Debt	Rs. 126,43,21,649.03	Rs. 69,00,00,000 Rs. 21,05,09,235 Rs. 2,94,49,205

7.5. It is stated that when these inconsistencies were questioned by the tribunal vide its order dated 08.04.2026, the petitioner attempted to patch its crumbling case by furnishing a fresh NeSL Record of Default via Memo

Sr. No. 2495 dated 11.06.2026. However, even after furnishing this fresh report, the Applicant's Financial metrics remain fundamentally broken, arbitrary and plagued with glaring contradictions in the actual amount of default.

7.6. It is stated that the fresh NeSL Record of Default filed by the Petitioner vide Memo Sr. No. 2495 dated 11.06.2026, in a purported response to the tribunal's order dated 08.04.2026, is a procedural irregularity, legally incompetent, and entirely devoid of evidentiary value. It is stated that a "Memo" is fundamentally an administrative or clarificatory note and it cannot be utilized to introduce vital substantive and fresh evidence generated after the filing of the main petition that alters the bedrock metrics of the claim. Any such additional evidence could only have been brought on record by way of a formal Interlocutory Application (IA) with leave to file additional documents, supported by a verification affidavit thereby affording the Corporate Debtor a opportunity to file a detailed rebuttal.

NO VALID AUTHORIZATION- AUTHENTICITY OF THE FORM 1

7.7. It is stated that the Section 7 petition must strictly adhere to Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016. Where authorization given by the SBI relies on a generic authorization from 2002, whereas the IBC Act in itself was enacted only in 2016, leaving an unanswered question as to how the authorization is valid.

7.8. In addition to the above, none of the copies of the generic authorization letter authorizing the branch is accompanied with the present petition. This poses a serious question if the petition has been filed under the valid authority or not.

7.9. It is stated that the Section 7 petition fails the fundamental test of maintainability due to there being no authorization. It is submitted that the petitioner seeks to initiate insolvency process based on a generic notification dating back to 2002 and Insolvency and Bankruptcy Code was only enacted in 2016. It is submitted that relying on a document dated twenty-four years prior is legally untenable and a notification from the past cannot possibly breathe life into a specialized statutory power. This attempt to validate a 2026 proceeding with a 2002 instrument is akin to putting the cart before the horse, rendering the purported authority a dead letter in the eyes of the law. There is no proper notification produced authorizing the person to file the petition. The authenticity of the petition is further compromised by the Petitioner's failure to accompany the petition with physical copies of the generic authorization or the specific branch-level empowerment letters. In the absence of these documents, Tribunal is presented with a "trust me" plea rather than admissible evidence. Therefore, the petition itself is liable to be dismissed.

7.10. It is stated that the Corporate Debtor is a solvent "going concern" that has consistently demonstrated its bona fide intent to settle all legitimate dues. Petitioner effectively hoisted themselves by their own petard by disclosing in Form 1 that the Corporate Debtor possesses substantial assets valued at approximately Rs.500 Crores, a figure that vastly outweighs the alleged default and underscores the company's undisputed financial stability. To initiate CIRP against such a clearly solvent entity is to turn the Code on its head, as the IBC was strictly designed to be a "shield" for the resolution of distressed assets, not a predatory "sword" for the recovery of dues from a healthy enterprise.

7.11. It is stated that corporate debtor sought restructuring. Petitioner however did not process restructuring proposal, instead suggested GECL (Guaranteed Emergency Credit Line) Funding and the petitioner sanctioned Rs 22.90 Crores on 01.01.2021 and the disbursement was inordinately delayed. It is stated that out of Rs.17.70 Crores actually disbursed, a sum of Rs 10.50 crores was directly adjusted against outstanding interest leaving only Rs. 7.2 crores available for business operation. Due to this misapplication of funds, the operational liquidity of the Corporate Debtor was severely choked. The entire object of the Central Government's GECL scheme was to inject fresh operational liquidity for business revival post-COVID-19 and not to facilitate retrospective recovery by banks. This arbitrary adjustment altered the character of the facility and structurally paralyzed the Corporate debtor's stabilization efforts.

7.12. Despite the CD's efforts to honour its obligations through several bona fide One-Time Settlement (OTS)proposals, the Petitioner Bank consistently turned a deaf ear, choosing instead to exploit the CD's temporary distress through aggressive recovery measures. The unmatched bona fides and absolute good faith of the management are established by extraordinary personal sacrifices made during this period of distress.

8. Rejoinder

8.1. It is stated that the loan accounts of the Corporate Debtor became NPA on 29.01.2025. The petitioner issued demand notice under Sec. 13(2) of SARFAESI Act calling upon the Corporate Debtor to pay the outstanding on behalf of the Financial Creditor as well as on behalf of the other consortium lenders, HDFC Bank Ltd., and Axis Bank Ltd, claiming a sum of Rs. 182,52,03,502.08 as on 30.04.2025, out of which dues of the petitioner were Rs. 102,45, 87,776.2/-. The Corporate Debtor failed to pay the said amount. Subsequently, the petitioner issued legal notice dated 02.05.2025 to the Corporate Debtor and the guarantors on behalf of SBI as well as other consortium lenders calling upon the CD to pay a sum of Rs.

182,52,03,502.08 as on 30.04.2025. The Corporate Debtor failed to pay its dues.

8.2. Section 7 petition under IBC came up for hearing before the NCLT. After hearing the counsel for the petitioner on 08.04.2026 and 17.4.2026, the Tribunal directed to file the corrected Form -D (RoD) as the date of default mentioned in the RoD dated 20.09.2025 was 01.11.2024 instead of 29.01.2025. Accordingly, the petitioner bank obtained the corrected the date of default from the NeSL dt. 18-05-2026 and filed before the Tribunal. The fresh RoD was also duly served to the CD. In the counter, the Corporate Debtor raised objection about the admissibility of the corrected copy of the RoD. In this regard it is stated that the Tribunal is vested with the power under Sec. 7(4) and 7(5)(b) of IBC before admitting or dismissing of the application to call for the further documents for adjudication. Hon'ble Supreme Court in the case of ***Dena Bank vs. Sivakumar Reddy (2021)10 SCC 330*** upheld the powers of the National Company Law Tribunal in permitting to file further documents for ascertaining the correct record of default. Hence, the objection of the

Corporate Debtor with regard to permitting to file fresh RoD is not maintainable and is without any legal basis and unsustainable.

8.3. It is stated that petitioner filed the statement of account claiming the dues of the Financial Creditor- State Bank of India as on 12.03.2026 a sum of Rs. 126,43,21,649.03/- and filed the statement of account as per the Banker Book of Evidence Act at page 667 to 689 and statement of calculation of interest at page 692. In the Form 1 at pg. 12, the amount due to the financial creditor by the Corporate Debtor is specifically mentioned as the dues as on NPA date ie., 29.01.2025 and interest from 29.01.2025 to 31.05.2025. Hence, the alleged discrepancies by the Corporate Debtor with regard to outstanding as on 31.05.2025 is baseless and unsustainable.

8.4. It is stated that the authorization given by the SBI at Pg. 19. at Volume 1 is in accordance with the Regulation 76 and 77 of the SBI General Regulation 1955. The Asst. General Manager of the Branch designated is the authorized officer for filing the Section 7 petition under IBC and the same is legally valid. The Regulation 76 and 77 framed under Section 50 of State Bank of India Act which are statutory in nature and the same has been upheld by Judgements passed by several High Courts. Hence, the objection by the Corporate Debtor about the no valid authorization for filing Form 1 is without any legal basis and unsustainable. In the case of ***State Bank of India v. Kashmir Art Printing Press, Sirsa and Ors*** (*1981 SCC Online P & H 3/ AIR 1991 P & H. 188)*, the Hon'ble Punjab and Haryana High Court upheld the powers conferred and under Regulation 76 to sign and verify the pleadings connected with legal proceedings.

8.5. As regards the OTS, it is stated that the Corporate Debtor submitted various letters dated 05.09.2025, 15.09.2025, 13.09.2025, 06.10.2025, 07.11.2025, 21.11.2025 and 11.12.2025 for offering one time settlement. The same were rejected by the Petitioner in consultation with the consortium lenders. Lastly, Corporate Debtor has submitted on 15.6.2026, an OTS offer of Rs. 120.0 Crores. The same was duly considered by the petitioner with the other Lenders and found unacceptable to the lenders. Subsequently, Corporate Debtor on 03.07.2026 submitted a representation seeking re- consideration of OTS amount of Rs. 120.0 Crores earlier submitted vide letter dated 15.6.2026. It is stated that the OTS offer given to the Petitioner Bank alone was Rs 63,90,00,000.00/- which was unacceptable to the Financial Creditor. The Petitioner Bank communicated vide letter dated 10.7.2026 that the offer of Rs. 120.0 Crores was already discussed in the Lenders meeting held on 15.12.2025 and was found unacceptable to the Lenders. It was mentioned that the rejection letter is issued without prejudice to the bank's right to initiate or proceed further with the legal action for recovery of the bank dues.

8.6. It is stated that the present proceedings initiated under Section 7 are in accordance with provisions of the IBC. Total dues of this petitioner bank/Financial Creditor, viz., State Bank of India alone against the Corporate Debtor as on 12.03.2026 was a sum of Rs. 126,43,21,649.03 (Rupees One hundred Twenty-Six Crores Forty-Three Lakhs Twenty One Thousand Six Hundred Forty Nine and Paise Three only) The outstanding payable by the Corporate Debtor to other consortium banks, viz., HDFC is Rs 58,39,98,674.09 and Axis Bank ltd., is Rs 21,06,17,431.82 as on 24.07.2026.

9. Analysis and findings

9.1. The case was first listed for hearing on 13.04.2026, where it was pointed out that there is difference in Date of Default and amount of Default between the Section 7 petition and Record of Default issued by NeSL. On 05.06.2026, the revised Record of Default was filed by the petitioner. Defect free counter was filed by the respondent on 09.07.2026. Rejoinder was filed by petitioner on 27.07.2026. On 06.08,2026 when the matter was listed for hearing, the respondent side requested for adjournment stating that it is negotiating with petitioner for settlement. On **24.08.2026**, the matter was reserved for order giving liberty to the parties to file case laws, if any. Petitioner filed the case laws by way of memo on **01.09.2026**.

9.2. Heard the learned counsels and perused the pleadings.

9.3. This Section 7 petition has been filed by State Bank of India as a financial creditor to Prakash Gold Palace Private Limited, Corporate Debtor. State Bank of India had given loan under the consortium arrangement with the other banks like HDFC Bank Ltd and Axis Bank Ltd, with SBI Capital Trustee Ltd acting as Security Trustee.

9.4. The Corporate Debtor executed the balance confirmation letters, whereby it admitted and acknowledged the outstanding loan amount payable to the Financial Creditor. The Corporate Debtor also acknowledged the liability in writing by executing a revival letter on 13.11.2024 in favour of the Financial Creditor for the purposes of Section 18 of the Limitation Act, 1963. Since the loan accounts were running irregular for want of servicing of principal and interest, they slipped to NPA on 29.01.2025. Since the loan accounts slipped into NPA, financial creditor initiated SARFAESI action by causing demand notice on 30.4.2025 to the Corporate Debtor and other guarantors/ mortgagors to repay the outstanding loan amount within 60 days but no response was received. Financial creditor also issued a legal notice to the Corporate Debtor on 02.05.2025. The Financial Creditor then filed *Original Application* before DRT-1, Chennai for recovery of the dues from the Corporate Debtor and its Guarantors. A **revised** Record of Default authenticated on 17.05.2026 was submitted by the petitioner showing the date of default as 29.01.2025.

9.5. Ld. Counsel for respondent has stated that this petition could not be maintained because of the following reasons:

a) Amount of debt and date of default mentioned in Record of Default did not match with the debt amount and default date mentioned in the petition.

b) Revised record of default was filed by way of memo and not by way of Interlocutory Application denying the right of the Corporate Debtor to respond to the same.

c) There is no specific authorisation for filing the petition by the authorised official of SBI and only a generic authorisation in 2002 has been quoted for filing petition under IBC which came into effect in 2016.

d) Petitioner did not consider the restructuring proposal submitted by the petitioner and the maximum amount sanctioned under GECL (Guaranteed Emergency Credit Line) Funding was utilised by the bank to adjust its overdue interest, thereby choking the operational funds available.

e) One Time Settlement Proposals submitted by the respondent are not considered favourably by the petitioner.

9.6. The petitioner in its rejoinder stated that Hon'ble Supreme Court in the case of ***Dena Bank vs. Sivakumar Reddy (2021)10 SCC 330*** has held that there is no bar in law to the amendment of pleadings or filing additional documents until final order has been passed and hence the tribunal was right in allowing it to file the revised Record of Default Certificate to reflect the correct picture.

9.7. *We concur with the views of the petitioner that in order to ascertain the correct position, additional documents/ pleadings can be accepted provided sufficient opportunity is given to the other side to respond. Corporate Debtor was given opportunity to respond. Hence there is no irregularity in that.*

9.8. As regards the objection of respondent on invalid authorisation, Petitioner has stated that the authorization given by the SBI at Pg. 19. at Volume 1 is in accordance with the Regulation 76 and 77 of the SBI

General Regulation 1955. Regulations 76 and 77 framed under Section 50 of State Bank of India Act are statutory in nature and the same have been upheld by Judgements passed by several High Courts. Petitioner has referred to the following judgements to support its statement:

a) The Hon'ble Supreme Court in ***State Bank of India vs. Kashmir Art Printing Press, Sirsa and Ors (****1981 SCC Online P & H 3/ AIR 1991 P & H. 188)*

b) The Hon'ble High Court of Madhya Pradesh in ***Deepak Kumar vs State Bank of India And Ors*** (First Appeal No. 219 of 1991 *(MANU/MP/0069/1995)*

c) The Hon'ble Supreme Court in ***United Bank of India Vs. Naresh Kumar and Ors***., Civil Appeal No. 11884 of 1986, (*MANU/SC/0002/1997)*

d) The Hon'ble High Court of Delhi in ***State Bank of India Vs. Earnest Traders Exporters, Importers & Commission Agents*** in Suit No. 624 of 1977 *(MANU/DE/0542/1997)*

e) The Hon'ble High Court of Delhi in ***State Bank of India Vs. Prem Dass and Ors.*** Suit No. 736 of 1985 *(MANU/DE/1302/1997)*

f) The Hon'ble High Court of Delhi in ***State Bank of India Vs. Indian Utility Products and Ors.*** Suit No. 941 of 1976 IN THE HIGH COURT OF DELHI *(MANU/DE/1162/2000)*

9.9. Hon'ble NCLAT in ***Amit Dineshchandra Patel vs State Bank of India & Sunil Kumar Kabra in Company Appeal (AT) (Insolvency) No. 1826 of 2024*** and ***Rahul Arunprasad Patel vs State Bank of India & Sunil Kumar Kabra in Company Appeal (AT) (Insolvency) No. 1827 of 2024*** held as under:

> *"21. This matter has already been decided in a recent judgment of this Tribunal in **Mavjibhai Nagarbhai Patel Vs State Bank of India** in CA(AT)(Ins) No. 1702 of 2024 wherein a similar contention raising objections to the validity of a Section 95 application of IBC having been filed by an Assistant General Manager of State Bank of India above the level of SMGS-IV was repelled. The relevant excerpts of the said judgment is as reproduced below:*
>
> > *"23. This brings us to the second question on whether the Section 95 application has been validly filed. It is an admitted fact that the Authority Letter authorising the AGM to file the Section 95 application was signed by the Deputy General Manager. It was clarified by the Ld. Counsel for the Respondent No.1 Bank during*

the oral submissions that the AGM of the Respondent No1 Bank being SMGS-V was statutorily competent to sign any petition by virtue of The Gazette of India Notification dated 02.05.1987 which notified that in pursuance of Regulations 76(1) of the State Bank of India General Regulations, 1955 framed under Section 50 of the State Bank of India Act, 1955 the Executive Committee of the Central Board of the State Bank of India authorized all Officers in the Grade of SMGS-IV and above to exercise Signing Power in respect of documents connected with the current or authorized business of the Bank. Since the Gazette of India Notification lies in the public domain and is subsisting, we are not impressed by the plea raised by the Appellant that the Section 95 application signed by an AGM level Officer of the Respondent No.1 Bank to be unauthorized. Thus, to reply to the second question, we are of the considered view that the Section 95 application filed by the Respondent No.1 Bank is valid and therefore reject this technical plea raised by the Appellant."

9.10. In view of the above, **the objection by the respondent that the petition has been filed without authorisation does not hold good.**

9.11. It is stated by respondent that the corporate debtor is a going concern. It sought restructuring of its loan account. It is stated that Petitioner did not process restructuring proposal, instead suggested

GECL (Guaranteed Emergency Credit Line) Funding and the petitioner sanctioned Rs 22.90 Crores on 01.01.2021. However, the disbursement of the same was inordinately delayed. Further it is stated that Corporate Debtor submitted various letters dated 05.9.2025, 15.09.2025, 13.09.2025, 06.10.2025, 7.11.2025, 21.11.2025, 11.12.2025 and latest one on 03.07.2026 for one time settlement which were not accepted by the petitioner. On the request of the respondent this tribunal provided opportunity to the respondent for settling the matter with petitioner, however settlement did not happen. Petitioner states that the OTS amount of Rs.120 crore to the consortium was not acceptable to the consortium lenders. Further it is stated that as against dues of Rs. 126.43 crores as on 12.03.2026 due to the petitioner the OTS amount offered was Rs.63.90 crores. Hence OTS offer was rejected.

9.12. We have considered the averments of the respondent. Hon'ble Supreme Court in the case of ***Energy Watchdog and Ors. Vs. Central Electricity Regulatory Commission and Ors. MANU/SC/0408/2017*** held that commercial impossibility or hardship amongst other grounds, cannot be a bar in performing contractual obligations. The above principle is upheld in several other judgements. There is no question of equity while dealing with Applications under the Code, as held by the Hon'ble Supreme Court in the case of ***E.S. Krishnamurthy vs M/S Bharath Hi Tech Builders Pvt. Ltd. MANU/SC/1249/2021*** as follows:

> *"29. The IBC is a complete code in itself. The Adjudicating Authority and the Appellate Authority are creatures of the statute. Their jurisdiction statutorily conferred. The statute which confers jurisdictional structures, channelises and circumscribes the ambit of such jurisdiction Thus, while the Adjudicating Authority and Appellate Authority can encourage settlements, they cannot direct them by acting as courts of equity."*

This tribunal is bound by the directions of Hon'ble Supreme Court in this regard.

9.13. In this case, Petitioner has proved debt and default by placing various loan agreements and authenticated Record of Default from NeSL. Even though the corporate debtor raised some technical objections in the filing of the petition, it made efforts to enter into One Time Settlement with the petitioner thereby accepting the liability.

9.14. Hon'ble Supreme Court in vide Judgment dated 31.08.2017 in ***Innoventive Industries Ltd. v. ICICI Bank & Anr. (Civil Appeal Nos. 8337-8338 of 2017)*** has inter-alia, held that if adjudicating authority is satisfied about debt and default, it should admit the petition filed under Section 7 of IBC. It was held as under:

> *"28. When it comes to a financial creditor triggering the process, Section 7 becomes relevant. It is at the stage of Section 7(5), where the adjudicating authority is to be satisfied that a default has occurred, that the corporate debtor is entitled to point out that a default has not occurred in the sense that the "debt", which may also include a disputed. claim, is not due. A debt may not be due if it is not payable in law or in fact.* ***<u>The moment the adjudicating authority is satisfied that a default has occurred, the application must be admitted</u>*** *<u>unless it is incomplete,</u> in which case it may give notice to the applicant to rectify the defect within 7 days of receipt of a notice from the adjudicating authority. Under sub-section (7), the*

adjudicating authority shall then communicate the order passed to the financial creditor and corporate debtor within 7 days of admission or rejection of such application, as the case may be.

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)

9.15. Based on the above analysis and conclusions, Section 7 petition is admitted and CIRP proceedings is initiated against Corporate Debtor **Prakash Gold Palace Private Ltd**.

ORDER

a. The above Company Petition (IB) 75(CH) 2026 is allowed, and initiation of Corporate Insolvency Resolution Process (CIRP) is ordered against **Prakash Gold Palace Private Limited.**

b. Taking into consideration the consent given by the Insolvency Professional, this Bench appoints **R. Raghavendran** ***(Registration No. IBBI/IPA-001/IP-P00211/2017-18/10411) (AFA valid upto 31.12.2026)***, having e-mail id as **[ragavca@gmail.com]** as the Interim Resolution Professional to carry out the functions as mentioned under the Insolvency and Bankruptcy Code, 2016.

c. The Financial Creditor shall pay an amount of Rs. 5 Lakhs towards the initial CIRP cost in favour of the Interim Resolution Professional appointed herein, immediately upon communication of this Order.

d. That this Bench hereby directs operation of moratorium under Section **14** of the Insolvency and Bankruptcy Code, 2016 and prohibits the following:

i) 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;

ii) transferring, encumbering, alienating or disposing of by the corporate debtor any of its assets or any legal right or beneficial interest therein;

iii) 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;

iv) 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. 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.

f. That the provisions of sub-section (1) of Section 14 shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.

g. That the order of moratorium shall have effect from the date of pronouncement of this order till the completion of the corporate insolvency resolution process or until this Bench approves the resolution plan und er sub- section (1) of section 31 or passes an order for liquidation of the corporate debtor under section 33, as the case may be.

h. That the public announcement of the corporate insolvency resolution process shall be made immediately as specified under section 13 of the Code.

i. During the CIRP period, the management of the corporate debtor will vest in the IRP/RP. The suspended directors and employees of the Corporate Debtor shall provide all documents in their possession and furnish all information in their knowledge to the IRP/RP.

9.16. Registry shall send a copy of this order to the concerned Registrar of Companies for updating the Master Data of the Corporate Debtor.

9.17. Registry is hereby directed to communicate this order to both the parties and to the IRP immediately. The Registry is further directed to send a copy of this order to the Insolvency and Bankruptcy Board of India for their record.

9.18. The commencement of the Corporate Insolvency Resolution Process shall be effective from the date of this order.

9.19. Accordingly, **CP (IB)/75 CHE 2026 stands admitted**. A certified copy of this order may be issued, if applied for, upon compliance with all requisite formalities.

-Sd-
VENKATARAMAN SUBRAMANIAM
MEMBER (TECHNICAL)

-Sd-
SANJIV JAIN
MEMBER (JUDICIAL)