



NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH COURT VI

Item No. 102.

C.P. (IB)/698(MB)2025

CORAM:

SHRI SAMEER KAKAR
HON'BLE MEMBER (TECHNICAL)

SHRI NILESH SHARMA
HON'BLE MEMBER (JUDICIAL)

ORDER SHEET OF HEARING (HYBRID) DATED **29.01.2026**

NAME OF THE PARTIES: **J.C. Flowers Asset Reconstruction**
Private Limited

Vs

Smaaash Leisure Limited

For Applicant: Adv. Mr. Rohan Agrawal a/w Adv. Mr. Sakil Ansari, Adv. Ms.
Nishi Agrawal i/b AJA Legal.

For Respondent: Not Given.

Section 7 of IBC

ORDER

1. We have heard the Ld. Counsel for the Applicant.
2. The Respondent has already been set *ex-parte* vide order dated 18.12.2025.
3. **Reserved for orders.** The pronouncement is today at 4:00 PM.

Sd/-
SAMEER KAKAR
MEMBER (TECHNICAL)
//RA//

Sd/-
NILESH SHARMA
MEMBER (JUDICIAL)



NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH COURT VI

Item No. P4.

C.P. (IB)/698(MB)2025

CORAM:

SHRI SAMEER KAKAR
HON'BLE MEMBER (TECHNICAL)

SHRI NILESH SHARMA
HON'BLE MEMBER (JUDICIAL)

ORDER SHEET OF HEARING (HYBRID) DATED **29.01.2026**

NAME OF THE PARTIES: **J.C. Flowers Asset Reconstruction**

Private Limited

Vs

M/s. Smaaash Leisure 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/-
SAMEER KAKAR
MEMBER (TECHNICAL)

//VM//

Sd/-
NILESH SHARMA
MEMBER (JUDICIAL)



IN THE NATIONAL COMPANY LAW TRIBUNAL MUMBAI BENCH-VI

CP (IB) No.698/MB/2025

[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:

J.C. FLOWERS ASSET RECONSTRUCTION PRIVATE LIMITED

[acting in its capacity as a trustee of JCF YES Trust 2022-23/18]

[CIN: U74999MH2015PTC264081]

Unit No. 203-206, 2nd floor, Wing A

Inspire BKC, Bandra Kurla Complex

Bandra (East)

Mumbai - 400051, Maharashtra.

...Financial Creditor/Applicant

V/s

M/s SMAAASH LEISURE LIMITED

(formerly known as PVR BLUO Entertainment Limited)

[CIN: U74120MH2008PLC316737]

403, Udyog Mandir No.2, Mogul Lane

Mahim (West)

Mumbai - 400016, Maharashtra.

...Corporate Debtor

Pronounced: 29.01.2026

CORAM:

HON'BLE SHRI NILESH SHARMA, MEMBER (JUDICIAL)

HON'BLE SHRI SAMEER KAKAR, MEMBER (TECHNICAL)

Appearances: Hybrid

Financial Creditor: Adv.Rohan Agarwal a/w Adv. Sakil Ansari & Adv. Nishi
Agarwal i/b AJA Legal.

Corporate Debtor: Ex-Parte



ORDER

[PER: BENCH]

1. **BACKGROUND**

- 1.1 This is an Application bearing C.P. (IB) No.698/MB/2025 filed on 07.07.2025 by J.C. Flowers Asset Reconstruction Private Limited, the Applicant (Financial Creditor) 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”) through Mr. Ashish Halder - Director of the Applicant *vide* Management Delegation by Chief Investment Officer dated 10.02.2023 for initiating Corporate Insolvency Resolution Process (hereinafter referred to as “CIRP”) in respect of M/s Smaaash Leisure Limited, the Corporate Debtor (CD).
- 1.2 The Applicant is registered as an Asset Reconstruction Company with the Reserve Bank of India (RBI) under Section 3 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act); and is in the business of acquiring non-performing and/or stressed financial assets from Banks and Financial Institutions. The CD (formerly known as PVR BLUO Entertainment Limited), is Public Limited Indian Non-Government Company incorporated on 28.03.2008 registered with ROC Mumbai under the Companies Act, 1956. The Applicant has furnished at page no. 73 of the Application, the certificate of incorporation pursuant to the change of name of the CD.
- 1.3 The Applicant has proposed the name of Mrs. Megha Agrawal having registration no. IBBI/IPA-001/IPP-01456/2018-2019/12272, to act as an IRP and has given her written consent in Form-2 along with certificate of registration and AFA valid till 30.06.2027.
- 1.4 The Applicant has relied on the following documents:



- i. Copy of Assignment Agreement dated 16.12.2022, between the Applicant and Yes Bank through which the loan were assigned to the Applicant .
- ii. Copy of Master Data of the Applicant and CD
- iii. Copy of the Management Delegation dated 10.02.2023 authorizing Ms. Priyal Panchami
- iv. Copy of the certificate of incorporation pursuant to change of name of the Corporate Debtor.
- v. Copy of the Written Consent of the IRP in Form-2 along with certificate of registration and AFA
- vi. Copies of certificate of registration of charge dated 04.07.2018 in favour of Yes Bank and modification of charge dated 07.07.2023 made in favour of the Financial Creditor/Applicant
- vii. Copy of NeSL Form D Record of Default
- viii. Copy of the Facility Letter bearing reference no. YBL/MUM/ECB/0105/2017-18 dated 27.09.2017, issued to the Corporate Debtor above-named for granting the Term Loan 1.
- ix. Copies of the Board Resolution dated 27.09.2017, 03.05.2018 and 31.10.2018 for availing credit facility from Assignor Bank.
- x. Copies of the Loan Agreement dated 27.09.2017, 03.05.2018 and 31.10.2018 executed between the Corporate Debtor and the Assignor Bank.
- xi. Copies of the Deed of Hypothecation Agreement dated 27.09.2017, 16.05.2018 and 31.10.2018 along with a duly executed power of attorney.
- xii. Copy of the Demand Promissory Note dated 27.09.2017, given by the Corporate Debtor, for the sum of Rs. 13,50,00,000/-, Demand Promissory Note dated 03.05.2018, given by the Corporate Debtor, for the sum of Rs.



- 30,00,00,000/- and Demand Promissory Note dated 31.10.2018, given by the Corporate Debtor, for the sum of Rs. 10,00,00,000/-.
- xiii. Copies of the Letter of Continuity for Demand Promissory Note dated 27.09.2017, 03.05.2018 and 31.10.2018 given by the Corporate Debtor.
- xiv. Copy of the Deed of Guarantee executed by Mr. Shripal Morakhia in favour of the Assignor Bank dated 27.09.2017, 03.05.2018 and 31.10.2018.
- xv. Copy of the Facility Letter bearing reference no. YBL/MUM/ECB/005/2018-19 dated 06.04.2018, issued to the Corporate Debtor above-named for granting the Term Loan 2.
- xvi. Copy of the Facility Letter bearing reference no. YBL/MUM/ECB/069/2018-19 dated 31.10.2018 issued to the Corporate Debtor above-named for granting the Term Loan 3.
- xvii. Copy of the letter issued by Assignor Bank to Corporate Debtor for extension of time for payment of Accrued Interest Obligation (FITL 1) along with the Board Resolution passed by the Corporate Debtor.
- xviii. Copy of the Letter issued by Assignor Bank to Corporate Debtor for extension of time for payment of Accrued Interest Obligation under Term Loan 2 (FITL 2) along with the Board Resolution passed by the Corporate Debtor.
- xix. Copy of the letter issued by Assignor Bank to Corporate Debtor for extension of time for payment of Accrued Interest Obligation under Term Loan 3 (FITL 3) along with the Board Resolution passed by the Corporate Debtor.
- xx. Copy of the certificate under Bankers Books Evidence Act, 1891 by Assignor Bank.
- xxi. Copy of the statement of Accounts maintained by Assignor Bank.
- xxii. Copy of the statement of Account maintained by the Applicant



- xxiii. Copy of the loan recall notice dated 31.10.2020 bearing reference no. YBL/ARM/20-21/611
- xxiv. Copy of the invocation of guarantee dated 31.10.2020 bearing reference no. YBL/ARM/20-21/612 issued by Assignor Bank to Mr. Shripal Morakhia (personal guarantor)
- xxv. Copy of the Email dated 22.02.2023 issued by Mr. Shripal Morakhia to the Applicant
- xxvi. Copy of the Demand Notice issued by the Applicant under Section 13(2) of SARFAESI Act dated 14.06.2023 bearing reference no. JCFARC/AS/23-24/841
- xxvii. Copy of the reply given by the Corporate Debtor under Section 13(3) of SARFAESI Act dated 10.08.2023
- xxviii. Copy of the letter dated 25.08.2023 issued by the Applicant in response to Corporate Debtor letter dated 10.08.2023
- xxix. Copy of the Original Application filed by Yes Bank before Hon'ble Debts Recovery Tribunal – I, New Delhi (without Exhibits)
- xxx. Copy of the Balance Sheet of the Corporate Debtor as at 31.03.2019 and 31.03.2020
- xxxi. Copy of earlier Section 7 petition bearing Company Petition No. 103 of 2024 before the Hon'ble Adjudicating Authority towards outstanding amount of Rs. 59,92,25,231.79/- as on 31.10.2023 (without exhibits)
- xxxii. Copy of Order dated 29.02.2024 passed by the Hon'ble Adjudicating Authority granting liberty to the Applicant to clarify the date of default
- xxxiii. Copy of Affidavit filed by the Applicant pursuant to the order dated 29.02.2024 clarifying the date of default (without exhibits)



- xxxiv. Copy of Order dated 06.09.2024 passed by Ld. Adjudicating Authority dismissing the earlier Section 7 petition on the ground it is barred under Section 10A of Code
- xxxv. Copy of Order dated 27.11.2024 passed by Hon'ble NCLAT, Principal Bench, New Delhi upholding the Order dated 06.09.2024 of the Adjudicating Authority dismissing Section 7 Application and granting liberty to the Appellant to file a fresh proceeding under Section 7 in accordance with law for default committed subsequent to 10A period.

2. AVERMENTS OF THE APPLICANT

2.1 The case was first listed on 28.07.2025, wherein this Tribunal on the request of the Applicant, directed the Applicant to amend the Application with regard to the interest outstanding claimed in the Application and to file an Additional Affidavit to bring on record the amended Form-1. The Applicant in compliance with the above interim order filed an Additional Affidavit dated 07.08.2025 without an amended Form-1. This Tribunal *vide* interim order dated 20.08.2025 directed the Applicant to file amended Form-1. The Applicant in compliance of the said order filed an Additional Affidavit dated 19.09.2025 which is recorded *vide* interim order dated 22.09.2025. Along with this Additional Affidavit the Applicant has attached amended Form-1. The facts of the amended Form-1 are recorded as below:

2.2 As per Part-IV of the amended Form-1 to the Application, total outstanding amount as on March 31, 2025 is Rs. 70,15,97,641.46 (Seventy Crores Fifteen Lakhs Ninety-Seven Thousand Six Hundred Forty-One Rupees and Forty-Six paisa). However, the defaulted amount for the purpose of present petition being the interest on the



outstanding amount as on March 25, 2021 till March 31, 2025 (post 10A period) is as below: -

Loan Account	Outstanding Interest Amount (from March 25, 2021 till March 31, 2025)
Term Loan 1	1,78,01,087.92
Term Loan 2	20,36,61,549.96
Term Loan 3	8,29,30,788.60
Total (A)	30,43,93,426.48
FITL 1	7,83,467.80
FITL 2	1,18,03,984.42
FITL 3	49,39,335.94
Total (B)	1,75,26,788.15
Grand Total (A+B)	32,19,20,214.64

2.3 In view of the above, the total amount claimed to be in default for the purpose of the present petition as on March 31, 2025 by the Applicant is Rs. 32,19,20,214.64/- (Thirty-Two Crore Nineteen Lakhs Twenty Thousand Two Hundred Fourteen Rupees and Sixty-Four Paise) being the interest outstanding amount for the period after the Section 10A period i.e., after 24.03.2021.

2.4 The Applicant submits that the CD had availed loan facilities under three Term Loan Agreements ("Term Loans"), aggregating to Rs. 53,50,00,000/-. Subsequently, in view of the prevailing COVID-19 situations at the time, the CD availed moratorium benefits in terms of the applicable RBI Circulars. Pursuant thereto, the interest overdue amount arising under the Term Loans was converted into a Funded Interest Term Loan ("FITL"). Accordingly, three FITL letters were issued by the Assignor Bank for the unpaid/outstanding interest, aggregating to Rs. 2,54,05,275.38/-. Consequently, the total amount disbursed stands at Rs. 56,04,05,275.38/-.



2.5 The following chart shows the details of disbursement:

Particulars	Amount disbursed (In Rs.)	Date of Disbursement
Term Loan 1 (As per Term Loan Agreement 1)	50,000,000	September 19, 2017
	40,000,000	October 12, 2017
	35,000,000	October 31, 2017
	10,000,000	November 02, 2017
Term Loan 2 (As per Term Loan Agreement 2)	120,000,000	June 8, 2018
	13,400,000	June 15, 2018
	30,106,880	June 20, 2018
	107,526,000	July 5, 2018
Term Loan 3 (As per Term Loan Agreement 3)	50,000,000	November 5, 2018
	50,000,000	November 12, 2018
(A) Total Term Loan Disbursed	Rs. 53,50,00,000.00 (Rupees Fifty Three Crore Fifty Lakh only)	
FITL 1 (Accrued Interest Obligation for Term Loan 1)	17,20,935.61	September 21, 2020
	45,532.94	September 30, 2020
FITL 2 (Accrued Interest Obligation for Term Loan 2)	1,70,13,698.63	September 21, 2020
	4,05,346.34	September 30, 2020
FITL 3 (Accrued Interest Obligation for Term Loan 3)	60,66,027.40	September 21, 2020
	1,53,734.46	September 30, 2020
(B) Total FITL granted	Rs. 2,54,05,275.38/- (Rupees Two Crore Fifty- Four Lakhs Five Thousand Two Hundred Seventy Five and Paise Thirty Eight only)	
(A)+ (B)	Rs. 56,04,05,275.38/- (Rupees Fifty Six Crore Four Lakh Five Thousand Two Hundred Seventy Five and Thirty Eight Paise only)	

2.6 The Applicant states that it had earlier filed a petition under Section 7 of the Code bearing Company Petition No. 103 of 2024 before NCLT, Mumbai on the basis of default in payment of outstanding financial debt of Rs. 59,92,25,231.79/-. However, the said petition was dismissed by an order dated 06.09.2024 on the ground that the same is barred under Section 10A of Code. The aforesaid Order was challenged by the Applicant before the Hon'ble NCLAT, Principal Bench, New Delhi by way of an Appeal No.2103 of 2024, which was disposed of vide order dated 27.11.2024 granting liberty to the Applicant to file a fresh proceeding under Section 7 of the Code in respect of the default committed subsequent to Section 10A period i.e., post the period 25.03.2020 to 24.03.2021.



- 2.7 In view of the above, the present Application is filed in respect to default committed subsequent to Section 10A period i.e., with effect from March 25, 2021. As per the terms of the Loan Agreement and Recall Notice, the CD is liable to pay interest. However, it is a matter of record that the CD failed to pay interest since the original date of default and continued to remain in default even after the expiry of the 10A period.
- 2.8 Though the Applicant is entitled to the entire principal amount as well as the interest amount from the first date of default, however, the principal amount and some part of interest amount became due and payable during the 10A period. Therefore, for the purpose of this Application, those amounts falling under 10A period are not being claimed in the present Application. The present Application is limited solely to the interest amount that became due and payable post Section 10A period, which is in excess of the threshold limit of Rs. 1 Crore as per Section 4 of the Code.
- 2.9 The Term Loan Agreement 1 (Schedule IV) and Term Loan Agreement 2 (Schedule IV) stipulate the "Interest Payment Dates" as "Monthly", which would consequently fall due on 30th or 31st of every calendar month.
- 2.10 Further, all the three FITL letters clearly specify the due dates for repayment of the accrued interest obligations. After excluding the period covered under Section 10A period i.e., from March 25, 2020 to March 24, 2021, the first due date falling outside the 10A period as per FITL 2 is 08.06.2021 and as per FITL 3, the first such due date is 05.05.2021. Accordingly, in the absence of any determinable default date under the Term Loan Agreements and in the interest of clarity, justice, and equity, the date of default for the purposes of the present Application ought, at the very least, be reckoned as 05.05.2021.
- 2.11 The date of default is mentioned as 05.05.2021, i.e., the first due date of FITL 3.



3. CONTENTIONS OF CORPORATE DEBTOR

- 3.1 The Tribunal *vide* interim order dated 22.09.2025 had issued notice to the CD.
- 3.2 The interim order dated 14.10.2025 records that the Applicant had filed the Affidavit of Service and the Applicant could not deliver the notice through speed post as the item was returned to the sender. The Applicant then requested for a substituted service and the same was allowed by this Bench.
- 3.3 Pursuant to the above order, the Applicant filed an Affidavit of Service dated 19.11.2025 attaching the evidence of newspaper publications in Business Standard Mumbai in English language and Navshakti Mumbai in Marathi language in the area where registered office of the CD is situated.
- 3.4 None had appeared on behalf of the CD on 28.11.2025 and a last opportunity was given to the CD to appear and file its reply.
- 3.5 The interim order dated 18.12.2025 of this Tribunal, records that no reply or vakalatnama was filed by the CD and therefore, the CD was set ex-parte.
- 3.6 Till the date the order was reserved no application was filed by the CD for recall of the order dated 18.12.2025.

4. WRITTEN SUBMISSIONS OF FINANCIAL CREDITOR

- 4.1 The Applicant has relied on the following judgments:
- i. Hon'ble National Company Law Appellate Tribunal, New Delhi in Small Industrial Development Bank of India vs. Sambandh Finserve Private Limited, Company Appeal (AT) (Insolvency) No. 784 of 2023.
 - ii. Hon'ble National Company Law Appellate Tribunal, New Delhi in Harish Raghavji Patel v. Clearwater Capital Partners Singapore Fund IV Private Limited and Ors., Company Appeal (AT) (Insolvency) No. 460 of 2023.



- iii. Hon'ble National Company Law Appellate Tribunal, New Delhi in Vinod Kumar v. Omkara Asset Reconstruction Pvt. Ltd. and Anr., Company Appeal (AT) (Insolvency) No. 2265 of 2024.

5. ANALYSIS AND FINDINGS

- 5.1 We have heard the Ld. Counsel for the Applicant and have perused the records as placed before us. Our findings in the matter are as under: -
- 5.2 On perusal of the documents we observe that the CD had originally borrowed credit facilities from Yes Bank Limited (Assignor Bank). The details of the loan facilities disbursed are reproduced in para no. 2.5 above. The facilities were supported by facility letters and Term Loan Agreements dated 27.09.2017, 03.05.2018 and 31.10.2018. Further, against these term loan facilities, the CD executed various security documents such as Deed of Hypothecation, Demand Promissory Note, Letter of Continuity for Demand Promissory Note, Deed of Guarantee, confirming the receipt of the debt under Term Loan 1, Term Loan 2 and Term Loan 3.
- 5.3 As per the terms of the facilities the CD had to make the repayment as scheduled, however, the CD failed to honor the terms and conditions of the Facility Agreements and therefore, the Assignor Bank recalled the loan *vide* Loan Recall Notice dated 31.10.2020 bearing reference no. YBL/ARM/20-21/611.
- 5.4 Further, due to Covid-19 pandemic, the CD had availed the moratorium benefits in terms of the RBI Circular. Therefore, the overdue amount and interest accrued as on 02.09.2020 were converted into a Funded Interest Term Loan (FITL). The CD, through Board Resolutions dated 30.01.2021 had requested the Assignor Bank to provide additional time for repayment of the accrued interest obligation and the Assignor Bank had issued letters to the CD for extension of time for payment of the accrued interest



obligation and the same was accepted by the CD as we see that the letters are counter signed by the authority of the CD.

- 5.5 Subsequently, the entire loan along with the securities and rights were assigned to the Applicant *vide* Assignment Agreement dated 16.12.2022 entered between the Assignor Bank and the Applicant.
- 5.6 The Applicant then issued a Demand Notice dated 14.06.2023 under Section 13(2) of the SARFAESI Act, 2002 to the CD demanding Rs. 56,98,02,662.60/- towards the outstanding amount. The CD replied to the above notice *vide* letter dated 10.08.2023 stating that the said notice is bad in law and that the CD do not owe any money to the Applicant. Consequently, the Applicant reverted to the CD's reply dated 10.08.2023 *vide* its letter dated 25.08.2023 stating that the CD's reply is meritless and once again claimed the outstanding amount from the CD.
- 5.7 Thereafter, the Applicant filed Section 7 Application bearing Company Petition no. 103 of 2024 before NCLT, Mumbai claiming the default amount of Rs. 59,92,25,231.79/- against the CD. The said Application was dismissed on the ground that it was barred under Section 10A of the Code by an Order dated 06.09.2024 passed by NCLT, Mumbai. This order dated 06.09.2024 was taken in to appeal and the Hon'ble NCLAT, New Delhi, upheld the order dated 06.09.2024 of the NCLT, Mumbai and granted liberty to the Applicant to file a fresh proceeding under Section 7 in accordance with law, for default committed subsequent to 10A period.
- 5.8 On perusal of the order of the NCLT, Mumbai dated 06.09.2024, it is observed that the Tribunal had dismissed the CP(IB) No. 103 of 2024 solely on the ground that it was barred under Section 10A of the Code. However, in the said CP(IB) No. 103 of 2024 there was no denial of the disbursement and default by the CD in the reply filed by the CD and the same is recorded in the findings of that order.



5.9 Further, we observe an email dated 22.02.2023 on Page no. 538 of the Application, which was written by Mr. Shripal Morakhia to the Applicant. The said email is reproduced as under:

“As discussed with Prateek sir telephonically and as discussed with our proposed strategic partner who is averse to any debt we will be repaying the entire debt not later than the close of financial year

I humbly request you to send me the statement of account at the earliest and oblige

Regards,”

5.10 Thus, taking into consideration the said email and the order of the NCLT, Mumbai dated 06.09.2024, it is clear that the CD has not denied the existence of debt and default and hence, we find that there is an admission of debt on the part of the CD.

5.11 Therefore, the Applicant has specifically confined the present Application to defaulted interest accruing subsequent to Section 10A period. From the repayment schedules of FITL-2 and FITL-3, it is evident that certain instalments became due on 05.05.2021, which remain unpaid. Accordingly, the date of default has been rightly reckoned as 05.05.2021, which is beyond the embargo under Section 10A of the Code.

5.12 This Tribunal is relying on the judgment of Hon'ble NCLAT in ***Vinod Kumar v. Omkara ARC Pvt. Ltd. in Company Appeal (AT) (Insolvency) No. 2265 of 2024***, wherein it was held that:

“18. There can be no dispute to the proposition of law as noticed by this Tribunal in the above case. The present case, however, is founded on the basis that even after end of IOA period, the CD defaulted in its obligation to pay monthly interest and liability of interest from 26.03.2021 to 31.05.2021 was more than Rs.9.38 crores.”



- 5.13 The reliance placed by the Applicant on the decisions of the Hon'ble NCLAT in ***Small Industrial Development Bank of India v. Sambandh Finserve Pvt. Ltd. in Company Appeal (AT) (Insolvency) No. 784 of 2023*** and ***Harish Raghavji Patel v. Clearwater Capital Partners, in Company Appeal (AT) (Insolvency) No. 460 of 2023*** is apposite. The said judgments clearly recognise that each missed instalment constitutes a fresh and independent default, and defaults occurring after the Section 10A period can validly form the basis of initiation of CIRP.
- 5.14 From the above, it is clear that without prejudice to claim made in Part-IV, it was pleaded that the CD is in default of its obligation to the interest amount to the extent of Rs. 32,19,20,214.64/- post Section 10A period, which default is in excess of threshold amount of Rs.1 crore, which is sufficient to entitle the Applicant to present Section 7 Application.
- 5.15 The Applicant has furnished a Certificate under Bankers Books Evidence, Act, 1891 along with statement of accounts evidencing the default in the account of the CD with the Assignor Bank.
- 5.16 The Applicant has placed on record the NeSL record of default in Form D, which reflects the Status of Authentication of default as 'Deemed to be Authenticated' and the total outstanding amount as Rs. 59,43,71,434/- and date of default as 07.12.2020.
- 5.17 The Applicant has proposed the name of Mrs. Megha Agarwal to act as the Interim Resolution Professional (IRP) and has given her consent in Form 2, *inter alia*, stating that no disciplinary proceeding is pending against her. The Applicant has attached valid AFA in Form B of the proposed IRP (submitted at the time of hearing held on 29.01.2025), which is valid till 30.06.2027.



5.18 Further, we rely upon the Hon'ble Supreme Court's judgment in ***M/s. Innoventive Industries Ltd. v. ICICI Bank & Anr.*** (Judgment dated August 31, 2017 in Civil Appeal Nos. 8337-8338 of 2017) wherein it has been held as follows:

*"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. **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 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)*

5.19 Therefore, considering the above judgments, facts and findings, we are of the considered view that the Applicant has placed on record necessary evidences and materials to demonstrate the existence of the financial debt and therefore, the Application/Petition filed is complete.

5.20 Thus, it is clear from perusal of the record that an amount more than the threshold limit of Rs.1 Crore under Section 4 of the Code is due and payable by the CD to the Applicant and that the CD has defaulted in making payment of the said amount. Hence, we find that the Applicant has been able to substantiate the existence of a



financial debt due and payable by the CD which remained unpaid. The debt so owed by the CD to the Applicant falls within the definition of “financial debt” under Section 5(8) of the Code.

5.21 In view of the above, we find that requisite conditions necessary to trigger CIRP in respect of the CD are fulfilled, the Application is complete as all the relevant documents have been attached by the Applicant along with the Application. As a result, the matter deserves to be admitted under Section 7 of the Code.

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

ORDER

In view of the aforesaid findings, Application bearing C.P.(IB) No.698/MB/2025 filed under Section 7 of the Code by J.C. Flowers Asset Reconstruction Private Limited, the Applicant, for initiating CIRP in respect of **M/s. Smaaash Leisure Limited**, the Corporate Debtor is hereby **admitted**.

We further declare moratorium under Section 14 of the Code 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 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 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 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 Code 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 in immediately as specified under Section 13 of the Code 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 **Mrs. Megha Agrawal**, a registered Insolvency Professional having Registration Number **IBBI/IPA-001/IP-P-01456/2018-2019/12272** and e-mail address ip.meghaagrwal@gmail.com having valid Authorisation for Assignment up to 30.06.2027 as the IRP to carry out the functions under the Code.



- 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 Code. The officers and managers of the Corporate Debtor the Corporate Debtor is directed to provide effective 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 Code 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 Applicant is directed to deposit a sum of Rs.3,00,000/- (Rupees Three Lakh) 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 Applicant on priority upon the funds 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, Maharashtra, Mumbai for updating the Master Data of the Corporate Debtor.
- XI. A copy of the Order shall also be forwarded to the IBBI for record and dissemination on their website.



- XII. The Registry is directed to immediately communicate this Order to the Applicant, the Corporate Debtor and the IRP by way of Speed Post, e-mail and WhatsApp.
- XIII. **Compliance report of the order by Designated Registrar is to be submitted today.**

Sd/-

**SAMEER KAKAR
MEMBER (TECHNICAL)**

//VM//

Sd/-

**NILESH SHARMA
MEMBER (JUDICIAL)**