



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

CP (IB) No. 254/Chd/Hry/2022

(An application under 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:

M/s Globe Fincap Ltd.

Having its registered office at
609, Ansal Bhawan,
16, K.G. Marg,
Cannaught Place,
New Delhi-110001
Through its Authorised Representative
Mr. Pawan Kumar Hira

.....Applicant/ Financial Creditor

Vs.

M/s CPR Capital Services Limited

Having its registered office at
4, basement, convenience shopping centre,
Valley view estate, Gurgaon-Faridabad Road,
Gwal Pahari, Gurugram- 122003

.....Respondent/Corporate Debtor

Order delivered on: 19.02.2026

CORAM: MR. KHETRABASI BISWAL, MEMBER (JUDICIAL)

MR. KAUSHALENDRA KUMAR SINGH, MEMBER (TECHNICAL)

Present:-

For the Applicant : Mr. Raghav Kapoor, Advocate

For the Respondent : Mr. Deokant Tripathi, Advocate



Judgement

1. The instant application was filed on 07.09.2022 by **Globe Fincap Limited** (hereinafter to be referred as “**Financial Creditor/Applicant**”) through its Authorised Representative Mr. Pawan Kumar Hira, under Section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as the “**Code**” or “**IBC**”) read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 for initiation of Corporate Insolvency Resolution Process (hereinafter referred to as “**CIRP**”) against **CPR Capital Services Limited** (hereinafter referred to as “Corporate Debtor/Respondent”) for the default of an amount of ₹12,98,97,286/- as on 31.06.2022 alongwith future interest at the rate of 16% per annum, from 01.07.2022 onwards. The date of default is 09.02.2018.

2. The averments made by the Financial Creditor/Applicant in its Application and as argued by the learned counsel are summarised as under:

- (i) The Financial Creditor is a Non-Banking Financial Company registered with the Reserve Bank of India, incorporated on 03.04.2008 under the erstwhile Companies Act 1956 and having its registered office at 609, Ansal Bhawan, 16 KG Marg, Cannaught Place, New Delhi- 110001. The Corporate Debtor is a company incorporated on 26.05.1995 under the provisions of the erstwhile Companies Act, 1956, having its registered office at 4, Basement, Convenience Shopping Centre, Viley View Estate, Gurugram – 122003, Haryana. In April 2009, the Corporate Debtor approached the Financial Creditor for a loan facility which resulted in the sanction of a revolving secured loan of ₹15,00,00,000 pursuant to



the Master Loan Agreement dated 19.04.2009 (Annexure A3 to the Application). The loan was secured by way of pledge or transfer of shares. The initial tenure of the facility was 48 months with interest at 18 percent per annum and late payment charges in case of default. The facility was renewed on the request of the Corporate Debtor vide Sanction Letter dated 20.02.2013 reducing the interest rate to 16 percent per annum (Annexure A4 to the Application), and was further extended by one year with three auto rollover periods vide Sanction Letter dated 10.02.2014 (Annexure A5 to the Application).

- (ii) The Corporate Debtor defaulted in its repayment obligations in respect of interest, overdue interest and principal amount. Despite expiry of the final extended tenure on 09.02.2018, the Corporate Debtor failed to clear the outstanding dues. The Financial Creditor, as pledgee or transferee, sold and transferred pledged shares from time to time and credited the sale proceeds to the loan account. Upon continued non-payment, a Demand Notice dated 10.05.2022 calling upon the Corporate Debtor to pay outstanding dues of ₹12,50,61,790/- as on 31.03.2022 was issued (Annexure A6 to the Application). Due to certain typographical errors, a Corrigendum Notice dated 26.07.2022 was issued and served through speed post and email (Annexure A9 and Annexure A11 to the Application), supported by a Section 65B certificate (Annexure A12 to the Application).
- (iii) The Financial Creditor submits that it has duly maintained the loan account of the Corporate Debtor. The Statement of Account reflects an



outstanding debit balance of ₹12,98,97,286.50/- as on 30.06.2022 (Annexure A13 to the Application). The Corporate Debtor is liable to pay the outstanding amount of ₹12,98,97,286/- along with future interest at the rate of 16 percent per annum from 01.07.2022 until realization.

3. The objections raised by the Corporate Debtor/Respondent in its reply and as argued by the learned counsel for the Respondent are summarised as under:

(i) The Applicant has sanctioned and disbursed a loan of ₹15 Crore carrying interest @18% per annum, which is beyond the permissible limit prescribed by the Reserve Bank of India.

(ii) The entire loan amount had already been repaid by the Corporate Debtor, as is evident from the ledger account of the applicant maintained by the Respondent Corporate Debtor. This crucial fact has been deliberately concealed by the Applicant.

(iii) The Corporate Debtor had issued cheques aggregating to a sum of ₹3,95,00,000/- (Three Crore Ninety Five Lakh Only) in favour of the Applicant "Globe Fincap Ltd., the details of which are as follows:

- i. Cheque No. 918976 dated 20.06.2013 for ₹50,00,000/-
- ii. Cheque No. 918987 dated 18.07.2013 for ₹50,00,000/-
- iii. Cheque No. 918988 dated 18.07.2013 for ₹50,00,000/-
- iv. Cheque No. 918990 dated 26.07.2013 for ₹1,45,00,000/-
- v. Cheque No. 918992 dated 26.07.2013 for ₹1,00,00,000/-

However, instead of duly crediting the said payments, the Applicant has wrongfully adjusted the same in the account of "Advance India Share and Securities Pvt. Ltd." Further, as per the calculation of interest dated 17.10.2024 filed by the Corporate Debtor vide Diary No. 01834 on



21.10.2024, the said sum of ₹3,95,00,000 already paid to the Applicant, when computed at 16 percent per annum, amounted to ₹12,42,85,635.77 for the period from 20.06.2013 to 01.07.2022. Accordingly, as per the said calculation sheet dated 17.10.2024, the Corporate Debtor is not liable to pay any further amount to the Financial Creditor.

(iv) A Settlement Agreement/ MoU dated 18.07.2023 was alleged to be entered into between the Financial Creditor and the Corporate Debtor whereby the alleged outstanding loan of ₹12,50,61,790/- was finally settled at ₹50,00,000 (Rupees Fifty Lakh Only). In pursuance thereof, the Corporate Debtor issued two cheques, namely (i) Cheque No. 755384 dated 25.07.2023 for ₹25,00,000 and (ii) Cheque No. 755385 (undated) for ₹25,00,000, both drawn on Punjab National Bank, Radhey Puri Branch, Delhi. However, this agreement is disputed by the Corporate Debtor because same was never executed with the consent of the Corporate Debtor. The said agreement was alleged to be executed on 25.07.2023, However the Corporate Debtor had filed his reply in the year on 23.10.2023 and same was objected vide rejoinder filed by the Applicant on 25.04.2024 and in the said rejoinder this agreement was neither mentioned nor filed with rejoinder and this reason is sufficient to raise doubt over the said document.



4. The Applicant through its rejoinder have denied the averments made by the Corporate Debtor and have submitted the following:

- (i) The objections raised by the Corporate Debtor regarding existence of dispute are misconceived in the context of section 7 of the Insolvency and Bankruptcy Code 2016. The Financial Creditor submits that once default of a financial debt above the statutory threshold is demonstrated, the Adjudicating Authority is required only to verify the occurrence of such default from the records submitted. Reliance is placed on the judgment of the Hon'ble Supreme Court in **Innoventive Industries Ltd. vs. ICICI Bank (2017 SC Online SC 1025)**, as quoted by Hon'ble National Company Law Appellate Tribunal in **Ajay Agarwal vs. Central Bank of India and State Bank of India**, wherein it was held that,

“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.”

Thus, the question of pre-existing dispute as applicable in section 9 proceedings does not arise in an application under section 7.

- (ii) No payment was made by the Corporate Debtor from April, 2013 to July, 2013 and therefore no adjustment is warranted in the outstanding amount. The Financial Creditor has established a financial debt and default to the tune of ₹12,98,97,286/- which is well above the threshold of ₹1 Crore as notified under section 4 of the Code. The ledger relied upon by the Corporate Debtor is denied as incorrect, and it is stated



that all amounts paid, if any, were duly reflected and adjusted in the regularly maintained account of the Financial Creditor. The contracted rate of interest is binding and cannot be disputed at this stage. Any detailed verification of the quantum of claim, including interest calculation, falls within the domain of the Resolution Professional after admission and does not form part of the limited determination to be made by this Tribunal under section 7 of the Code.

ISSUES:

5. We have heard the learned counsel for the Applicant as well as for the Respondent and perused the material available on record.

6. Section 7(5)(a) of the Code is reproduced as under:
*(5) Where the Adjudicating Authority is satisfied that—
(a) **a default has occurred** and the application under sub-section (2) is complete, and there is no disciplinary proceeding pending against the proposed resolution professional, it may, by order, **admit such application.***”

Section 7 of the Code has two essential ingredients; Firstly, there must be a existence of Financial Debt and secondly, a default has occurred on part of the Corporate Debtor.

7. Following are the points for determination:

A. Whether the present petition is filed within the period of limitation?

B. Whether there is an existence of financial debt according to Section 5(8) of the Insolvency and Bankruptcy Code, 2016?

C. If there is the existence of Financial debt, whether a default has been occurred by the Corporate Debtor?



OBSERVATIONS AND ANALYSIS:

A. Whether the present Petition is filed within the period of Limitation?

8. The date of default in the present Application is stated to be 09.02.2018, as the tenure of the loan agreement after mutually agreed extensions expired on 09.02.2018. The period of limitation is 3 years from the Date of Default. In this case, the limitation period would have naturally ended on 08.02.2021. The date of filing of the present application was 07.09.2022.

9. This Tribunal, vide its Order dated 22.09.2022, directed the Applicant to submit a short note, explaining as to how the Application is covered within the limitation of 3 years. In compliance of that Order, The Financial Creditor filed a short note dated 16.01.2023 and submitted that the Application is filed well within the Limitation period.

10. The Applicant is a Non-Banking Financial Company and the Corporate Debtor had availed a revolving loan facility of Rs 15 crores under a Master Loan Agreement dated 19.06.2009, with an initial tenure of 48 months from 19.06.2009. Upon expiry of the initial tenure and on the Corporate Debtor's request, the tenure was renewed for one year by Sanction Letter dated 20.02.2013, and thereafter, on the request of the Financial Creditor, it was further extended for an effective period of four years by Sanction Letter dated 10.02.2014, resulting in the final expiry of the loan tenure on 09.02.2018. The ordinary limitation period of three years would have expired on 09.02.2021, but due to the COVID 19 pandemic and restrictions imposed by the authorities, the Supreme Court, in **Suo Motu Writ Petition (C) No. 3 of**



2020, passed several orders extending limitation, and by order dated 10.01.2022 directed that the period between 15.03.2020 and 28.02.2022 shall stand excluded for the purposes of limitation under all general and special laws for judicial or quasi-judicial proceedings. In view thereof, we find that the Application is filed well within the limitation period.

B. Whether a financial debt exist according to Section 5(8) of the Code?

5(8) Financial debt as per Section 5(8) of the code is defined as:
“Financial debt” means a debt alongwith interest, if any, which is disbursed against the consideration for the time value of money and includes—

(a) money borrowed against the payment of interest;.....”

In the instant case, the Corporate Debtor availed financial assistance from the Financial Creditor and entered into loan agreement dated 19.06.2009 for amount of ₹15,00,00,000/- (Rupees Fifteen Crores only) with interest rate of 18% p.a. for a tenure of 48 months. Further, Applicant on request of Corporate Debtor extended the period of loan for one more year and reduced the rate of interest to 16% per annum vide Sanction Letter dated 20.02.2013. Thereafter, the tenure of the loan was further extended for a period of 4 years vide Sanction Letter dated 10.02.2014. The tenure of the said loan expired on 09.02.2018.

11. On the perusal of the documents as placed before us such as Loan Agreements dated 19.06.2009 and Sanction Letters dated 20.02.2013 and 10.02.2014 and Copy of statement of accounts, it is established that there



was disbursement of loan amount by the Financial Creditor in favor of Corporate Debtor. The rate of interest in respect of credit facilities availed by the Corporate debtor vide loan agreement dated 19.06.2009 was agreed @18% per annum, which was later reduced to 16% per annum vide sanction letter dated 20.02.2013. Further, the Corporate Debtor has nowhere denied the existence of the debt in its averments. Therefore, one essential ingredient with respect to Section 7, that there has been a “debt”, stands substantiated.

C. Whether a default has occurred on part of the Corporate Debtor?

12. Clause 12 of Section 3 of the Code provides the definition of ‘default’:

3(12) “default” means non-payment of debt when whole or any part or instalment of the amount of debt has become due and payable and is not paid by the debtor or the corporate debtor, as the case may be;

In order to establish default, there are two essential ingredients; i.e. Firstly, the Debt has become due and payable; and Secondly, the said debt is not paid by the Corporate Debtor.

13. After perusing the Loan Agreement dated 19.06.2009 and Sanction Letters dated 20.02.2013 and 10.02.2014, we are of the considered view that the due date for repayment of the debt stood as 09.02.2018.

14. The Financial Creditor has contended that the Corporate Debtor failed to repay the total amount with interest even after the expiry of the due date and a sum of ₹12,98,97,286/- was outstanding as on 01.07.2022.

15. The Corporate Debtor, on the other hand, has contended that there is no default inasmuch as it has made a payment of ₹3,95,00,000/- by issuance



of five cheques, namely, Cheque No. 918976 for ₹50,00,000, Cheque No. 918987 for ₹50,00,000 dated 20.06.2013, Cheque No. 918988 for ₹50,00,000 dated 18.07.2013, Cheque No. 918990 for ₹1,45,00,000 dated 26.07.2013 and Cheque No. 918992 for Rs. 1,00,00,000 dated 26.07.2013. It is submitted that when the said sum is computed at interest of 16 percent per annum from 20.06.2013 to 01.07.2022, the same totals to ₹12,42,85,635.77/- and therefore, no amount remains payable. It has further been contended by the Corporate Debtor that instead of crediting the aforesaid amount to its loan account, the Financial Creditor has wrongfully adjusted the said payments towards the account of “Advance India Share and Securities Ltd.”

16. The Financial Creditor, by way of Affidavit dated 30.09.2024, has rebutted such contentions and submitted that although the aforesaid sum of Rs. 3,95,00,000/- was received between 20.06.2013 and 26.07.2013, the same were adjusted against the loan availed by the Group Company of the Corporate Debtor, namely M/s Advance India Shares and Securities Private Limited, on the request made by the Corporate Debtor and its Directors. It is further stated that although such request and representations were made in writing by the Corporate Debtor, the record of the same is presently not traceable as many records were misplaced during the Covid-19 period.

17. The Financial Creditor has further contended that subsequent to filing of the present Application, the Corporate Debtor approached the Financial Creditor and upon its representations, a Memorandum of Understanding (MoU) dated 18.07.2023 (Annexure P-6 to the Affidavit dated 30.09.2024) was executed, whereby the Corporate Debtor acknowledged its liability of Rs.



12,50,61,790/- and agreed to pay Rs. 50,00,000, and the balance amount was waived. The said sum was agreed to be paid through two cheques of Rs. 25,00,000 each. It is stated that the cheque issued was dishonoured upon presentation. The Corporate Debtor has denied the existence and validity of the said Memorandum of Understanding and has submitted that the same was not executed with its consent.

18. Although the signatures on the MoU appear similar to those on the Master Loan Agreement dated 19.06.2009, and sanction letters dated 20.02.2013 and 10.02.2014, this Tribunal is not inclined to return any finding on the authenticity of the said MoU.

19. Upon considering the copies of Form 26AS annexed as Annexure P-1 to the Affidavit dated 30.09.2024 submitted by the Financial Creditor, it is observed that the Corporate Debtor has deposited TDS amounting to Rs. 5,10,815 [i.e. 10 percent of Rs. 51,08,153/-] with the tax authorities for the FYs 2013-14, 2014-15, 2015-16 and 2016-17. This indicates that the Corporate Debtor continued to deposit TDS in respect of the loan account even after 2013, thereby evidencing continuation of debt during the said period. Further, although the Corporate Debtor claims to have fully discharged the loan liability on 26.07.2013, the Sanction Letter dated 10.02.2014 (Annexure A-5 to the Application) clearly records extension of the repayment period of the loan for a further period of four years. If the loan stood fully repaid in 2013, there appears no plausible reason or justification for seeking extension of repayment period in 2014.



20. The existence of the Sanction Letter dated 10.02.2014 as well as continuous deposit of TDS by the Corporate Debtor for several subsequent financial years sufficiently establishes continuance of debt, contrary to the position taken by the Corporate Debtor. Further, the Corporate Debtor has failed to place any material on record indicating that the said Sanction Letter was not accepted by it.

21. In view of the above facts and discussion, we are of the view that both the essential ingredients of Section 7 of the Code, namely existence of debt and occurrence of default as on the due date, stand duly established.

CONCLUSION AND DIRECTIONS:

22. On perusal of the Financial Statements annexed as Annexure A-13 to the Application, it is observed that the total amount of default as on 30.06.2022 is Rs. 12,98,97,286/- which is above the threshold limit of Rs. 1,00,00,000 as prescribed under Section 4 of the Code.

23. In view of the above discussion and findings, this Tribunal is of the considered view that there exists a financial debt which is due, payable and has been defaulted by the Corporate Debtor. Further, the amount of default is above the threshold limit of Rs. 1,00,00,000 as prescribed under Section 4 of the Code. The present Application has been filed within limitation and is complete in all respects, with no defects found on the record. Accordingly, this is a fit case for admission under Section 7 of the Insolvency and Bankruptcy Code, 2016.



24. In view of the above facts and circumstances, in exercise of powers conferred and the provisions of section 7 of the Insolvency and Bankruptcy Code, 2016, this Adjudicating Authority admit the Application bearing No. CP(IB) 254/CHD/Hry/2022 for initiating Corporate Insolvency Resolution Process against CPR Capital Services Limited, the Corporate Debtor with the following directions:

(I) 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 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 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.

(II) 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 the Section 31 or passes an order for liquidation of



Corporate Debtor Company under Section 33 of the IBC, 2016, as the case may be.

(III) As proposed by the financial creditor, we appoint Mr. Sanjay Mehra having registration No. IBBI/IPA-001/IP-P01818/2019-20/12784; to act as an IRP under Section 13(1)(c) of the IBC, 2016 in respect of the CIRP of the Corporate Debtor. The IRP shall conduct the Corporate Insolvency Resolution Process of the Corporate Debtor as per the provisions of the Insolvency and Bankruptcy Code, 2016 read with Rules and Regulations made thereunder.

(IV) The IRP so appointed shall make a public announcement of initiation of Corporate Insolvency Resolution Process (CIRP) and call for submission of claims under Section 15 as required by Section 13(1) (b) of the Code.

(V) 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 to provide effective assistance to the IRP as and when he takes charge of the assets and management of the corporate debtor.

(VI) The IRP shall perform all functions as contemplated, inter alia, under sections 17, 18, 20 & 21 of the Code. It is further made clear that all personnel connected with Corporate Debtor, its Promoter or any other person associated with management of the Corporate Debtor are under legal obligation under Section 19 of the Code extending 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, but do not assist or co-operate, the IRP is at liberty to make appropriate application to this Adjudicating Authority with a prayer for passing an appropriate Order.

(VII) The IRP shall be under 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 obligation imposed by Section 20 of the Insolvency and Bankruptcy Code, 2016.

(VIII) The Financial Creditor is directed to pay an advance of ₹4,00,000/- (Rupees Four Lacs only) to the IRP to meet out the initial CIRP cost within two weeks from the date of receipt of this Order for smooth conduct of the Corporate Insolvency Resolution Process (CIRP) and the IRP to file proof of receipt of such amount to this Adjudicating Authority along with First Progress Report. Subsequently, the IRP may raise further demands for Interim funds, which shall be provided as per applicable Rules.

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



(X) The IRP shall also serve a copy of this order to various departments such as Income Tax, GST, State Trade Tax and Provident Fund etc. who are likely to have their claim against Corporate Debtor as well as to the trade unions/ employee's associations so that they are timely informed about the initiation of CIRP against the corporate debtor.

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

25. Accordingly, the **CP (IB) No. 254/CHD/Hry/2022** stands allowed and disposed of.

Sd/-
Kaushalendra Kumar Singh
Member (Technical)

Sd/-
Khetrabasi Biswal
Member (Judicial)
Aakash