THE NATIONAL COMPANY LAW TRIBUNAL
COURT-V NEW DELHI

COMPANY PETITION IB (IBC) NO. 586/ND/2023

A petition under section 7 of the Insolvency and Bankruptcy Code, 2016 read with Rule 4 of the Insolvency & Bankruptcy (Application to Adjudicating Authority) Rules, 2016.

IN THE MATTER OF:

Jammu and Kashmir Bank
Registered as well as Corporate Office at
M A Road, Srinagar, Jammu & Kashmir-190001
Branch office at:
A-17, Ring Road,
Lajpat Nagar-IV, New Delhi - 110024.

Also at:-
Impaired Assets Recover Branch
ZO Delhi North (Gurgaon)
Plot No.132-34, Sector 44, Gurgaon - 122003 (HARYANA)-INDIA
...Applicant/Financial Creditor

Versus

Ferrous Investments Private Limited
Flat At No. 207, Vardhman Mayur Market CSC
Mayur Vihar, Phase-III, New Delhi – 110096
...Respondent/Corporate Debtor

Order Delivered on: 15.09.2025

CORAM:

SHRI MAHENDRA KHANDELWAL
HON'BLE MEMBER (JUDICIAL)

SMT. ANU JAGMOHAN SINGH
HON'BLE MEMBER (TECHNICAL)

APPEARANCES:

For the Applicant	:	Mr. Chatanya Sharma, Adv.
For the Respondent	:	Mr. Amit Dhall, Mr. Akshay Antil, Advs.

ORDER

1. The instant Company Petition is filed under section 7 of the Insolvency and Bankruptcy Code, 2016 (for brevity "the Code") read with rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, by Jammu and Kashmir Bank Ltd. ("*Applicant*") having CIN No. L65110JK1938SGC000048 (incorporated under the Jammu & Kashmir Companies Act, 1956 and governed by the provisions of Banking Regulation Act, 1949, hereinafter referred to as 'Financial Creditor'), represented by Mr. Rajeev Kumar Digra, seeking to initiate Corporate Insolvency Resolution Process ("CIRP") against Ferrous Investments Private Limited ("Corporate Debtor").

2. The Corporate Debtor was incorporated on 13.06.1986, having CIN: U74899DL1986PTC024481 under the Companies Act, 1956. Its registered office is at Flat No. 207, Vardhman Mayur Market at CSC Mayur Vihar, Phase-III, Kondli, Gharoli, East Delhi, Delhi 110096. Since, the registered office of the Corporate Debtor is situated at Delhi, this Tribunal having territorial jurisdiction over the NCT of Delhi is the Adjudicating Authority in relation to the prayer for initiation of Corporate Insolvency Resolution Process in respect of Respondent Corporate Debtor under sub-section (1) of Section 60 of the Code. The Authorized Share Capital of the Corporate Debtor is INR 3,25,00,000/- (Three Crores and Twenty-Five Lakhs). The Paid-Up Capital of the Corporate Debtor is Rs. INR 3,24,31,670/- (Three Crores Twenty-Four Lakhs Thirty-One Thousand Six Hundred and Seventy).

3. The present petition was filed on 20.01.2022 before this Adjudicating Authority on the ground that the Corporate Debtor has defaulted to make a payment of INR 187,74,61,430.36/- (One Hundred Eighty-Seven Crores Seventy-Four Lacs Sixty-One Thousand Four Hundred Thirty and Thirty-Six Paisa Only). As per the Part IV of the application the date of default is 30.06.2015.

4. **Submissions of Learned Counsel appearing for the Applicant Financial Creditor are as under:**

4.1 In this instant case, Financial Creditor has sought direction to commence the Corporate Insolvency Resolution Process in respect to the Corporate Debtor, being the Corporate Guarantor for the Loans sanctioned and disbursed to Rathi Super Steel Ltd. (hereinafter referred to as the "Principal Borrower"), who has committed multiple defaults on its payment obligations towards the Financial Creditor.

4.2 The Financial Creditor, vide sanction letter dated 28.10.2010, sanctioned a term loan facility of INR 50 Crores to M/s Rathi Super Steel Ltd. ("Principal Borrower") under a consortium arrangement with other lender banks, pursuant whereto the Corporate Debtor executed an unconditional, continuing, and irrevocable Deed of Corporate Guarantee dated 28.03.2011 in favour of the lenders, including the Financial Creditor. Thereafter, in the year 2011, the Financial Creditor further sanctioned a working capital facility of INR 8 Crores under a consortium arrangement with Dena Bank (now Bank of Baroda) as the lead bank, in respect whereof the Corporate Debtor executed an unconditional and irrevocable Deed of Corporate Guarantee dated 03.03.2012 in favour of the Financial Creditor. Furthermore, in addition to the aforesaid facilities, the Financial Creditor sanctioned a facility of INR 25 Crores for the purpose of a Specialty Wire Rod Line in favour of the Principal Borrower, which was subsequently modified vide sanction letter dated 02.11.2012 to INR 18 Crores, against which the Corporate Debtor executed yet another unconditional and irrevocable Deed of Corporate Guarantee dated 24.11.2012.

4.3 In 2013, the Financial Creditor enhanced the working capital facility from INR 8 Crores to INR 10 Crores, with an additional ILC/FLC sub-limit of INR 5 Crores, vide sanction letter dated 05.08.2013, accordingly a Working Capital Consortium Agreement along with a

Deed of Guarantee was executed by the Corporate Debtor on 12.11.2013. Thereafter, a supplementary agreement dated 15.01.2014 was also executed along with another Deed of Guarantee by the Corporate Debtor. Subsequently, under the RBI's Corrective Action Plan (CAP) through the Joint Lenders Forum (JLF), the Financial Creditor refinanced the existing term loans and sanctioned fresh working capital facilities vide sanction letter dated 30.06.2015.

4.4 The Borrower, however, defaulted in its credit facilities and the last payment was made on 10.04.2015, thereon committed breach of various terms and conditions of loan documents. Thus, account of Borrower was accordingly classified as NPA on 30.06.2015. The Balance Sheets of the Borrower for the financial years 2017-18 and 2018-19 continue to reflect the outstanding dues payable to the consortium lenders, including the Financial Creditor.

4.5 Pursuant to that, Dena Bank being one of the Financial Creditor of Borrower, Rathi Super Steel filed Section 7 Application bearing C.P.(IB) No. 1446/PB/2018 which was admitted vide order dated 12.06.2019. Liquidation Proceedings is also initiated against Principal Borrower.

4.6 The Financial Creditor, despite giving repeated opportunities to make good the default of borrower did not receive repayment of the outstanding dues from the Corporate Debtor. More so Financial Creditor has issued a Guarantee Invocation Notice dated 17.12.2021 to the Corporate Debtor/Guarantor. Therefore, Financial Creditor has to initiate proceedings under Section 7 of the IBC.

4.7 The statement of accounts filed by the Financial Creditor and loan/ security documents executed by and between the Financial Creditor and the Corporate Debtor is the conclusive proof that there is an existence of the debt and that a default has been committed by the Corporate Debtor in repayment of the same. The statement of accounts and loan/security documents executed between the parties constitute conclusive proof of the existence of debt and the default committed by the Corporate Debtor. The Financial Creditor has annexed all relevant documents evidencing default.

4.8 Further, the Power of Attorney dated 25.11.2010 filed with the application clearly demonstrates that the Board of the Financial Creditor, under Article 72(d) of its Articles of Association of the bank, duly authorised Mr. Rajeev Kumar Digra to initiate insolvency proceedings, therefore the objections raised by the Corporate Debtor pertaining to power of attorney is untenable.

4.9 In addition, Clause 27 of the Deed of Corporate Guarantee dated 15.01.2014 stipulates that any acknowledgment of debt, balance confirmation, or part payment made by the Borrower shall be deemed as made on behalf of the Guarantor and be binding upon it. Accordingly, the acknowledgments made by the Borrower, read with the Balance Sheets and other supporting documents, conclusively establish the financial debt and default, equally binding the Corporate Debtor in its capacity as guarantor. Thus, in view of above, the present application deserves to be admitted since the Corporate Guarantee have failed to clear the outstanding dues as defaulted by the Principal Borrower.

5. **Submissions of Learned Counsel appearing for the Respondent/Corporate Debtor in reply to the present Petition are as under:**

5.1 The Corporate Debtor alleged that the present application has been filed with absolute malice and on baseless grounds. The Financial Creditor has failed to produce any document demonstrating default committed by the Corporate Debtor and has merely relied on the admission order dated 12.06.2019

5.2 It is submitted that no admission of liability is reflected in the balance sheet of borrower, which attracts any liability on behalf of Corporate Debtor. Also, the Corporate Debtor has solely executed Corporate Guarantee deed dated 15.01.2014 in favor of consortium. It further states that there is no date of default that has been filed and substantiated. In absence of any certification of accounts or permission from the consortium banks, present application is liable to be dismissed.

5.3 The Financial Creditor was not duly authorized to file the present application as the power of attorney, which was relied upon is dated as 25.11.2010, which is almost 12 years prior to filing of this present application.

5.4 The deed of guarantees on which Financial Creditor relied was not signed or executed by the Corporate Debtor because in reality the documents were supposed to be indemnity deeds, which was later altered and fabricated to produce them as a guarantee deeds.

5.5 The Financial Creditor has not issued repeated requests to the Corporate Debtor. Also, the deed of guarantee relied upon by the Applicant is not qualified deed of guarantee and the amount claimed by the Financial Creditor is yet to be determined in OA No. 431/2017 pending before the Debt Recovery Tribunal, New Delhi, between the Financial Creditor and the Borrower. In the absence of determination of the Borrower's liability, no liability can be attracted upon the Corporate Debtor.

5.6 The statement of account filed with the present application is incomplete as it does not reflect the adjustments from the sale of assets/properties of the borrower and is not supported by any approval or acknowledgment from the lead bank or other consortium members. Further, any alleged acknowledgment in the balance sheets cannot qualify as a valid acknowledgment under Section 18 of the Limitation Act. Therefore, the present application deserves to be dismissed for lack of evidence to substantial either the date of default or amount of default.

Analysis and Findings

6. We have heard the Learned Counsels for the Applicant/Financial Creditor and the Respondent/Corporate Debtor and perused the averments made in the petition, reply and rejoinder. In order to affirm that this petition falls within the ambit of Section 7, we need to see whether there is a "debt" owed to the Financial Creditor and "default" with respect to such debt as envisaged under Section 3 of the Code, 2016 and whether the Financial Creditor is qualified to initiate Section 7 Application against the corporate Debtor.

7. In the present case, the Financial Creditor has alleged that it sanctioned term loan facilities along with a working capital facility to the principal borrower, namely Rathi Super Steel Limited. As per Part IV, the details of the transactions/loan facilities are extracted below:

S. No.	Nature of Facilities	Date of Advance	Limit Sanctioned	Amount Disbursed	Outstanding as on 31.12.2021
1.	Term Loan - I (0323266800000050)	09.06.2011	50.00	50.00	118.41
2.	Term Loan – II (0323261030000002)	08.05.2013	18.00	17.20	41.90
3.	Working Capital Facility (Cash Credit Facility) (0323020100000279)	19.03.2012	10.00	-	27.43
TOTAL			78.00	______	187.74

The Financial Creditor has placed on record various documents demonstrating the disbursement of different term loans and the working capital facilities sanctioned to the principal borrower. The documents clearly establish that the loans were duly sanctioned, disbursed, and supported by properly executed loan agreements. Furthermore, the Financial Creditor/Applicant has also filed the corporate guarantee agreements corresponding to each loan transaction, executed by the Corporate Debtor in favor of the Applicant Bank. To substantiate its claim, the Financial Creditor has relied upon the following documents:

- Sanction letter dated 28.10.2010
- Term Loan Consortium Agreement dated 28.03.2011
- Deed of Corporate Guarantee dated 28.03.2011
- Sanction letter dated 08.09.2011
- Working Capital Consortium Agreement dated 03.03.2012
- Deed of Corporate Guarantee dated 03.03.2012
- Sanction letter dated 08.08.2012
- Modified Sanction letter dated 02.11.2012
- Deed of Corporate Guarantee dated 24.11.2012
- Sanction letter dated 05.08.2013
- Working Capital Consortium Agreement dated 12.11.2013
- Supplementary Agreement dated 15.01.2014
- Deed of Corporate Guarantee dated 15.01.2014
- Guarantee Invocation Notice dated 17.12.2021
- Reply to the Guarantee Invocation Notice dated 17.12.2021 dated 13.01.2022
- Statement of Accounts as on 31.12.2021
- Balance Sheet(s) of the financial years 2017-2018 and 2018-2019

8. The Financial Creditor has placed on record Guarantee Deeds dated 28.03.2011, 03.03.2012, 12.11.2012 & 15.01.2014, annexed as Annexures P5, P7, P11, and P13 respectively. On careful examination, it is observed that there are substantially similar clauses in all the Guarantee Deeds. Clauses 3, 7, and 21 uniformly stipulate that in the event of any default on the part of the Principal Borrower in repayment, the guarantor shall upon demand pay all the amounts claimed as payable

by the borrower, and that the Guarantor shall not be discharged from liability until irrevocable repayment and unconditional discharge of the entire outstanding amount. Clause 3, Clause 7 and Clause 21 of the Guarantee Deeds are reproduced as below:

> ***3.*** *In the event of any default on the part of the Borrower in payment/repayment of any of the moneys referred to above, or in the event of any default on the part of the Borrower to comply with or perform any of the terms, conditions and covenants contained in the Credit Facility Agreement and such other Financing Documents, the* <u>*Guarantors shall, forthwith upon demand by the "DB Consortium"/Lenders pay without demur all the amounts claimed as payable by the Borrower to the "DB Consortium"/Lenders under the Credit Facility Agreement.*</u> *The decision of DB Consortium/Lenders with regard to occurrence of an event of default shall be final and binding on the guarantor for all intent and purposes.*
>
> ***7.*** <u>*This Guarantee shall be enforceable against the Guarantor notwithstanding that any security or securities comprised in any instrument(s) executed or to be executed by the Borrower in favour of the "DB Consortium"/Lenders shall, at the time when the proceedings are taken against the Guarantor on this Guarantee*</u>*, be outstanding or un-realised or lost.*
>
> ***21.*** *Notwithstanding anything contained herein above, the liability of the Guarantor hereunder shall not exceed the outstanding amount of the. Credit Facilities and the costs, expenses and other monies that may from time to time become due and payable and remain unpaid to the "DB Consortium"/Lenders by the Borrower.* <u>*The obligation of the Guarantors under this guarantee shall be valid and subsisting until the irrevocable repayment and unconditional discharge in full of the outstanding amount of the Facilities*</u>*.*

9. With respect to the Corporate Guarantee Agreements placed on record by the Financial Creditor, the Respondent has contended that its signatures were obtained on blank papers intended for indemnity bonds, which were subsequently altered and fabricated into guarantee deeds. It is seen that the guarantee deeds are duly signed and stamped by the Corporate Debtor. The respondent has failed to place on record any document substantiating its stand. A contention without substantiating and supporting document is mere assertion, thus, cannot be relied upon.

10. Clause 3 of the Guarantee Deeds states that the liability of the Corporate Debtor/Guarantor arises upon demand by the lender banks/consortium. Accordingly, issuance of a demand notice is a mandatory prerequisite for enforcing the guarantee deed. In compliance, the Applicant/Financial Creditor invoked the corporate guarantee vide invocation notice dated 17.12.2021, which was duly replied by the Corporate Guarantor vide its letter dated 13.01.2022. The aforesaid clause of the deed of guarantee and demand made by the financial creditor invoking the guarantee clearly indicates the default made by the Corporate Debtor/Guarantor, in discharging of its liability under the deed of guarantee. Hence, the Corporate Debtor/Guarantor cannot contend that no liability exists on its part for default of the principal borrower.

11. It is pertinent to note that under section 128 of the Indian Contract Act, 1872 the liability of the surety is coextensive with that of the principal debtor, unless otherwise provided under the contract. The Hon'ble Supreme Court in the matter of ***Laxmi Pat Surana Vs. Union Bank of India & Anr. (2021) 8 SCC 481*** wherein it was held that the liability of the 'Corporate Guarantor' is `coextensive' with that of the 'Principal Borrower' and that acknowledgment given by the 'Principal Borrower' also binds the 'Corporate Guarantor'. The relevant extract of the said judgment is reproduced below:

> *"**49**. The appellant was at pains to persuade us that the intention behind the communication dated 8-12-2018 sent to the financial creditor by the corporate guarantor (corporate debtor) is a triable matter, as it was sent without prejudice. We are not impressed by this submission. The fact that the principal borrower had availed of credit/loan and committed default and that the (corporate) guarantor/corporate debtor had offered guarantee in respect of the loan account is not disputed. What is urged by the appellant is that the acknowledgment of liability to pay the amount in question was by the principal borrower and that acknowledgment cannot be the basis to proceed against the corporate guarantor (corporate debtor). Section 18 of the Limitation Act, however, posits*

that a fresh period of limitation shall be computed from the time when the party against whom the right is claimed acknowledges its liability. ***The financial creditor has not only the right to recover the outstanding dues by filing a suit, but also has a right to initiate resolution process against the corporate person (being a corporate debtor) whose liability is coextensive with that of the principal borrower and more so when it activates from the written acknowledgment of liability and failure of both to discharge that liability.*** *"*

12. It is observed that the Corporate Debtor has objected on the ground that there exists no acknowledgement of liability by the principal borrower in its balance sheet which attracts liability on Corporate Debtor. However, upon perusal of the documents on record, it is evident that the Corporate Debtor has extended corporate guarantees in favor of the lender banks including the Financial Creditor to secure the loan facilities of the principal borrower. Further, the balance sheets of the principal borrower for the F.Ys. 2017–18 and 2018–19, annexed as Annexure P-16, clearly record under Note No. 5 the existence of "financial debt" within the meaning of Section 5(8) of the Code, as working capital facilities secured by the corporate guarantee of the Corporate Debtor.

13. The Hon'ble Appellate Tribunal in ***E.M. Najeeb Ellias Mohammed, Promoter of Air Travel Enterprises India Ltd. v. Union Bank of India, 2024 SCC OnLine NCLAT 254***, categorically held that an acknowledgment of liability made by the principal borrower must also be treated as an acknowledgment on behalf of the guarantor. The relevant extracts are reproduced below:

"65. An Acknowledgment for liability itself is sufficient and it need not necessarily be accompanied by a promise to pay as per decision in Hetal Enterprises v. New India Assurance Company Ltd. 2012 (1CCC 458 Bom). Further, an acknowledgment under Section 18 of the Limitation Act, 1963 can be with respect to not only the property or right, but it can be even in regard to the Liability.

66. An Acknowledgment of a liability made by the Principal Borrower should be considered as an acknowledgment of liability, on behalf of Guarantor.
67. A Revival Letter/ an acknowledgment, executed by the Principal Borrower on the authorization binds the Guarantor."

In the present case, the balance sheets of the Principal Borrower for the F.Ys. 2017–18 and 2018–19 (Note No. 5) clearly records an acknowledgment of liability by the Principal Borrower. It is well settled that such acknowledgment by the Borrower equally extends to the Corporate Guarantor. Therefore, the Respondent's contention that the acknowledgment of liability by the Principal Borrower does not bind the Corporate Debtor is untenable and thus, rejected.

14. In addition, the Financial Creditor has filed the relevant statement of accounts, duly certified in accordance with the provisions of the Banker's Books Evidence Act, 1891, as Annexure P-15. The said statement substantiates the existence of a financial debt by demonstrating that the borrower had availed certain loan facilities, against which the Applicant has raised its claim upon the Corporate Debtor/Guarantor. Accordingly, the statement of accounts constitutes sufficient evidence of the financial debt.

15. The Corporate Debtor has further contended that the amount claimed by the Financial Creditor under the loan agreements has not yet been crystallized and is pending adjudication before the Debt Recovery Tribunal, New Delhi, in O.A. No. 431/2017. It is argued that unless such determination is made, no liability can arise against the Corporate Debtor/Guarantor. However, it is a settled position of law that pendency of proceedings before the DRT does not bar initiation of CIRP against the Corporate Debtor. Mere pendency of a case before the DRT for adjudication of any disputed amount cannot be a ground to reject an application filed under Section 7 of the Code. The Hon'ble NCLAT in ***Mr.***

G. Sundaravadivelu v. Indian Overseas Bank, (2023) ibclaw.in 404 NCLAT vide order dated 27.06.2023 categorically held that:

> *"96. It is pointed out that the pendency of proceedings before the `Debt Recovery Tribunal', is not a bar, for the `Financial Creditor', to initiate an action against the `Corporate Debtor'. That apart, an `Adjudicating Authority', need not wait for the decision of `Debt Recovery Tribunal', while rendering its findings."*

16. The Hon'ble NCLAT in ***Asset Construction Company (India) Ltd. v Uniworth Textiles Ltd., Company Appeal (AT) (Insolvency) No. 991 of 2020*** vide its order dated 10.07.2023 held that any order of Debt Recovery Tribunal (DRT), either adversarial cannot circumscribe the right of financial creditor as provided under section 7 of IBC, 2016. The relevant extract of the aforesaid precedent is reproduced below.

> *"As regard, the plea of the Respondent regarding pending appeal by the Respondent against the order of DRT in OA No. 162 of 2014, we have noted that as on date no adverse order to the DRT order has been passed and therefore the DRT order in that particular OA is still hold good. Incidentally, the outcome of such pending appeal in DRT case does not debar the right the Appellant in pursuing legal remedy under Section 7 of the Code."*

17. The Hon'ble Principal Bench, in CP (IB) No. 1446 of 2018 filed under Section 7 by Dena Bank against Rathi Super Steel (Principal Borrower), admitted the application and initiated Corporate Insolvency Resolution Process ("CIRP") against the Borrower vide order dated 12.06.2019. After a critical examination, the Bench concluded that there exists an outstanding debt and a consequential default. The relevant extracts of the order dated 12.06.2019 are reproduced below:

> *"**27.** After a conjoint reading of the aforesaid provision along with Rule 4 (2) of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, <u>we are satisfied that a default has occurred and the application under sub section 2 of</u>*

Section 7 is complete. The IRP proposed does not have any disciplinary proceedings pending against him.

***28.** In view of the above we find that there was an advancement of loan and default on part of the respondent- corporate debtor is established. Even Otherwise there is overwhelming documentary evidence on record which support those findings."*

In light of the above order, it is clear that the existence of a financial debt and default in terms of the IBC stands established. Furthermore, in terms of the aforesaid Guarantee Deeds, a guarantee invocation notice has also been duly served upon the Corporate Debtor. Accordingly, the requirements of Section 7 are satisfied in the present case, and the existence of financial debt as well as default on the part of the Corporate Debtor/Guarantor is clearly established.

18. Proceedings under the Insolvency and Bankruptcy Code, 2016 are summary in nature, and it is beyond the ambit of this Adjudicating Authority to examine issues other than the existence of 'debt' and 'default'. Upon perusal of the facts on record, it is evident that the Applicant is a Financial Creditor, the liability of the Corporate Debtor arises from the corporate guarantee deeds placed on record, and the debt so owed constitutes a Financial Debt within the meaning of Sections 5(7) and 5(8) of the Code and there has been a default, as stipulated in Sections 3(12).

19. The Corporate Debtor failed to produce any document to demonstrate that the Guarantee Agreement contains a provision which provides for discharge of the surety before the entire dues guaranteed under the Guarantee Agreement are repaid. Therefore, we are of considered view that the liability of the Corporate Debtor cannot be extinguished merely on account of initiation of CIRP against the Principal Borrower.

20. From the facts borne out on record and discussed hereinabove, it is evident that the financial debt stands duly acknowledged by the Principal

Borrower in terms of Section 18 of the Limitation Act, 1963. Further, CIRP has already been commenced against the Principal Borrower by order dated 12.06.2019. Accordingly, the present application is not barred by limitation, and the submissions advanced by the Corporate Debtor on this issue are untenable. Hence, in all respects the 'debt' as claimed by the Financial Creditor is well within the period of limitation, and it remains undisputed that the Corporate Debtor has committed default in repayment of the said financial debt.

21. The present petition made by the Financial Creditor is complete in all respects as required under law. The material on record establishes that the Corporate Debtor has committed default in respect of a debt due to the Principal Borrower, and the quantum of such default is more than the minimum threshold prescribed under Section 4(1) of the Code. It is noted that the Petition was filed on 20.01.2022, and the admitted debt owed to the Financial Creditor amounts to INR 187,74,61,430.36/- (Rupees One Hundred Eighty-Seven Crores Seventy-Four Lakhs Sixty-One Thousand Four Hundred Thirty and Paise Thirty-Six Paise only), which is well above the statutory limit of Rs. 1 Crore.

22. In the light of the above facts and circumstances, and in terms of Section 7(5) (a) of the Code, the instant Company Petition (IB)/586(ND) 2023 filed by the Jammu & Kashmir Bank Limited, the Financial Creditor, under section 7 of the Code read with Rule 4(1) of the Insolvency & Bankruptcy (Application to Adjudicating Authority) Rules, 2016 for initiating CIRP against Ferrous Investments Pvt. Ltd., the Corporate Debtor, stands admitted.

23. That the Applicant in part-III of the petition has proposed the name of Ms. Chhaya Gupta, as Interim Resolution Professional, having Registration Number IBBI/IPA-002/IP-N00984/2020-2021/13133 and E-mail ID guptachayacs@gmail.com, is hereby appointed as an Interim Resolution Professional (IRP) for corporate debtor. Resolution Professional so

appointed is also directed to file a Valid AFA along with requisite FORM 2 within 5 days of receipt of this order.

24. We also declare moratorium in terms of Section 14 of the Code. The necessary consequences of imposing the moratorium flows from the provisions of Section 14 (1) (a), (b), (c) & (d) of the Code. Thus, the following prohibitions are imposed:

   (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 Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;*
   (d) *The recovery of any property by an owner or lessor, where such property is occupied by or in the possession of the corporate debtor.*
   (e) *The IB Code 2016 also prohibits Suspension or termination of any license, permit, registration, quota, concession, clearances or a similar grant or right given by the Central Government, State Government, local authority, sectoral regulator or any other authority constituted under any other law for the time being in force, on the grounds of insolvency, subject to the condition that there is no default in payment of current dues arising for the use or continuation of the license, permit, registration, quota, concessions, clearances or a similar grant or right during the moratorium period.*

25. It is made clear that the provisions of moratorium shall not apply to transactions which might be notified by the Central Government and the supply of the essential goods or services to the Corporate Debtor as may be specified, are not to be terminated or suspended or interrupted during

the moratorium period. In addition, as per the Insolvency and Bankruptcy Code (Amendment) Act, 2018 which has come into force w.e.f. 06.06.2018, the provisions of moratorium shall not apply to the surety in a contract of guarantee to the corporate debtor in terms of Section 14 (3) (b) of the Code.

26. In pursuance of Section 13 (2) of the Code, we direct that public announcement shall be made by the Interim Resolution Professional immediately (within 3 days) as prescribed by Explanation to Regulation 6(1) of the IBBI Regulations, 2016) with regard to admission of this application under Section 7 of the Insolvency & Bankruptcy Code, 2016.

27. We direct the Applicant Financial Creditor to deposit a sum of Rs. 2 Lakhs (Two Lakh Rupees) with the Interim Resolution Professional namely Ms. Chhaya Gupta to meet out the expenses to perform the initial functions assigned to her in accordance with Regulation 6 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Person) Regulations, 2016. The needful shall be done within three days from the date of receipt of this order by the Financial Creditor. The said amount, however, is subject to adjustment towards Resolution Process cost as per applicable rules.

28. The Interim Resolution Professional shall perform all her functions as contemplated, inter-alia, by Sections 15, 17, 18, 19, 20 & 21 of the Code and transact proceedings with utmost dedication, honesty and strictly in accordance with the provisions of the Code, Rules and Regulations.

29. It is further made clear that all the personnel connected with the Corporate Debtor, its promoters or any other person associated with the Management of the Corporate Debtor are under legal obligation under Section 19 of the Code to extend every assistance and cooperation to the Interim Resolution Professional as may be required by him in managing the day-to-day affairs of the 'Corporate Debtor'. In case there is any

violation committed by the ex- management or any tainted/illegal transaction by ex-directors or anyone else, the Interim Resolution Professional would be at liberty to make appropriate application to this Adjudicating Authority with a prayer for passing appropriate orders.

30. The Interim Resolution Professional shall be under duty to protect and preserve the value of the property of the 'Corporate Debtor' as a part of her obligation imposed by Section 20 of the Code and perform all her functions strictly in accordance with the provisions of the Code, Rules and Regulations.

31. A copy of the order shall be communicated to the applicant, Corporate Debtor and IRP above named, by the Registry. In addition, a copy of the order shall also be forwarded to IBBI for its records. Applicant is also directed to provide a copy of the complete paper book to the IRP. A copy of this order is also sent to the ROC for updating the Master Data. ROC shall send compliance report to the Registrar, NCLT.

32. Accordingly, the instant application filed under Section 7 of the Code, 2016 bearing **I.B./586 (ND)/2023** stands **admitted**.

A certified copy of this order may be issued, if applied for, upon compliance with all requisite formalities.

Sd/-	Sd/-
ANU JAGMOHAN SINGH	**MAHENDRA KHANDELWAL**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**