



NATIONAL COMPANY LAW TRIBUNAL
NEW DELHI BENCH (COURT-II)

IN
(IB)-236/ND/2025

IN THE MATTER OF:

Israr

S/o Sh. Afjal

Having registered office at :

R/O 987, Kungar Patti Sujdu

Sujru, Muzzaffarnagar

Uttar Pradesh-251003

... Applicant/Financial Creditor

VERSUS

JMV Ispat Private Limited

Having registered office at :

T-19-A, First Floor Khirki

Extnensio, Malviya Nagar,

New Delhi-110017

... Respondent/Corporate Debtor

Under Section: 7 of IBC, 2016

Order delivered on: 22.05.2026

CORAM:

SH. ASHOK KUMAR BHARDWAJ, HON'BLE MEMBER (J)

MS. REENA SINHA PURI, HON'BLE MEMBER (T)

PRESENT:

For the Applicant : PCMA Mukesh Singh Bhadauria

For the Respondent : Adv Divya Jagga



ORDER

PER: MS. REENA SINHA PURI, MEMBER (T)

The present Company Petition has been filed by Mr. Israr, Financial Creditor/Applicant, under Section 7 of the IBC¹, seeking initiation of CIRP² against M/s JMV Ispat Private Limited, Corporate Debtor, on account of alleged default in repayment of financial debt amounting to Rs. 5,84,46,000, together with applicable interest.

2. The case of the Financial Creditor is that financial assistance was extended to the Corporate Debtor under the Loan Agreement³ dated 15.11.2022. Pursuant thereto, a total sum of Rs. 6,00,00,000 was disbursed to the Corporate Debtor as per its requirements. Out of the said amount, a sum of Rs. 18,00,000 was repaid on 31.12.2022, leaving an outstanding amount of Rs. 5,84,46,000.

3. As per the terms of the Loan Agreement, the tenure of the loan was 24 months, and the Corporate Debtor was obligated to repay the principal amount along with applicable interest within seven days from completion of the tenure, i.e., after 15.11.2024. However, despite expiry of the agreed tenure, the Corporate Debtor failed to repay the outstanding loan amount.

4. Consequently, the Financial Creditor issued a Loan Recall Notice⁴ dated 27.01.2025, calling upon the Corporate Debtor to repay the outstanding amount of Rs. 5,66,46,000, together with contractual interest at the rate of

¹ Insolvency and Bankruptcy Code, 2016

² Corporate Insolvency Resolution Process

³ Annexure 1-30-36

⁴ Annexure 2-37-41



12% per annum and penal interest at the rate of 3% per annum, within 15 days from receipt of the notice. It is stated that despite receipt of the said notice, the Corporate Debtor neither replied to the notice nor discharged the outstanding dues. Accordingly, on expiry of the said period, the Corporate Debtor is stated to have committed default on 15.02.2025.

5. The Financial Creditor has also placed on record the Information Utility report issued by National E-Governance Services Limited, which records the occurrence of default and reflects the outstanding default amount as Rs. 5,66,46,000. The status of authentication is shown as “deemed to be authenticated”.

6. The Corporate Debtor, in its reply, has submitted that it is presently facing financial difficulties due to adverse circumstances and is making efforts to revive its business operations and arrange sufficient funds to discharge its liabilities towards the Financial Creditor. The Corporate Debtor has further contended that the object of the IBC is resolution of insolvency and maximisation of value of assets, and not recovery of dues. In support of this contention, reliance has been placed upon *Vidarbha Industries Power Limited v. Axis Bank Limited*, wherein it was observed that the IBC is not intended to penalise solvent companies facing temporary financial difficulties. It is also submitted by the Corporate Debtor that initiation of CIRP would adversely affect the business operations, employees and stakeholders of the Company, despite the possibility of revival. The Corporate Debtor has further alleged that the present proceedings have been initiated by the Financial Creditor as a recovery mechanism under the guise of proceedings under the IBC.



7. In rejoinder, the Financial Creditor has submitted that the reply filed by the Corporate Debtor is false and misleading. It is submitted that the Corporate Debtor has neither disputed the financial debt nor the occurrence of default, and has merely sought additional time on the ground of financial hardship, which itself amounts to an admission of default. The Financial Creditor has further submitted that despite expiry of the tenure under the Loan Agreement dated 15.11.2022, the Corporate Debtor has failed to make payment towards the outstanding dues for several months, thereby causing serious prejudice to the Financial Creditor. The Financial Creditor has also submitted that the reliance placed by the Corporate Debtor on *Vidarbha Industries Power Limited v. Axis Bank Limited* is misplaced and distinguishable on facts, as the present case concerns a clear and continuing default in repayment of an admitted financial debt.

8. We have heard learned counsel for the parties and perused the material placed on record. The jurisdiction under Section 7 of the IBC can be invoked where a financial debt is owed by the Corporate Debtor and default has occurred in repayment thereof. A financial debt, within the meaning of Section 5(8) of the IBC, includes money borrowed against payment of interest and disbursed against consideration for the time value of money. Section 7(5) of the IBC provides that where the Adjudicating Authority is satisfied that default has occurred, the application is complete, and no disciplinary proceeding is pending against the proposed resolution professional, it may admit the application.



9. In the present case, the amount advanced by the Financial Creditor is reflected as a loan payable in the bank statements and ledger accounts. The Corporate Debtor has not disputed receipt of the loan amount. It has also not disputed non-repayment of the outstanding amount. Further, no account statement or documentary evidence has been placed on record by the Corporate Debtor to establish repayment or discharge of the liability. On the contrary, in paragraph 4 of its reply, the Corporate Debtor has acknowledged its liability and has sought time to arrange funds on account of financial constraints. Such stand, far from disputing the debt or default, supports the existence of financial debt and occurrence of default.

10. It is also relevant that the Information Utility record maintained by National E-Governance Services Limited reflects the status of authentication as “deemed to be authenticated”. In terms of Regulation 21 of the IBBI (Information Utilities) Regulations, 2017, such record is treated as an authenticated record. The said report evidences the occurrence of default in repayment of the financial debt by the Corporate Debtor. In *Innoventive Industries Ltd. v. ICICI Bank & Anr.*, Civil Appeal Nos. 8337-8338 of 2017, the Hon’ble Supreme Court has emphasised that the Adjudicating Authority is required to ascertain the existence of default from the records of the Information Utility or on the basis of evidence furnished by the Financial Creditor.

11. The objection of the Corporate Debtor that the present petition is in the nature of recovery proceedings cannot be accepted in the facts of the present case. Once financial debt and default are established, and the application is



otherwise complete, the Financial Creditor is entitled to maintain an application under Section 7 of the Code. The plea of financial difficulty or efforts towards revival, in itself, does not constitute a ground to reject an otherwise complete application under Section 7, particularly where the debt and default remain undisputed.

12. The reliance placed on *Vidarbha Industries Power Limited v. Axis Bank Limited* is also of no assistance to the Corporate Debtor in the present facts. The present case is not one where the debt or default is seriously disputed, nor has any material been placed before us to show that the default is illusory, premature or otherwise not established. The record discloses a clear default in repayment of an admitted financial debt.

13. In view of the aforesaid facts and circumstances, and the material placed on record establishing the existence of financial debt and occurrence of default, we are satisfied that the requirements of Section 7 of the Code stand fulfilled. The present Company Petition is, therefore, liable to be admitted.

14. Accordingly, the Application is admitted and this Adjudicating Authority orders commencement of the Corporate Insolvency Resolution Process against M/s JMV Ispat Private Limited.

15. The Financial Creditor has proposed the name of Mrs. Hemi Gupta as the Interim Resolution Professional. The declaration filed under Rule 9 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, by way of Form 2, indicates that no disciplinary proceedings are



pending against her and that she is eligible to be appointed as IRP in respect of the Corporate Debtor.

16. Accordingly, this Adjudicating Authority appoints Mrs. Hemi Gupta, Registration No. IBBI/IPA-002/IP-N00147/2017-18/10383, as the Interim Resolution Professional (IRP). Her Authorisation for Assignment is stated to be valid up to 31.12.2026, as per the IBBI list of registered Insolvency Professionals. The IRP is directed to file her valid Authorisation for Assignment within three days from the date of this order, if not already filed.

17. The IRP is directed to take charge of the management of the Corporate Debtor forthwith. She shall cause public announcement to be made as prescribed under Section 15 of the Code within three days from the date of receipt of this order and call for submission of claims in accordance with law.

18. Moratorium under Section 14 of the Code is hereby declared and shall have effect from the date of this order till completion of the CIRP, for the purposes referred to in Section 14 of the Code.

19. During the moratorium period, the following shall be prohibited:

- 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. Recovery of any property by an owner or lessor where such property is occupied by, or is in possession of, the Corporate Debtor.

20. Notwithstanding anything contained in any other law for the time being in force, any licence, permit, registration, quota, concession, clearance or similar grant or right given by the Central Government, State Government, local authority, sectoral regulator or any other authority shall not be suspended or terminated on the ground of insolvency, subject to the condition that there is no default in payment of current dues arising for the use or continuation of such licence, permit, registration, quota, concession, clearance or similar grant or right during the moratorium period.

21. The supply of essential goods or services to the Corporate Debtor shall not be terminated, suspended or interrupted during the moratorium period. Further, where the IRP considers the supply of any goods or services critical to protect and preserve the value of the Corporate Debtor and to manage its operations as a going concern, such supply shall not be terminated, suspended or interrupted during the moratorium period, except where the Corporate Debtor has not paid dues arising from such supply during the moratorium period.

22. The provisions of Section 14(1) of the Code shall not apply to such transactions, agreements or other arrangements as may be notified by the Central Government in consultation with any financial sector regulator or any other authority. The moratorium shall also not apply to a surety in a contract of guarantee to the Corporate Debtor.



23. The IRP shall comply with the provisions of Sections 13(2), 15, 17 and 18 of the Code. The Directors, promoters, officers, employees and all persons associated with the management of the Corporate Debtor are directed to extend full assistance and cooperation to the IRP, as required under Section 19 of the Code, to enable her to discharge her functions under Section 20 of the Code.

24. The Financial Creditor shall deposit the amount required towards initial CIRP expenses, if not already deposited, to enable the IRP to perform her functions in accordance with law. The amount so deposited shall be subject to adjustment by the Committee of Creditors as part of CIRP costs.

25. The Registry is directed to communicate a copy of this order to the Financial Creditor, the Corporate Debtor and the Interim Resolution Professional forthwith.

26. The Registry shall also communicate a copy of this order to the Registrar of Companies concerned for updating the status of the Corporate Debtor on the website of the Ministry of Corporate Affairs.

27. Accordingly, Company Petition IB-236/ND/2025 is admitted and allowed.

**Sd/-
(REENA SINHA PURI)
MEMBER (T)**

**Sd/-
(ASHOK KUMAR BHARDWAJ)
MEMBER (J)**