



**IN THE NATIONAL COMPANY LAW TRIBUNAL
COURT-VI, NEW DELHI BENCH
COMPANY PETITION IB (IBC) NO. 510/ND/2024**

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:

**Central Bank of India
Having its Registered Address
at Stressed Assets Management
Branch, 5 Jeevan Tara Building,
Parliament Street, New Delhi -
110001**

...Petitioner/Financial Creditor

Versus

**M/S. JS Designer Limited.
Having its Registered Address
at, 178, F.I.E., Industrial Area
Patparganj, East Delhi, New Delhi
-110092.**

...Respondent/Corporate Debtor

Order Delivered on: 20.11.2025

CORAM:

**JUSTICE JYOTSNA SHARMA
HON'BLE MEMBER (JUDICIAL)**

**MS. ANU JAGMOHAN SINGH
HON'BLE MEMBER (TECHNICAL)**

APPEARANCES:

For the Petitioner: Adv. B.K. Mishra, Adv. Ambuj Maurya,
Adv. Tushar Mishra

For the Respondent: -



ORDER

1. This is a Company Application 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 **Central Bank of India** (hereinafter referred to as ‘Financial Creditor’), seeking to initiate Corporate Insolvency Resolution Process (“CIRP”) against **M/s. JS Designer Limited** (“Corporate Debtor”).
2. The present application was filed on 13.05.2024 before this Adjudicating Authority on the ground that the Corporate Debtor has defaulted to make a payment of an amount of Rs. 20,46,15,294 /- (Rupees Twenty Crore Forty-Six Lakh Fifteen Thousand Two Hundred Ninety-Four Only) along with future interest and expenses. The Account Closure Enquiry dated 30.04.2024 (Annexure P-8) evidences the outstanding liability.
3. **Submission made by Financial Creditor:**
 - I. That the Petitioner Central Bank of India is a financial institution constituted under The Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970, having its Head Office at Chander Mukhi Nariman, Mumbai-400021 and a Branch inter alia at Stressed Assets Management (SAM) Branch, Jeevan Tara Building, 5 Parliament Street, New Delhi-110001.
 - II. That the Corporate Debtor herein, M/s J S Designer Ltd. is a company incorporated under the Companies Act, 1956 having its registered office (as Per MCA Data) at 178, F.I.E, Industrial Area Patparganj, East Delhi, Delhi, India, 110092 with CIN No. U51311DL1997PLC087099.
 - III. The Corporate Debtor availed certain working capital credit facilities under a consortium arrangement comprising Punjab National Bank (PNB) as the lead bank, Oriental Bank of Commerce (OBC), and Central Bank of India (the present applicant).



- IV.** That the Corporate Debtor executed various financing and security documents including: Working Capital Consortium Agreement dated 17.01.2012; Joint Deed of Hypothecation dated 17.01.2012, creating a *pari passu* first charge on stock-in-trade, book debts, receivables and other current assets; Inter-se Agreement among consortium banks and letters recognizing PNB as the lead bank. The charges created by Corporate Debtor in favour of Applicants were duly registered under Section 125 of the Companies Act, 1956.
- V.** That the Corporate Debtor has defaulted on 30.12.2017 on its payment obligations in terms of the said loan documents. The Loan of the Corporate Debtor was declared as NPA on 30.03.2018.
- VI.** That the Corporate Debtor has been in continuous default of its payment obligations in terms of the said loan documents and has failed to discharge its liability towards the Applicant Bank.
- VII.** That the Corporate Debtor defaulted in repayment, and the consortium-initiated recovery proceedings before the Debt Recovery Tribunal-II, New Delhi, in O.A. No. 496/2019.
- VIII.** The Financial Creditor has also placed on record an Additional Affidavit dated 07.10.2025, wherein it has annexed the One Time Settlement (OTS) Proposals offered by the Corporate Debtor to the consortium of lenders. It is submitted that the first OTS proposal was submitted by the Corporate Debtor on 02.03.2024, and subsequently, a revised OTS proposal was submitted on 01.05.2024, both of which were addressed to the lead bank, Punjab National Bank (PNB).
- IX.** That the Respondent vide its OTS Proposal has unequivocally admitted its liability and has promised to discharge the said debt. Such OTS proposal constitutes a fresh promise to pay within the meaning of Section-25(3) of Indian Contract Act; 1872, Which makes even a time-barred debt legally enforceable, if there is a signed written promise to pay.



4. **Analysis and Findings:-**

5. The matter was proceeded ***ex parte*** against the Corporate Debtor vide order dated 07.04.2025. The notice was issued to the Corporate Debtor vide our order dated on 28.08.2024. Consequently, service was effected through publication as directed by this Tribunal. Despite due service and multiple opportunities granted on 25.11.2024, 06.01.2025, 28.01.2025, and 07.03.2025, the Corporate Debtor neither appeared nor filed a reply.
6. Heard the Learned Counsel for the petitioner and perused the material on record.
7. The loan and security documents, including the Consortium Agreements, Hypothecation Deeds, and Master Restructuring Agreement, are placed on record.
8. The Loan Account was declared as a NPA on 30.03.2018 by the Financial Creditor.
9. The Petition has been filed on 13.05.2024. The date of default as stated by Financial Creditor is 30.12.2017. It is submitted that after declaring the account as NPA, the Principal Borrower made a partial repayment of the loan amount on 18.02.2019. On the basis whereof, if the limitation period is counted and the period between 15.03.2020 and 28.02.2022 on account of Covid -19 Pandemic and as held in (*W.P. (C) No. 3 of 2020*) is excluded, the limitation expires on 06.02.2024. However, the Petitioner is relying on one-time settlement proposals dated 02.03.2024 and dated 01.05.2024 as having given the petitioner a new cause of action. For this purpose, the petitioner has taken support of provisions of Section 25(3) of the Indian Contract Act which is as below:-

“25. Agreement without consideration, void, unless it is in writing and registered, or is a promise to compensate for something done, or is a promise to pay a debt barred by limitation law. –

An agreement made without consideration is void, unless –

(1);

(2);



(3) It is a promise, made in writing and signed by the person to be charged therewith, or by his agent generally or specially authorized in that behalf, to pay wholly or in part a debt of which the creditor might have enforced payment but for the law for the limitation of suits.

In any of these cases, such an agreement is a contract.”

In the instant case, through the OTS offers mentioned above, a promise was made in writing by the Corporate Debtor to pay the debt which was time -barred. Therefore, in our view, such a proposal shall be deemed a contract under the provisions of Section-25(3) of the Indian Contract Act. Hence, these OTS proposals being a statutory contract have given a fresh period of three years to the petitioner bringing this application within the limitation.

10. The petitioner relies on the judgement of the Hon’ble Supreme Court in **Kotak Mahindra Bank Ltd. v. Kew Precision Parts Pvt. Ltd. & Ors. (Civil Appeal No. 2176 of 2020)**, wherein it was held that for invoking Section 25(3) of the Contract Act, (i) the debt must be one that could have been enforced but for limitation, (ii) there must be a clear promise to pay the debt, wholly or partly, and (iii) such promise must be in writing and signed by the debtor or his authorized agent. The Court further held that a written promise to pay a time-barred debt constitutes a valid and independent contract amounting to novation, enforceable in law.
11. Further, the Petitioner has submitted copy of final order dated 02.04.2025 passed by the DRT, whereby the Corporate Debtor has been directed to pay the debt amount. This order further gives a new cause of action on 02.04.2025 (i.e., date of DRT order) to the Petitioner. In this circumstance the question of limitation is satisfactorily answered by the petitioner.
12. It is a settled law that once debt and default has been established, the Financial Creditor can file an application for initiation of CIRP against the Corporate Debtor under Section 7 of the Code. Further, while adjudicating a Section 7 application, the Adjudicating Authority has to satisfy itself regarding the existence of ‘Debt’ and ‘Default’. In the instant case, as discussed in para 9 & 10, the twin conditions of Section 7 i.e. ‘Debt ’and ‘Default’ are established.



13. The Hon'ble Supreme Court in the judgement of "**Innoventive Industries Limited v. ICICI Bank and Another**" (2018) 1 SCC 407 has held that once NCLT is satisfied that the default has occurred, there is hardly a discretion left with NCLT to refuse admission of the Application under Section 7 of I & B Code, 2016. The relevant extract of the said judgment is reproduced hereunder as:

*"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."*

14. That the present petition made by the Financial Creditor is complete in all respects as required by law. The Petition established that the Corporate Debtor is in default of a debt due and payable and that the default is more than the minimum amount stipulated under Section 4(1) of the Code, stipulated at the relevant point of time.

15. In the light of the above facts and circumstances, and in terms of Section 7(5) (a) of the Code, the instant petition COMPANY PETITION IB (IBC)/510 /(ND)/ 2024 filed by **CENTRAL BANK OF INDIA** 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 **M/S. JS DESIGNER LIMITED** the Corporate Debtor, stands admitted and CIRP of **M/S. JS DESIGNER LIMITED** is initiated.



16. That the petitioner in part-III of the petition has proposed the name of Mr. Sanjay Aggarawal, as Interim Resolution Professional, having Registration Number IBBI/IPA-002/IP-N00126/2017-2018/10295 and Email: sanjayaggarwal.fcs@gmail.com, is hereby appointed as an Interim Resolution Professional (IRP) for Corporate Debtor. The consent of the proposed interim resolution professional in Form-2 is taken on record. It is pertinent to mention that IRP has a valid AFA.
17. 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.



18. 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.
19. 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.
20. We direct the applicant Financial Creditor to deposit a sum of Rs. 2 Lakhs (Two Lakh Rupees) with the Interim Resolution Professional namely Mr. Sanjay Aggarawal to meet out the expenses to perform the initial functions assigned to him 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.
21. The Interim Resolution Professional shall perform all his 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.
22. 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 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.

23. 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 his obligation imposed by Section 20 of the Code and perform all his functions strictly in accordance with the provisions of the Code, Rules and Regulations.
24. 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.
25. Accordingly, the instant application filed under Section 7 of the Code, 2016 bearing C.P. I.B./510 (ND)/2024 stands admitted.
26. A certified copy of this order may be issued, if applied for, upon compliance with all requisite formalities.

-SD/-
(ANU JAGMOHAN SINGH)
MEMBER (TECHNICAL)

-SD/-
(JYOTSNA SHARMA)
MEMBER (JUDICIAL)