



**IN THE NATIONAL COMPANY LAW TRIBUNAL  
DIVISION BENCH, COURT NO. I  
KOLKATA**

**C.P. (IB) No. 359/KB/2024**

***An Application 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:**

**Indian Bank, having its registered office at 14, India Exchange Place, 1<sup>st</sup> Floor, Kolkata – 700 001, West Bengal**

**..... Financial Creditor**

***Versus***

**M/s United Royalfab Engineering Private Limited, having its registered office at Nabanagar Street Parbangla, Batanagar, Kolkata – 700 140**

**..... Corporate Debtor**

**Date of Pronouncement: 03<sup>rd</sup> of December, 2025**

**CORAM:**

**SMT. BIDISHA BANERJEE, MEMBER (JUDICIAL)**

**CMDE SIDDHARTH MISHRA, MEMBER (TECHNICAL)**

**APPEARANCE:**

**Mr. Santosh Kr. Ray, Adv.**

**]**

**For Financial Creditor**

**Ms. Zeba Khan, Adv.**

**Ms. Ashmita Lohia, Adv.**

**Ms. Utkarshika, Adv.**

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**Mr. Prasenjit Pal, Adv.** ] **For Corporate Debtor**  
**Ms. Avirup Chatterjee, Adv.**  
**Mr. Rishov Das, Adv.**

**ORDER**

**Per: CMDE Siddharth Mishra, Member (Technical):**

1. The court convened in physical mode.
2. Heard Ld. Counsels for the parties.

**3. Factual Matrix**

- a. The Present application under Section 7 of the Insolvency and Bankruptcy Code, 2016 has been filed by the Financial Creditor seeking initiation of the Corporate Insolvency Resolution Process (“**CIRP**”) against the Corporate Debtor (“**CD**”), **M/s United Royal Fab Engineering Pvt. Ltd.** The Corporate Debtor was granted credit facilities by the Financial Creditor which were reviewed, renewed and enhanced from time to time. The last creditor facilities sanctioned to the Corporate Debtor was sanctioned vide sanction letter dated 20.05.2020, which was duly acknowledged by the Corporate Debtor. Pursuant to the sanction, the Corporate Debtor executed the following security documents in favour of the Financial Creditor. The Sanction letters are on page 50 to 114.
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**Pursuant to such sanctions, the following security documents  
were executed as under:**

- “a) Term loan agreement on 09.06.2020*
- b) Personal Guarantee agreement on 09.06.2020*
- c) Corporate Guarantee agreement dated 09.06.2020*
- d) Agreement of hypothecation movable on 09.06.2020*
- e) Specimen of Board Resolution dated 09.06.2020*
- f) Agreement for open cash limit on 09.06.2020*
- Acknowledgement of debt of security on 09.06.2020”*

**And**

**“Particulars of Security held, if any, the date of  
its creation, its estimated as per the Creditor:**

**Charge Creation:**

*A copy of the charges as evinced in the MCA is annexed  
herewith and marked as “Annexure – 2”*

**Details of the Securities:**

**Primary Asset**

- a) Hypothecation of entire plant and machinery,  
equipment and other movable assets both present and  
future.*

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*b) Assets both present and future. Hypothecation of all the stocks and book debts of the company including other.*

**Collateral Assets:**

*Land at Pargana Balia, Mouza Dakshin Raipur, JL No.70, LR Khaitan Nos.1648, 1692 & 2593, LR Dag No.3954 and belonging to Royal Engineering Company, a group concern of the applicant company.”*

**4. Submissions of the Applicant**

- a.** It is submitted that the Corporate Debtor availed various credit facilities from the Financial Creditor, which were duly sanctioned, renewed, and enhanced from time to time. The last sanction letter dated **20.05.2020** was duly acknowledged by the Corporate Debtor.
  - b.** It is claimed that the Corporate Debtor executed several security documents on **09.06.2020**, including the term loan agreement, hypothecation agreement, personal guarantee, corporate guarantee, board resolution, and other documents.
  - c.** It is contended that the Corporate Debtor undertook to adhere strictly to the terms of the sanction but failed to repay the principal and interest. The account was accordingly classified as **Non-Performing Asset on 27.06.2021** as per RBI guidelines. The **date of default is 30.03.2021**, and the outstanding amount is **Rs. 8,87,44,721.01/-** as on 17.09.2024.
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- d.** It is further submitted that The Financial Creditor initiated action under **SARFAESI Act** by issuing a demand notice under Section 13(2) on **07.08.2021** and a possession notice under Section 13(4) on **07.12.2021**, but the Corporate Debtor did not clear the outstanding dues.
- e.** That the Financial Creditor also initiated proceedings under **Section 19 of the Recovery of Debts and Bankruptcy Act** in **O.A. No. 253/2023** before DRT-III, Kolkata on **31.03.2023**, which culminated in a **Recovery Certificate dated 09.07.2024** for a sum of **Rs. 7,96,20,327/-**.
- f.** It is submitted that the issuance of a Recovery Certificate gives rise to a **fresh cause of action**, as held by the Hon'ble Supreme Court in *Dena Bank v. C. Shivakumar Reddy* (2021) 10 SCC 330.
- g.** Accordingly, the limitation period in the present case **restarts from 09.07.2024** and expires on **09.07.2027**. The present petition filed on **20.11.2024** is well within limitation.
- h.** It is further submitted that the Corporate Debtor has acknowledged its liability in the audited balance sheets for **2017, 2018, 2019, 2020 and 2023**, thereby extending limitation under Section 18 of the Limitation Act.
- i.** It is argued that debt and default stand admitted and established from the record, and no legally sustainable defence has been raised by the Corporate Debtor.
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- j.** The Financial Creditor submitted that as per accounting norms and RBI guidelines, both the date of default (**30.03.2021**) and the date of NPA classification (**27.06.2021**) are to be included while computing the 90-day default period. When both dates are included, the period amounts to **90 days**, not 88 days.
- k.** Thus, the objection raised by the Corporate Debtor regarding the 88-day difference is baseless and devoid of merit.
- l.** Reliance is placed on *Lakshmi Pat Surana v. Union of India* (2021) 8 SCC 481, wherein the Hon'ble Supreme Court clarified that for invoking Section 7 of the Code, the legally relevant date is the **date of default**, not the NPA classification date.

**5. Submissions of the Respondent**

- a.** The Corporate Debtor submits that although it was granted time to file its reply affidavit, it failed to comply with the order of this Tribunal directing payment of costs.
- b.** That the Tribunal, vide order dated **05.08.2024**, directed that the reply affidavit shall not be accepted unless the costs are paid. The Corporate Debtor has failed to comply; therefore, its reply has not been taken on record.
- c.** It is contended that the Financial Creditor had allegedly provided certain extensions to the Corporate Debtor for repayment of dues; however, no documentary evidence substantiating this contention has been produced.
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- d.** The Corporate Debtor raised an objection regarding an alleged discrepancy of **88 days** between the date of default and the date of NPA classification.

**6. Finding & Analysis:**

**a.** After hearing the submissions and examining the material placed on record, the Tribunal proceeds to consider whether the essential ingredients for admitting an application under Section 7 of the Insolvency and Bankruptcy Code, 2016 stand satisfied. The issues before this Bench relate to (i) the existence of a financial debt, (ii) the occurrence of default, and (iii) whether the application has been filed within the period of limitation.

**b.** To begin with, the Financial Creditor has placed detailed sanction letters, loan documents, hypothecation agreements, and guarantees executed by the Corporate Debtor on 09.06.2020. These documents clearly establish that financial facilities were availed, disbursed, and duly acknowledged. The Corporate Debtor has not disputed the execution of these documents nor the outstanding loan amount of Rs. 8,87,44,721.01 as on 17.09.2024. In absence of any rebuttal, the existence of a financial debt stands conclusively established.

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**c.** Coming to the issue of default, the Financial Creditor has specifically identified the date of default as 30.03.2021. This date has not been denied by the Corporate Debtor. The fact that the account was subsequently classified as NPA on 27.06.2021 is consistent with RBI guidelines. The argument raised regarding an 88-day gap between the default and NPA classification is untenable in view of established prudential norms. As clarified by the Hon'ble Supreme Court in **Lakshmi Pat Surana v. Union of India**, the trigger for Section 7 is the default itself, not the NPA date. Therefore, default stands proved.

**d.** The next question concerns limitation. The Financial Creditor has relied on the judgment in **Dena Bank v. C. Shivakumar Reddy**, where the Hon'ble Supreme Court held that a recovery certificate or decree gives rise to a fresh cause of action. In the present matter, the DRT issued a Recovery Certificate on 09.07.2024 in OA 253/2023. Consequently, a fresh three-year limitation period commenced from that date, expiring on 09.07.2027. The present application was filed on 20.11.2024, well within the permissible period. **Thus, the plea of limitation does not survive.**

**e.** In sum, the material on record establishes (i) the existence of a clear financial debt, (ii) an undisputed default in repayment, and

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(iii) that the application has been filed within limitation. Accordingly, all statutory requirements under Section 7 of the Code stand fulfilled.

7. The Corporate debtor has not denied its failure to repay the debt. Hence “default” is admitted.
8. We find no support to the argument made by Ld. Counsel for the Corporate Debtor that the Financial Creditor has given extension for repayment of loan.
9. Once the “debt’ and “default” is admitted or established the petition must be admitted.
10. We are fortified by the views of Hon’ble Apex Court to define “Financial Debt” and to initiate Corporate Insolvency Resolution process which is as under:

**(a) Pioneer Urban Land and Infrastructure Ltd. v. Union of India reported in (2019) 8 SCC 416:**

*“any debt to be treated as financial debt, there must happen disbursal of money to the borrower for utilization by the borrower and that the disbursal must be against consideration for time value of money.”*

**(Emphasis added)**

**(b) Anuj Jain, Interim Resolution Professional for Jaypee Infratech Ltd. v. Axis Bank Limited reported in (2020) 8 SCC 401:**

*“the essential condition of financial debt is disbursement against the consideration for time value of money.”*

**(Emphasis added)**

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(c) *Indus Biotech Private Limited v. Kotak India Venture (Offshore) Fund* reported in (2021) 6 SCC 436: MANU/SC/0231/2021 (para 14) that:

“14. ... in order to trigger an application, there should be in existence four factors: (i) there should be a 'debt' (ii) 'default' should have occurred (iii) debt should be due to 'financial creditor' and (iv) such default which has occurred should be by a 'corporate debtor...”

(Emphasis added)

(d) *Innoventive Industries Ltd. v. ICICI Bank* reported in (2018) 1 SCC 407: MANU/SC/1063/2017 has laid down that:

“27. The scheme of the Code is to ensure that when a default takes place, in the sense that a debt becomes due and is not paid, the insolvency resolution process begins. ...”

“28. ... 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, ...”**

XXX      XXX      XXX      XXX

“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 added)

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**11.** In terms of the foregoing discussion, we **ALLOW** the application bearing **Company Petition (IB) No. 359/KB/2024** filed under **Section 7 of the I&B Code**, and accordingly, we order the initiation of **Corporate Insolvency Resolution Process (CIR Process)** in respect of the Corporate Debtor by the following **Orders:**

- i.** The Application filed by **Indian Bank (Financial Creditors)**, under Section 7 of the Insolvency & Bankruptcy Code, 2016, is hereby, **ADMITTED** for initiating the **Corporate Insolvency** in respect of **M/s United Royalfab Engineering Private Limited (Corporate Debtor)**.
  - ii.** As a consequence of this Application being admitted in terms of Section 7 of the I&B Code, moratorium as envisaged under the provisions of Section 14(1) of the Code, shall follow in relation to the Respondent/(CD) as per clauses (a) to (d) of Section 14(1) of the Code. However, during the pendency of the moratorium period, terms of Section 14(2) to 14(3) of the Code shall come into force.
  - iii.** Moratorium under Section 14 of the Insolvency & Bankruptcy Code, 2016, prohibits the following, as:
    - 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 asset 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*
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*property including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 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.*

*[Explanation.--For the purposes of this sub-section, it is hereby clarified that notwithstanding anything contained in any other law for the time being in force, a 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, shall not be suspended or terminated 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, concession, clearances or a similar grant or right during the moratorium period;]*

- iv.** The supply of essential goods or services to the corporate debtor as may be specified shall not be terminated or suspended or interrupted during the moratorium period.
- v.** The provisions of sub-section (1) of the Section 14 shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.
- vi.** The Applicant has proposed the name of **Mr. Niraj Agarwal**, Address: **Matrix Tower, DN - 24, 4<sup>th</sup> Floor, Room No.407, Sector - V, Salt Lake, Kolkata - 700 091**, Registration no. **IBBI/IPA-001/IP-P00130/2017-2018/10272**, Email is [niraj@execonservices.com](mailto:niraj@execonservices.com), as the "IRP". We have perused that there is a written communication and consent of IRP in Form 2 with Affidavit, annexed as letter D at pages 36-38 to the petition,

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as per the requirement of Rule 9(l) of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016. There is a declaration made by him that there are no disciplinary proceedings pending against him with the Board or IIIP of ICAI. In addition, further necessary disclosures have been made by **Mr. Niraj Agarwal** as per the requirement of the IBBI Regulations. Accordingly, he satisfies the requirement of Section 7(3)(b) of the code. Hence, we appoint **Mr. Niraj Agarwal** as the **Interim Resolution Professional** (IRP) of the Corporate Debtor to carry out the functions as per the I&B Code subject to submission of a valid Authorisation of Assignment in terms of regulation 7A of the Insolvency and Bankruptcy Board of India (Insolvency Professional) Regulations, 2016. The fee payable to IRP or the RP, as the case may be, shall be compliant with such Regulations, Circulars and Directions as may be issued by the Insolvency & Bankruptcy Board of India (IBBI). The IRP shall carry out his functions as contemplated by sections 15, 17, 18, 19, 20 and 21 of the I&B Code.

- vii.** In pursuance of Section 13 (2) of the Code, we direct the IRP or the RP, as the case shall cause a public announcement immediately with regard to the admission of this application under Section 7 of the Code and **call for the submission of claims** under Section 15 of the Code. The public announcement referred to in Clause (b) of sub-section (1) of Section 15 of the Insolvency & Bankruptcy Code, 2016, shall be made immediately. The expression immediately means within three days as clarified by Explanation to Regulation 6 (1) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

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- viii.** During the CIR Process period, the management of affairs of the Corporate Debtor shall vest in the IRP or the RP, as the case may be, in terms of Section 17 of the I&B Code. The officers and managers of the Corporate Debtor shall provide all documents in their possession and furnish every information in their knowledge to the IRP within one week from the date of receipt of this Order, in default of which coercive steps will follow. There shall be no future opportunities in this regard.
- ix.** The Interim Resolution Professional is also free to take police assistance to take full charge of the Corporate Debtor, its assets and its documents without any delay, and this Court hereby directs the concerned **Police Authorities** and/or the **Officer-in-Charge** of Local Police Station(s) to render all assistance as may be required by the Interim Resolution Professional in this regard.
- x.** The IRP or the RP, as the case may be, shall submit to this Adjudicating Authority periodical report with regard to the progress of the CIR Process in respect of the Corporate Debtor.
- xi.** The Financial Creditors shall be liable to pay to IRP a sum of **Rs. 3,00,000/-** (Rupees Three Lakh Only) as payment of his fees as advance, as per Regulation 33(3) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, which amount shall be adjusted at the time of final payment. The expenses relating to the CIRP are subject to the approval of the Committee of Creditors (CoC).
- xii.** In terms of sections 7(5) and 7(7) of the Code, the **Registry of this Adjudicating Authority** is hereby directed to communicate
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this Order to the Financial Creditor, the Corporate Debtor and the Interim Resolution Professional by Speed Post and through email immediately, and in any case, not later than two days from the date of this Order.

- xiii.** Additionally, the **Registry of this Adjudicating Authority** shall serve a copy of this Order upon the Insolvency and Bankruptcy Board of India (IBBI) for their record and also upon the Registrar of Companies (RoC), to whom the company is registered with, by all available means for updating the Master Data of the Corporate Debtor. The said Registrar of Companies shall send a compliance report in this regard to the Registry of this Court within seven days from the date of receipt of a copy of this order.
- xiv.** The Resolution Professional shall conduct CIRP in a time-bound manner as per Regulation 40A of IBBI (Insolvency Resolution Process for Corporate Persons) Regulation, 2016.
- xv.** The IRP/RP shall be liable to submit the periodical report including the minutes of the CoC of the Corporate Debtor, with regard to the progress of the CIR Process in respect of the Corporate Debtor to this Adjudicating Authority from time to time.
- xvi.** The order of moratorium shall cease to have effect as per Section 14(4) of the I&B Code.
- 12.** Certified copies of this order, if applied for with the Registry of this Adjudicating Authority, be supplied to the parties upon compliance with all requisite formalities.

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**13.** Post the Company Petition on **08/01/2026** for filing the Periodical Progress Report by the IRP/RP as appointed herein.

**Siddharth Mishra**  
**Member (Technical)**

**Bidisha Banerjee**  
**Member (Judicial)**

**Signed on this, the 3<sup>rd</sup> day of December, 2025.**

*S.A. (Steno)*