

**IN THE NATIONAL COMPANY LAW TRIBUNAL**  
**JAIPUR BENCH**

**CORAM: MS. REETA KOHLI,**  
**HON'BLE JUDICIAL MEMBER**

**MS. KAVITA BHATNAGAR**  
**HON'BLE TECHNICAL MEMBER**

**CP No. (IB)-68/7/JPR/2024**

*(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:**

**CANARA BANK**

**...Financial Creditor**

**VERSUS**

**M/S PRAYAG POLYTECH PRIVATE LIMITED**

**...Corporate Debtor**

**MEMO OF PARTIES**

**CANARA BANK**

*(Through its Authorized Representative)*

112, J.C. Road,  
Bangalore-560002

**...Financial Creditor/Petitioner**

**VERSUS**

**M/S PRAYAG POLYTECH PRIVATE LIMITED**

C-587, Phase-I, Industrial Area,  
Bhiwadi, Alwar, Rajasthan-301019,

***Also, at:***

1106, Vikram Towar,  
16 Rajendra Place,  
New Delhi-110008

**...Corporate Debtor/Respondent**

**For the Financial Creditor**

**:**

Hitesh Sachar, Adv.

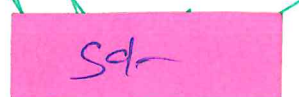
Anju Jain, Adv.

**For the Corporate Debtor**

**:**

Virendra Ganda Sr. Adv.





Vipul Ganda, Adv.  
Ayandeb Mitra, Adv.  
Nirti Dua, Adv.  
Arpita Sahu, Adv.

**Order Pronounced On: 10.02.2026**

**ORDER**

**Per: Ms. Kavita Bhatnagar, Technical Member**

1. The instant petition having *CP No. (IB)-68/7/JPR/2024* has been filed by *Canara Bank* ('Petitioner'/ 'Financial Creditor') through its Authorized Representative against *M/s Prayag Polytech Private Limited* ('Respondent'/ 'Corporate Debtor') under Section 7 of the Insolvency and Bankruptcy Code, 2016 (the 'IBC' / 'Code') seeking initiation of the Corporate Insolvency Resolution Process ('CIRP') against *M/s Prayag Polytech Private Limited* ('Corporate Debtor'/ 'Respondent') for default of repayment of financial debt of Rs. 34,14,92,212.84/- (Rupees Thirty-Four Crore Fourteen Lakh Ninety-Two Thousand Two Hundred Twelve and Eighty-Four Paise Only) as on 30.06.2024.
2. The Respondent / Corporate Debtor (*M/s Prayag Polytech Pvt. Ltd.*) is a private company limited by shares having CIN No. U28994RJ1982PTC012328, incorporated under the Companies Act, 1956 on 16.08.1982, duly registered with the Registrar of Companies, Jaipur. The Registered Office of the Company is situated at *C-587, Phase-I, Industrial Area, Bhiwadi, Alwar, Rajasthan-301019*. The Authorized Share

Sd/-

Sd/-



Capital of the Respondent Company is Rs. 15,00,00,000/- (Rupees Fifteen Crore Only) and the Paid-Up Share Capital is Rs. 7,94,93,700/- (Rupees Seven Crores Ninety-Four Lakhs Ninety-Three Thousand Seven Hundred Only).


3. This Tribunal has jurisdiction to adjudicate the present petition in terms of Section 60(1) of the Code, the registered office of the Corporate Debtor being within the territorial jurisdiction of this Bench.
4. The Petitioner has filed the present Company Petition alleging the following set of facts: -

4.1 The Applicant Bank submits that the Corporate Debtor has been availing various credit facilities from the Bank since 15.10.2011 and that the facilities were renewed from time to time on the request of the Corporate Debtor. It is stated that the total facilities granted aggregated up to Rs. 157,00,00,000/-. The petition elaborates the nature of facilities including (inter alia) OCC/ODBD, FDB/FBE, PC/PCFE, ILC/FLC (DA/DP)/BG, Forward Contract and a Term Loan. The petition also refers to sanction/renewal and execution of documents including sanction letters and security documents, and states that the relevant documents are filed as annexures.

4.2 The Applicant Bank pleads that the Corporate Debtor failed to maintain financial discipline; the account slipped into NPA on

Sd/-

Sd/-



03.10.2019, which is taken as the date of default. It is pleaded that as on the date of default (03.10.2019), the amount in default was Rs. 22,02,72,528/-, and as on 30.06.2024, the total outstanding claimed is Rs. 34,14,92,212.84 along with contractual interest (15.30% p.a. compounded monthly plus 2% penal interest). The petition relies on the statement of account and supporting certificates, and asserts that there is clear default. The petition also states that the Bank has initiated proceedings before DRT (O.A. No. 609 of 2023) and the same is pending. The petition pleads that entries/amount due are also reflected in the Corporate Debtor's financial statements up to 31.03.2022 and relies on balance sheets/financial statements; it also relies upon a letter dated 13.06.2022 as an acknowledgment of debt and security. These pleadings on default and limitation are specifically pleaded in Part-IV of the petition.

4.3 The Petitioner proposes the name of the Interim Resolution Professional as *Mr. Rishabh Chand Lodha*, with details as stated in Part III and Form 2 annexed.

4.4 On limitation, the Applicant asserts that the application is within time, on the basis of acknowledgements in financial statements and the letter dated 13.06.2022.

Sd/-

Sd/-



5. The Respondent / Corporate Debtor had filed its reply to the Section 7 petition vide Dairy No. 76/2025 dated 08.01.2025 wherein stated as under: -

5.1 The Corporate Debtor has stated that it opposes admission and asserts that the petition is frivolous and is filed with mala fide intent. It is pleaded that all primary and ad-hoc facilities were duly discharged, and that the Applicant itself acknowledged discharge by issuing multiple No Dues Certificates / NOCs and by filing / issuing memorandum / letters of satisfaction of charge, including a detailed table of NOCs for ad-hoc facilities and the primary credit facilities (including a No Dues / NOC dated 07.08.2018 for the primary facilities and the ad-hoc facility), and also pleads that various other NOCs were issued over the years showing that no debt exists.

5.2 The Corporate Debtor pleads that the petition is not maintainable due to defects and alleged suppression/misrepresentation, including: -(i) Defective / incomplete authorization (Power of Attorney); (ii) Failure to show any proof that debt was granted / disbursed / due and payable; (iii) Misrepresentation of annexed documents; and (iv) That the Bank is not clear in its own notices as to amounts and account numbers.

5.3 The reply also alleges that the petition violates the order dated 13.02.2020 passed in a Company Petition under Sections 241-242 of

Sd/-

Sd/-



the Companies Act, wherein banks were directed (as pleaded) to cooperate and not restrict smooth operation of accounts, and also to segregate securities between two shareholder groups; and that the contempt proceedings are still pending.

5.4 The Corporate Debtor in its reply also pleads that the Bank embarked upon issuance of multiple SARFAESI notices with varying amounts and even different account numbers (which the Corporate Debtor asserts do not belong to it), and that several notices were later withdrawn, which according to the Corporate Debtor demonstrates mala fides and uncertainty of the alleged claim. The reply narrates the chain of notices and subsequent events, including a willful defaulter notice dated 06.08.2024 with alleged discrepancies.

5.5 On limitation, the Corporate Debtor contends that the primary working capital sanction was last availed/sanctioned earlier (it pleads August 2014 with enhancement in April 2016 only for packing credit), and that regular working capital sanctions expire in 12 months. Hence, it contends the claim is time barred. It invokes Section 238A of IBC read with Limitation Act and pleads the application is barred.

5.6 The Corporate Debtor also pleads that the petition is a counterblast to its counter-claim in OA proceedings and to writ proceedings

Sd/-

Sd/-



before the High Court, and alleges abuse of process and seeks dismissal with costs.

6. The Petitioner had filed its rejoinder to the reply filed by the Corporate Debtor vide Dairy No. 266/2025 dated 03.02.2025 wherein stated as under: -


6.1 In rejoinder, the Applicant Bank denies the allegations and reiterates default, validity of NPA, and maintainability. It relies on legal propositions that at the admission stage the Adjudicating Authority is to see existence of debt and default and not determine exact quantum, and cites cases including Punjab National Bank vs. James Hotels Ltd. (NCLT Chandigarh), Guruprasad vs. Hishobkar vs. Shree Aashraya Souhard Credit Society Ltd. (NCLAT), and Rajesh Kedia vs. Phoenix ARC Pvt. Ltd. (NCLAT), besides asserting that multiple proceedings are pending between parties and that the Corporate Debtor's contentions are misleading. It specifically controverts the plea of "no dues/satisfaction of charge" by stating that the satisfaction of charge letter does not pertain to the outstanding liabilities, and asserts that the restructuring request letter dated 16.09.2022 itself constitutes acknowledgment of dues. It also denies limitation objections and asserts sanction renewal dated 26.04.2016 is on record.



Sd/-



Sd/-



6.2 The Corporate Debtor, in its counter affidavit to rejoinder, reiterates the allegations of suppression/misrepresentation and disputes the documents relied upon as acknowledgements for limitation. It asserts that the Bank selectively annexed pages of balance sheet and that no admission is made therein; it alleges that the purported revival letter dated 24.02.2019 and letter dated 01.05.2019 are false and fabricated (including allegations regarding super-imposition/handwritten date), and contends that even otherwise such documents do not save limitation as per its pleaded commencement of limitation. It also states that SARFAESI notices were withdrawn upon filing of S.A., and relies on an order dated 30.01.2025 in that context.

7. In the written submissions, the Financial Creditor reiterates that the account slipped into NPA on 03.10.2019; amount in default was Rs. 22,02,72,528/- (Rupees Twenty-Two Crore Two Lakh Seventy-Two Thousand Five Hundred Twenty-Eight Only) on that date, and outstanding as on 30.06.2024 is Rs. 34,14,92,212.84/- (Rupees Thirty-Four Crore Fourteen Lakh Ninety-Two Thousand Two Hundred Twelve and Eighty-Four Paise Only) corroborated by statement of accounts. It addresses objections on “contradiction of amount”, “NeSL showing only Rs. 96.99 lakhs”, and “satisfaction of charge”, contending that NeSL pertains only to one account and other IU records can be produced; and that charges in MCA portal

Sol-

Sol-




remain unsatisfied for several entries. It also relies on acknowledgements such as restructuring request letter dated 16.09.2022, and refers to admission of debt in S.A. proceedings before DRT, besides relying on Banker's Books Evidence Act for evidentiary value of statements.

8. In the written submissions, the Corporate Debtor asserts that: -

- (i) That the Section 7 petition is contemptuous and in violation of the order dated 13.02.2020 passed in company petitions under Sections 241-242;
- (ii) Non-compliance of mandatory IBC requirements such as absence of "financial contract" (stated at Serial No. 5 of Part V of Form 1), absence of proof of disbursement (opening balances from August 2019 onwards), and alleged fraudulent modification of Form I to omit computation sheet;
- (iii) Contradictions in proof of default (Part V Serial 6 stating no proof, while annexing a proof) and IU record allegedly reflecting only Rs. 96 lakhs;
- (iv) Contradictions in account numbers and sanction dates;
- (v) No debt due/payable and that large amounts (Rs. 31.18 Crores) are illegally retained as suspense/credits and form subject matter of counterclaim;
- (vi) Mala fides attracting Section 65; and

sd/-

sd/-



(vii) Limitation three years from 03.10.2019 (or earlier as pleaded) and filing on 09.08.2024 being time barred. It relies inter alia on Prayag Polytech Pvt. Ltd. v. Gem Batteries Pvt. Ltd. (and NCLAT appeal therefrom) and Pawan Kumar v. Utsav Securities Pvt. Ltd., to contend that absence of financial contract renders the petition non-est.

### Findings and Analysis


9. The statutory scheme under Section 7 (read with Section 7(5)) requires this Adjudicating Authority to be satisfied that: - (a) A financial debt exists; and (b) Default has occurred; and (c) That the application is complete.

9.1 These summary proceedings are not meant to be a trial on disputed questions requiring detailed evidence, nor is it meant to adjudicate counter claims, The Code is a summary insolvency regime; however, “summary” does not mean mechanical and this Adjudicating Authority must still examine whether the basic ingredients are made out, and whether objections go to the root of maintainability.

9.2 The Applicant relies on case laws to submit that exact quantum of debt need not to be determined at admission stage and threshold is sufficient. The rejoinder cites, inter alia, NCLAT decisions including Rajesh Kedia v. Phoenix ARC Pvt. Ltd. and other decisions to the effect that once threshold is crossed, exact “claim” is to be

Sd/-

Sd/-



collated/verified by RP later. This proposition, in principle, is correct as to the limited nature of enquiry; however, it does not absolve the Applicant of producing prima facie material to demonstrate debt and default.

9.3 The Corporate Debtor relies on Prayag Polytech v. Gem Batteries and Pawan Kumar vs. Utsav Securities to argue that absence of “financial contract” and absence of proof of disbursement renders the application non-est. These decisions are to be appreciated in their factual settings: where the application lacked the basic foundational material to even identify the financial debt/terms/time value. The principle is that the application cannot be admitted if it is fundamentally incomplete or if the alleged debt is not shown to fall within Section 5(8).

9.4 Therefore, the real question in the present case is whether the petition, read with annexures, shows: - (i) The existence of financial debt; (ii) default; (iii) completeness and maintainability; and (iv) whether limitation bars the petition.

The Corporate Debtor’s allegations of contempt /mala fides / Section 65 are also to be considered, but only insofar as they impact admission under Section 7 (and not to adjudicate disputed civil claims).

Sd/-

Sd/-



10. The petition pleads that the Corporate Debtor availed various credit facilities from the Applicant Bank since 15.10.2011, renewed from time to time, and it identifies multiple facilities including working capital and term loan. The petition pleads execution of necessary documents and annexes documents colly as Annexure-8 and statement of account as Annexure-9. The petition also sets out amounts, date of default, and the outstanding as on 30.06.2024.

10.1 The Corporate Debtor's principal technical objection is that at S. No. 5 of Part V of Form 1, it is stated that there exists no "financial contract", and therefore, the application is defective and non-est. We find that this objection, though worded strongly, cannot be accepted in the manner urged for the following reasons: -

(i) The Code defines "financial debt" widely and includes money borrowed against payment of interest, and also includes various forms of credit facilities extended by banks; the essence is disbursal against consideration for time value of money. A bank's sanction documents, renewal letters, and facility documentation ordinarily constitute the contractual basis.

(ii) The mere entry in Form 1 at one place that "there exists no financial contract" cannot be read in isolation to defeat a petition where the petition otherwise pleads sanction/renewal and execution of documents and annexes the facility documents. In

Sd/-

Sd/-




fact, the Corporate Debtor itself, in reply, sets out a detailed table of primary and ad-hoc credit facilities with dates, facility particulars, and amounts, acknowledging the existence of these banking facilities (though claiming discharge). This itself shows that the relationship was that of bank credit facilities, i.e., a financial creditor-corporate debtor arrangement, which is within the framework of Section 5(8), subject to proof of subsisting liability and default.

(iii) Defects in Form 1 are curable if the basic material exists and the respondent is not prejudiced; admission cannot be refused on hyper-technicalities when the substance shows a banking financial debt and the controversy is essentially about discharge/appropriation/quantum.

10.2. The Corporate Debtor also alleges absence of proof of disbursement because statements begin with “opening balance” of August 2019. This objection again must be seen in context. The petition is based on running banking facilities and outstanding as on NPA date. The statement of account and the manner in which banking accounts reflect debit/credit entries is a matter that provides prima facie evidence. Further, the Corporate Debtor’s entire defence is not “no facility ever existed”, but “facilities were discharged and NOCs

Sd/-

Sd/-



issued”, and “bank misappropriated credits/suspense”. Therefore, the dispute is not about existence of facility/disbursal at inception, but about whether any amount remained due and payable and whether the bank’s claim is correct in law and fact.

10.3 In this context, the evidentiary value of certified statements of account and bank records at admission stage, as relied upon by the Financial Creditor, is relevant. The written submissions refer to the Banker’s Books Evidence Act and prima facie evidentiary value. While the final determination of exact amount is for claim verification in CIRP, at admission stage, the material must show a plausible subsisting financial debt exceeding threshold.

11. The petitioner clearly pleads NPA date as 03.10.2019 and amount in default as Rs. 22,02,72,528/- as on that date, and outstanding as on 30.06.2024 as Rs. 34,14,92,212.84, along with statement of account.


11.1 The Corporate Debtor contests default on two main planks: -

(a) “No dues / NOC / satisfaction of charge”: it pleads that all facilities were discharged and the bank issued NOCs and satisfaction of charge, including the NOC dated 07.08.2018 for the primary facilities and certain ad-hoc facilities, besides other NOCs.

(b) Bank’s inconsistency / wrong account numbers / SARFAESI notices: it pleads the bank issued multiple SARFAESI notices with

Sd/-

Sd/-



varying account numbers/amounts, even for accounts allegedly not belonging to the Corporate Debtor, and later withdrew notices.


- (c) IU record showing only Rs. 96.99 lakhs: it argues that the alleged “proof of default” reflects only Rs. 96 lakhs, which is below threshold.
- (d) Credits/suspense amounts: it asserts substantial sums (aggregating to about Rs. 31.18 Crores) were not credited/clarified by the bank and are subject matter of counterclaim, hence no debt is due.

11.2 Having considered the pleadings, documents on record and arguments put forward by the learned counsels, we are of the view that the objections raised by the Corporate Debtor, though requiring deeper factual adjudication in appropriate proceedings, do not demolish the existence of default for the purpose of Section 7 at the admission stage, for the following reasons: -

- (i) NOC/satisfaction of charge: The Corporate Debtor’s reliance on NOCs and satisfaction of charge is a serious defence, but it is not determinative at admission stage because the Bank’s case is that the NOC/satisfaction relied upon by the Corporate Debtor did not relate to the outstanding liabilities that form the subject matter of the present claim. The rejoinder specifically denies that satisfaction of charge dated 07.08.2018 pertains to the outstanding

Sdr

Sdr




liabilities, and asserts that such satisfaction does not extinguish the outstanding dues as on NPA date. This creates a controversy on appropriation/which facilities were covered by which NOC and whether subsequent renewals existed. Such controversy cannot be conclusively decided without evidence; but for Section 7, we look for prima facie default.

(ii) Renewal and subsisting facilities: The Bank asserts continuing renewals and specifically asserts renewal dated 26.04.2016 is on record and disputes the Corporate Debtor's stance that facilities ended in 2014. The Corporate Debtor itself acknowledges enhancement in April 2016 and existence of ad-hoc facilities till December 2017. Therefore, the defence that all facilities were completely discharged by 07.08.2018 is not self-proving; it requires reconciliation with subsequent conduct, bank records, NPA classification in 2019, and later acknowledgements/restructuring requests relied upon by the Bank.

(iii) IU record / NeSL: The Financial Creditor has explained that the NeSL record cited pertains only to one account and reflects default as on a particular date, and that IU records for other accounts have also been received and can be produced. We accept this

Sd/-


Sd/-



explanation at admission stage. An IU record for a part-account does not negative default in other facilities if bank statements and other material show otherwise. Further, admission stage is not meant to reconcile each account line-item; the threshold is crossed if default is shown on a prima facie basis.

(iv) SARFAESI notices and alleged wrong accounts: Variations in SARFAESI notices and alleged errors, even if true, do not by themselves establish that no default exists. They may be relevant to allegations of bank conduct and may be examined in appropriate forums. In Section 7, the existence of pending SARFAESI/DRT proceedings does not bar insolvency proceedings if debt and default exist. The Corporate Debtor's narrative of withdrawals and discrepancies also appears to be part of its broader dispute and counterclaims; these issues are not determinative of admission.

(v) Counter claim / alleged credits: The Corporate Debtor's counter claim and grievance regarding suspense/credits, as pleaded, are matters for adjudication in DRT/civil proceedings. Section 7 is not to be converted into a forum for adjudicating damages/counter claims. The Code does not require this Adjudicating Authority to determine netting-off of counter claims at admission stage.



sd/-



sd/-



11.3 The petition contains statement of account and asserts outstanding exceeding threshold; it pleads NPA and default; and the Corporate Debtor's defence substantially raises disputes on discharge, appropriation, and bank's conduct. In our view, these do not negate default for Section 7 admission.


12. The Corporate Debtor's principal limitation objection is that the default is stated as 03.10.2019 and limitation of three years expired on 03.10.2022; the petition filed on 09.08.2024 is thus time barred. It further alleges that purported acknowledgements/revival letters are fabricated and that balance sheet does not contain admission.

12.1 The Financial Creditor's case on limitation is that the Corporate Debtor acknowledged debt in financial statements up to 31.03.2022 and by letter dated 13.06.2022 acknowledging debt and security; further, restructuring request letter dated 16.09.2022 also constitutes acknowledgment.

12.2 The settled position is that Section 238A makes Limitation Act applicable to IBC proceedings; limitation runs from date of default; however, acknowledgements under Section 18 of Limitation Act, if made before expiry of limitation, can extend limitation. Balance sheets and acknowledgements/letters can, depending on facts, amount to acknowledgement. At admission stage, what is required is

Sd/-

Sd/-





a prima facie satisfaction that the petition is within limitation on the basis of material on record.

12.3 In the present case, the petitioner specifically pleads that: -

- (a) Entries in financial statements up to 31.03.2022 reflecting dues, and
- (b) The letter dated 13.06.2022 acknowledging debt and security.

These are pleaded acknowledgements which, if accepted, are within three years from 03.10.2019 and would extend limitation. The Corporate Debtor disputes the genuineness/correctness and alleges selective annexing and fabrication. Those allegations are serious, but they require evidence and are not capable of conclusive determination at the threshold.

12.4 Further, the Corporate Debtor's own pleadings indicate continuing disputes, notices, and proceedings across 2023-2024, including SARFAESI notices and DRT litigation, and it pleads that it filed counter claim in July 2024 and writ proceedings in August 2024. These do not by themselves extend limitation; however, they demonstrate that the financial relationship and claims were contemporaneously asserted and contested, and it is not a case of a stale, dead claim lying dormant without assertion.






12.5 On a prima facie appreciation, in view of the pleaded acknowledgements (financial statements up to 31.03.2022 and letter dated 13.06.2022, and restructuring request of 16.09.2022 as asserted), we are satisfied at this stage that the petition cannot be rejected as time-barred at the threshold. The Corporate Debtor's allegations of fabrication and selective annexures can be examined by the Resolution Professional while collating claims and by the competent forum if the Corporate Debtor seeks appropriate relief; but they do not justify dismissal at admission stage when prima facie acknowledgements are pleaded and placed.

13. The Corporate Debtor contends that the petition is contemptuous and violates an order dated 13.02.2020 in a company petition under Sections 241-242, and that the Bank must first clear contempt. We are unable to accept this as a bar to Section 7 admission. The Code creates a statutory remedy upon occurrence of default. If there is an allegation of contempt in relation to directions regarding cooperation/segregation of securities/operation of accounts, the remedy lies in the contempt proceedings and enforcement of that order. Insolvency admission cannot be refused solely on that plea when debt and default are otherwise shown.

13.1 The Corporate Debtor also relies on pendency of DRT proceedings, counter claim, SARFAESI actions and writ proceedings, and alleges

Solr

Solr



the petition is a counterblast. Pendency of such proceedings is not a statutory bar to Section 7 admission. The Code contemplates that insolvency proceedings may coexist with recovery proceedings; upon admission, moratorium under Section 14 will operate as per law.


14. The Corporate Debtor alleges mala fides, relying on alleged inconsistencies, wrong account numbers, withdrawals of notices, and purported non-credit of amounts. Section 65 is a serious provision and requires clear material that the initiation is fraudulent/malicious with intent other than for resolution. At admission stage, where the Financial Creditor demonstrates prima facie debt and default exceeding threshold and files supporting bank records, Section 65 dismissal is not warranted merely because the Corporate Debtor alleges bank misconduct and sets up counter claims.

14.1 The grievances raised may constitute defences in DRT/writ/civil proceedings and may also be relevant to transaction audit/claims within CIRP. But they do not establish, at this stage, that the Section 7 petition is per se malicious or filed for a purpose other than insolvency resolution.

15. The propositions relied upon by the Financial Creditor in Rajesh Kedia v. Phoenix ARC Pvt. Ltd. (NCLAT) and other similar cases cited in rejoinder i.e., that exact quantum is not to be decided at admission and threshold “debt

Sd/-

Sd/-



and default” is the core enquiry are consistent with the scheme of the Code and are accepted to that extent.

The reliance on NCLT Chandigarh PNB vs. James Hotels and the NCLAT decision Guruprasad vs. Hishobkar for the proposition that exact quantum determination is not required at admission is also accepted as a general proposition, subject to the caveat that foundational material must still show financial debt and default.


16. The propositions relied upon by the Corporate Debtor in Prayag Polytech Pvt. Ltd. vs. Gem Batteries Pvt. Ltd. and Pawan Kumar vs. Utsav Securities Pvt. Ltd. are relied upon to contend that absence of financial contract and proof of disbursement makes the petition non-est.
17. We do not apply these cases to dismiss the present petition because, on facts here: -

- (i) The existence of banking facilities is not denied (only discharge is asserted),
- (ii) The petition pleads sanction/renewal and annexes banking documentation and statements, and
- (iii) Defects in form/wording are not shown to be so foundational as to make the petition incapable of examination.

These authorities would apply where the application is devoid of basic material to identify the financial debt and its terms; that is not the situation here.

Sdr

Sdr



The Corporate Debtor's reliance on these judgments is therefore rejected for the purpose of threshold dismissal, while keeping open its defences on discharge/appropriation/quantum to be examined in appropriate proceedings and in claim verification process.

18. Thus, on a holistic consideration, we find the Financial Creditor has established a prima facie case of financial debt and default, and the application deserves admission.

### Conclusion

19. In view of the foregoing findings, this Adjudicating Authority is satisfied that: - (i) a financial debt exists; (ii) default has occurred; (iii) the application is not liable to be rejected at threshold on limitation in view of pleaded acknowledgements; and (iv) there is no legal bar shown for admission under Section 7(5) of the Code.
20. Accordingly, the application filed under Section 7 of the Code is admitted and CIRP is initiated against the Corporate Debtor.
21. In terms of Section 14 of the Code, a moratorium is declared with effect from the date of this order, prohibiting: -
- (a) Institution/continuation of suits or proceedings against the Corporate Debtor including execution of any judgment/decreed/order;
  - (b) Transferring/encumbering/alienating/disposal of any assets of the Corporate Debtor or any legal right/beneficial interest therein;

Sd/-

Sd/-



- (c) Any action to foreclose/recover/enforce any security interest created by the Corporate Debtor, including under SARFAESI; and
- (d) Recovery of any property by an owner/lessor where such property is occupied by or in possession of the Corporate Debtor.
22. The moratorium shall have effect as per Section 14(4) of the Code. In the instant case, the Financial Creditor has proposed the name of *Mr. Rishabh Chand Lodha* as Interim Resolution Professional (“IRP”), having Registration No. IBBI/IPA-001/IP/P-01075/2017-2018/11766, email: rishabhlodha57@gmail.com, as per Part III/Form 2.
23. We hereby appoint Mr. Rishabh Chand Lodha as Interim Resolution Professional (IRP) of the Corporate Debtor under Section 7(3)(b) read with Section 16 of the Code to carry out the functions as per the Code, subject to there being no disciplinary proceedings pending against him and subject to all compliances under the IBC and IBBI regulations.
24. The IRP is directed to take all such steps as are required under the statute, inter-alia in terms of Sections 15, 17, 18, 19, 20 and 21 of the Code and transact proceedings with utmost dedication, honesty and strictly in accordance with the provisions of the Code, and Rules and Regulations thereunder. The Interim Resolution Professional to check the genuineness of the claim while admitting the operational dues of the Applicant.
25. Consequences of initiation of CIRP shall be inter-alia as follows: -

Sd/-


Sd/-



- 25.1 The IRP appointed by the Adjudicating Authority is directed to take over the affairs of the Corporate Debtor and duties as required to be performed by him under the provisions of Code including issue of publication in widely circulated Newspapers as contemplated under the provisions of the Code and calling for claims from the creditors of the Corporate Debtor; and collation of the same.
- 25.2 Further, as a sequel of admission, moratorium as envisaged under Section 14 of the Code is invoked in relation to the Corporate Debtor which will be in vogue during the CIRP of the Corporate to Debtor. The IRP shall carry out CIRP strictly as per the timelines specified and as envisaged under the provisions of the Code in relation to the Corporate Debtor.
- 25.3 The said IRP shall act strictly in accordance with the provisions of the Code. This Bench also directs for an advance payment of Rs. 1,00,000/- (Rupees One Lakh only) to be paid by the Petitioner to the Interim Resolution Professional immediately to initiate the process which shall be adjusted towards the expenses payable to the Resolution Professional. In terms of Section 17 and 19 of the Code all personnel of the Corporate Debtor including promoters and Board of Directors, whose powers shall stand suspended, shall extend all

Sdr

Sdr



cooperation to the IRP during his tenure as such and the management of the affairs of the Corporate Debtor shall vest with the IRP.

- 25.4 In terms of Section 7 of the Code, this order shall be communicated at the earliest, not exceeding one week from today, to the Applicant, the Corporate Debtor as well as the IRP appointed by this Adjudicating Authority to carry out CIRP. A copy of this order shall also be communicated to IBBI for its records.
26. Accordingly, *CP No. (IB)-68/7/JPR/2024 is admitted*. The Registry is directed immediately to send a soft copy of the instant Application along with this order to the parties along with the IRP appointed herein.

  
**REETA KOHLI**  
**JUDICIAL MEMBER**

  
**KAVITA BHATNAGAR**  
**TECHNICAL MEMBER**

M.S.