S.No.1

IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – 1
SPECIAL BENCH
VC AND PHYSICAL (HYBRID) MODE
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
28-11-2025 AT 02:00 PM

CP(IB) No. 53/7/HDB/2025
u/s. 7 of IBC, 2016

IN THE MATTER OF:
M/s. Canara Bank ...Financial Creditor

AND

M/s. Mansarovar Pearls (India) Pvt Ltd., ...Corporate Debtor

CORAM:-
SH. RAMMURTI KUSHAWAHA, HON'BLE MEMBER (JUDICIAL)
SH. MAN MOHAN GUPTA, HON'BLE MEMBER (TECHNICAL)

ORDER

Learned Counsel Ms. Shubhra Singh for the Financial Creditor appeared through video conference.

The Order is pronounced in open court, recorded vide separate sheets. **In the result, CP(IB) No.53/7/HDB/2025 is admitted.**

SD/-
MAN MOHAN GUPTA
MEMBER (T)

SD/-
RAMMURTI KUSHAWAHA
MEMBER (J)

Pavani/Manohar

IN THE NATIONAL COMPANY LAW TRIBUNAL

HYDERABAD BENCH – I, HYDERABAD

CP (IB) No. 53/7/HDB/2025

(Under Section 7 IBC, 2016 R/w Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016*)*

IN THE MATTER OF M/s. MANASAROVAR PEARLS(INDIA) PVT LTD.

Between:

CANARA BANK

Represented by Authorized Officer K Sivanadh.

SAM Branch, O/o. Stressed Assets Management (SAM) Branch,

1-7-1, 2nd floor, TSR Complex,

S. P. Road, Secunderabad – 500003.

.... Financial creditor

VERSUS

M/s. MANSAROVAR PEARLS (INDIA) PVT LTD

21-6-475, Gandhi Bazar,

Hyderabad – 500002.

... Corporate debtor

Date of judgement: 28.11.2025

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Coram:

SH. RAMMURTI KUSHAWAHA, HON'BLE MEMBER (JUDICIAL)

SH. MAN MOHAN GUPTA, HON'BLE MEMBER (TECHNICAL)

Parties/Counsels:

For Applicants : Mr. Manav Gecil Thomas, Advocate

For Respondent : *Set Ex Parte*

PER: BENCH
JUDGEMENT

1. The present Application is filed by Canara Bank (hereinafter referred to as "Applicant/Financial creditor") against the M/s. Mansarovar Pearls (India) Pvt Ltd (herein after referred as 'Corporate debtor') under section 7 of The Insolvency and Bankruptcy Code, 2016(herein after referred as the 'Code,2016') r/w Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, seeking to initiate Corporate Insolvency Resolution Process in respect of corporate debtor under the code, 2016.

2. The present Application by the Financial Creditor was filed before this Tribunal on 11.03.2025 and listed for the first time before this Bench on 26.03.2025. This Tribunal directed the Financial Creditor to issue notice to the Corporate Debtor. On 30.07.2025, Mr. Srikanth Hariharan, Advocate appeared on behalf of the Corporate Debtor and sought time to file the vakalatnama and counter-affidavit, this Tribunal granted one week

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for filing the vakalatnama and three weeks for filing the counter-affidavit. On 01.08.2025 the vakalatnama was filed, however, no counter-affidavit was filed on behalf of the corporate debtor. On 12.09.2025, noting the non-filing of the counter-affidavit and the Corporate Debtor's apparent disinterest, this Tribunal proceeded *ex parte* against the Corporate Debtor and directed the Financial Creditor to file a two-page convenience note. The matter was thereafter reserved for orders on 15.10.2025, and on that date there was no appearance on behalf of the Corporate Debtor.

Case of the Financial Creditor:

3. The Financial Creditor (Canara Bank, SAM Branch) submits that the Corporate Debtor approached it for financing, and the Bank sanctioned multiple credit facilities over the period 2016–2019. The loans were sanctioned on various dates (including 28.07.2016, 02.05.2017, 21.03.2018, 24.05.2018, and 06.09.2019). In connection with these facilities, the Corporate Debtor executed extensive security documentation in favour of the Financial Creditor. Notable security documents include:

Guarantee Agreements dated 27.03.2018;

Acknowledgements of Debt & Security dated 30.12.2019 and 24.01.2020;

An Agreement for advances against book debts dated 27.03.2018;

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A Common Hypothecation Agreement dated 23.11.2005 (with a supplementary agreement dated 27.03.2018); and

Numerous Memoranda of Deposit of Title Deeds executed between 2013 and 2019.

These documents secured the outstanding credit facilities and were duly stamped and registered as required by law.

4. It is further submitted that the account of the Corporate Debtor was classified as a Non-Performing Asset (NPA) with effect from 31.12.2019, which date is recorded as the date of default.

5. The Financial Creditor further submits that a demand notice under Section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, was issued on 18.11.2023, calling upon the Corporate Debtor to repay the outstanding dues.

6. As on 30.11.2024, the Financial Creditor's detailed calculation indicates that the total outstanding liability of the Corporate Debtor stood at Rs. 71,96,86,187.59 (Rupees seventy-one crore ninety-six lakh eighty-six thousand one hundred eighty-seven and fifty-nine paise only). It is thus submitted that the Corporate Debtor admits a debt in excess of Rs. 71.96 crore and is clearly in default of its repayment obligations.

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7. The Financial Creditor further states that on 16.08.2022, the Corporate Debtor submitted a proposal for a One-Time Settlement (OTS) of its outstanding liabilities. Subsequently, on 11.09.2023, the Corporate Debtor submitted a revised OTS proposal to settle its dues. These communications, while acknowledging the debt, were made prior to the issuance of the demand notice dated 18.11.2023.

8. Additionally, the Financial Creditor submits that recovery proceedings under Section 19 of the Recovery of Debts and Bankruptcy Act, 1993 were instituted by filing Original Application No. 388 of 2020 before the Learned Debt Recovery Tribunal-I, Hyderabad, seeking recovery of the outstanding amount, the same is pending. In this regard, the Financial Creditor issued a sale notice dated 31.10.2022 under the SARFAESI Act. Aggrieved by the said sale notice, the Corporate Debtor preferred Securitisation Appeal No. 286 of 2022 before the Learned Debt Recovery Tribunal-I, Hyderabad, wherein a status quo order was passed by the Tribunal, thereby restraining the enforcement of the sale notice.

9. In lieu of the above, the point that arises for consideration before this Tribunal are as follows:

I. **Whether a *financial debt* of a sum exceeding Rs.1crore is due and payable by the Corporate Debtor to the Financial Creditor? If so, whether the Corporate Debtor has committed *default* in discharge of the same?**

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II. **Whether the present application is filed within the period of limitation, considering successive acknowledgments under Section 18 of the Limitation Act, and whether the Financial Creditor has complied with all procedural requirements under Section 7 of the IBC, 2016 and the relevant Rules?**

10. We have heard Mr. Gecil Manav Thomas, Learned Counsel for Applicant and perused the record.

Point I

Whether a *financial debt* of a sum exceeding Rs.1crore is due and payable by the Corporate Debtor to the Financial Creditor? If so, whether the Corporate Debtor has committed *default* in discharge of the same?

11. At the outset, on bare reading of the pleadings and submissions of the Applicant in order to succeed in a Petition filed under Section 7 of the IBC, it is imperative for the Financial Creditor to establish that a financial debt of a sum of Rs.1 crore is due and payable by the Corporate Debtor to the Petitioner and that the Corporate Debtor had defaulted in repayment of the said financial debt.

12. The legal position can be traced from the ruling of the Hon'ble Supreme Court of India in ***M. Suresh Kumar Reddy v. Canara Bank & Ors. (MANU/SC/0561/2023)***, held that, generally, when a debt is due and

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default is proved, the NCLT must admit the petition. The Hon'ble Supreme Court also distinguished its earlier ruling in *Vidarbha Industries Power Ltd. v. Axis Bank Ltd.*, holding that it was confined to the facts of that case. It reaffirmed that the law laid down in *Innoventive Industries Ltd. v. ICICI Bank & Anr.*, and *E.S. Krishnamurthy & Ors. v. Bharath Hi-Tech Builders Pvt. Ltd.*, continues to be the binding precedent for admission of petitions under Section 7 of the Code. The relevant extract reads as follows:

> *"32. In Innoventive industries [Innoventive Industries Ltd. v. ICICI Bank, MANU/SC/1063/2017 : (2018) 1 SCC 407, paras 28 and 30: (2018) 1 SCC (Civ) 356], a two-Judge Bench of this Court has explained the ambit of Section 7 IBC, and held that the adjudicating authority only has to determine whether a "default" has occurred i.e. whether the "debt" (which may still be disputed) was due and remained unpaid. If the adjudicating authority is of the opinion that a "default" has occurred, it has to admit the application unless it is incomplete……"*

13. Now coming to the facts of the present case, on perusal of the record, we observed that the Corporate Debtor initially secured its borrowings on 25.06.2001, which were subsequently renewed on 02.09.2002, and further under cash credit agreements dated 21.07.2003 and 29.04.2004, followed by a renewal with enhancement of limits through supplemental agreements dated 13.12.2004. However, no documentary evidence has

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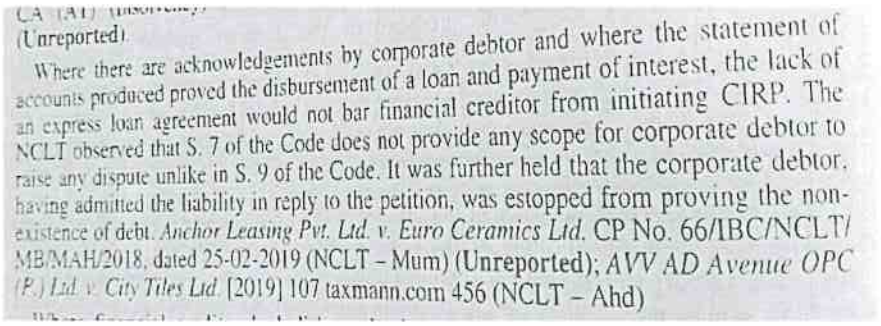
collectively recorded the continuity of the financial arrangement originally created under the 2005 agreement and its subsequent renewals.

16. On a cumulative reading of the above instruments, it is evident that there exists a lawful debt between the parties. Although the initial loan agreement was not annexed, the documents on record establish the subsistence of debt and borrowing. As observed in ***Guide to the Insolvency and Bankruptcy Code by Wadhwa Law Chambers (Vol. I, p. 282)***, absence of a formal loan agreement does not preclude initiation of CIRP under Section 7, if the existence of debt and default is otherwise demonstrable. The page is extracted below:



(Unreported)

Where there are acknowledgements by corporate debtor and where the statement of accounts produced proved the disbursement of a loan and payment of interest, the lack of an express loan agreement would not bar financial creditor from initiating CIRP. The NCLT observed that S. 7 of the Code does not provide any scope for corporate debtor to raise any dispute unlike in S. 9 of the Code. It was further held that the corporate debtor, having admitted the liability in reply to the petition, was estopped from proving the non-existence of debt. *Anchor Leasing Pvt. Ltd. v. Euro Ceramics Ltd.* CP No. 66/IBC/NCLT/MB/MAH/2018, dated 25-02-2019 (NCLT – Mum) (Unreported); *AVV AD Avenue OPC (P.) Ltd. v. City Tiles Ltd.* [2019] 107 taxmann.com 456 (NCLT – Ahd)

Accordingly, this Tribunal finds that a valid and subsisting debt exists both in law and in fact. It is further observed from the material placed on record that the debt is unequivocally established and exceeds the threshold limit of Rs.1 crore as prescribed under the law.

17. It is equally beyond doubt that the said debt qualifies as a financial debt under Section 5(8) of the Code. In ***Rajeev Kumar Jain v. Uno Minda Ltd. & Anr., (2024) ibclaw.in 72 NCLAT***, the Hon'ble NCLAT held that

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financial assistance extended towards working capital, including for procurement of raw materials, constitutes a financial debt and not an operational one. Therefore, the working capital facilities advanced by the Financial Creditor herein are squarely covered within the ambit of financial debt. The relevant paragraph is extracted below:

> "38. *We are of the opinion that the intent between the Promoters Group including the Appellant, the Corporate Debtor and the Respondent No. 1 was clear i.e., to provide the working capital to the Corporate Debtor in various forms including for making payments of raw material on behalf of the Corporate Debtor. Raw material is obviously is to be treated as part of working capital and any financial assistance towards working capital cannot be treated as operational debt and has to be taken only as financial debt.*"

18. Coming to the issue of default, the Applicant has submitted that the default occurred on 31.12.2019. The Financial Creditor has *prima faciely* relied on the Record of Default (Form D) maintained by NeSL, which reflects that M/s. Mansarovar Pearls (India) Pvt. Ltd. defaulted on financial debt under Unique Debt Identifier AAACC6106G_2423261005077 as of 31.12.2019. We observed that the said default is corroborated by the documents placed on record, including the OTS proposals given by the corporate debtor, which clearly demonstrate the existence of debt and the occurrence of default.

19. Therefore, upon perusal of the Record of Default and the demand notice issued under the SARFAESI Act, this Tribunal is of the *prima facie* view that a default has occurred on the part of the Corporate Debtor.

Accordingly, the point is answered.

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Point II:

Whether the present application filed on 11.03.2025 is within the period of limitation, and whether the Financial Creditor has complied with all procedural requirements under Section 7 of the IBC, 2016 and the relevant Rules?

20. At this stage, it becomes necessary to determine the date of default. There is no dispute that a default has occurred, however, the issue for consideration is whether the present petition is filed within limitation and whether the date of NPA can be taken as the date of default. In *praesenti*, on perusal of the material placed on record, it is observed that vide letter dated 21.03.2018, bearing reference No. HYD/IFB/18/CR/2018/AM, the Financial Creditor renewed and enhanced the working capital limits from Rs. 35 crores to Rs. 40 crores, tenable till 18.03.2019. Subsequently, vide letter dated 06.09.2019, bearing reference No. HYD/IFB/CR:18/587/2019/RV, the working capital limits were further renewed for six months, reduced to Rs. 35.35 crores, and made tenable till 04.03.2020.

21. On careful examination of these documents, it is observed that neither of the sanction letters specifies a distinct repayment schedule. However, the General Terms and Conditions appended to the sanction, stipulated that in the event of default in repayment of loan, advance, or interest, the Bank

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or the Reserve Bank of India shall have the unqualified right to disclose or publish the name of the borrower as a defaulter. Accordingly, the account of the Corporate Debtor was classified as Non-Performing Asset (NPA) on 31.12.2019. As held by the Hon'ble Supreme Court in ***Laxmi Pat Surana v. Union Bank of India & Anr., (2021) 8 SCC 481***, ordinarily, upon declaration of an account as NPA, that date can be reckoned as the date of default to enable the financial creditor to initiate proceedings under Section 7 of the IBC. Similarly, in ***Babulal Vardharji Gurjar v. Veer Gurjar Aluminium Industries Pvt. Ltd. & Anr., (2020) 15 SCC 1***, at para 33, it was observed that where the applicant itself states the NPA date as the default date and no other date or acknowledgment is pleaded, limitation would run from the said NPA date.

22. In the present case, the last renewal of the facility was on 21.03.2018, and the account was classified as NPA on 31.12.2019. Further, the Corporate Debtor executed an Acknowledgment of Debt and Security (Loan Form NF 760) on 30.12.2019, unequivocally admitting the correctness of the loan account and confirming an outstanding liability of Rs. 36.12 crores, exclusive of interest.

23. Therefore, on a conjoint reading of the documents and the settled position of law, we are of the considered view that the precise determination of the default date assumes limited significance in the present case, and the same may reasonably be reckoned with reference to the NPA classification on

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31.12.2019. Subsequently, it is observed that the Corporate Debtor executed written acknowledgments through its One-Time Settlement (OTS) proposals dated 16.08.2022 and 11.09.2023. Each of these communications, being in writing and duly signed by the Corporate Debtor, constitutes a conscious acknowledgment of subsisting liability, thereby attracting the operation of Section 18 of the Limitation Act, 1963.

24. It is a well-settled principle, as enunciated by the Hon'ble Supreme Court in *Dena Bank v. C. Shivakumar Reddy & Ors.*, ***MANU/SC/0502/2021141*** that an offer for OTS within the limitation period, would *ipso facto* amounts to an acknowledgment of debt, extending the limitation under Section 18 of the Limitation Act. Similarly, in ***Laxmi Pat Surana Vs. Union Bank of India & Anr., (2021) 8 SCC 481***, the Hon'ble Supreme Court further clarified that successive acknowledgments of liability by the borrower or guarantor renew the limitation period for initiation of proceedings under Section 7 of the Code.

25. Therefore, the OTS communications herein must be treated as valid acknowledgments extending the limitation period and applying the above settled principles to the present case, it is evident that the initial default to the date of NPA classification 31.12.2019 and the subsequent acknowledgments dated 30.12.2019, 16.08.2022, and 11.09.2023, each having been made within three years of the preceding acknowledgment, successively extended the limitation period. Accordingly, the present

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application, which has been filed on 11.03.2025, is well within the period of limitation as prescribed under the law.

26. It is also further observed that, in compliance with the provisions of Section 7(3)(b) of the Code, 2016, and Rule 9 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, the Financial Creditor has proposed the name of Mr. Dommeti Surya Rama Krishna Saibaba (IBBI/IPA-003/IP-N000165/2018-2019/12106) as the Interim Resolution Professional (IRP). The IRP has furnished a written communication dated 21.02.2025, confirming his consent, eligibility, valid registration, and disclosure of ongoing assignments.

27. Therefore, the present application filed on 11.03.2025 is within the time and the procedural requirements under Section 7 of the Code, 2016 and the relevant Rules stand duly satisfied.

28. Accordingly, the instant petition, i.e., CP (IB) No.53/7/HDB/2025 is admitted and put in CIRP forthwith. Accordingly, the point is answered.

ORDER

29. Hence, the Adjudicating Authority admits this Petition under Section 7 of IBC, declaring moratorium for the purposes referred to in Section 14 of the Code, with following directions:

A. Corporate Debtor, **M/s. Manasarovar Pearls(India) Pvt Limited,** is admitted in Corporate Insolvency Resolution Process under Section 7 of IBC.

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B. The Bench hereby prohibits 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 any other authority; transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein; any action to foreclose, recover or enforce any security interest created by the Corporate Debtor in respect of its property including any action under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002); the recovery of any property by an owner or lessor where such property is occupied by or in possession of the corporate Debtor;

C. That the supply of essential goods or services to the Corporate Debtor, if continuing, shall not be terminated or suspended or interrupted during moratorium period.

D. 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

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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.

E. That the provisions of sub-section (1) of Section 14 shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.

F. That order of moratorium shall have effect from the date of this order till completion of the Corporate Insolvency Resolution Process or until this Bench approves the Resolution Plan under Sub-Section (1) of Section 31 or passes an order for liquidation of Corporate Debtor under Section 33, whichever is earlier.

G. That public announcement of initiation of Corporate Insolvency Resolution Process shall be made immediately as prescribed under section 13 of Insolvency and Bankruptcy Code, 2016.

H. That this Bench hereby appoints **Truvisory Insolvency Professionals Private Limited,** having Registration No. IBBI/IPE/0103, as Limited Company for Interim Resolution Professionals.

Address: 1501, Tower No. 4, Spring Grive Towers,
Lokhandwala Township, Kandivali East,
Mumbai-4000101.

E-mail: contactanshulgupta@gmail.com

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Contact details: 9810935425

This information is also available in IBBI Website.

I. The Financial Creditor is directed to deposit a sum of Rs. 3,50,000/- towards the initial costs of the CIRP by way of a Demand Draft drawn in favour of the IRP appointed herein, immediately upon communication of this Order. The IRP shall utilise the said amount strictly towards CIRP expenses and not towards professional fees until the same is decided by the Committee of Creditors.

J. Registry of this Tribunal is directed to send copy of this order to the Truvisory Insolvency Professionals Private Limited, mentioned above.

K. Registry of this Tribunal is directed to send a copy of this order to the Registrar of Companies, Hyderabad for marking appropriate remarks against the Corporate Debtor on website of Ministry of Corporate Affairs as being under CIRP.

Accordingly, this Petition is admitted.

Sd/-

Man Mohan Gupta

Member (Technical)

Sd/-

Rammurti Kushawaha

Member (Judicial)