



IN THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI
COURT – IV

C.P. (IB) No. 346/MB/2024

*[Under Section 7 of the Insolvency and
Bankruptcy Code, 2016.]*

In the matter of:

**J.C. Flowers Asset Reconstruction Pvt.
Ltd.**

*(acting in its capacity as trustee for JCF YES
Trust 2022-23/5)*

(CIN: U74999MH2015PTC264081)

...Financial Creditor

V/s.

Carnival Films Entertainment Pvt. Ltd.

(CIN: U92100MH2007PTC172998)

...Corporate Debtor

Pronounced: 27.11.2025

CORAM:

ANIL RAJ CHELLAN
HON'BLE MEMBER (TECHNICAL)

K.R. SAJI KUMAR
HON'BLE MEMBER (JUDICIAL)

Appearances : Hybrid

For Applicant : Adv. Akshay Petkar

For Corporate Debtor : Adv. Pratik Shah



ORDER

1. BACKGROUND

1.1 This Application is filed under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC/Code) by J.C. Flowers Asset Reconstruction Private Limited (acting in its capacity as trustee of JCF YES Trust 2022-23/5), the Financial Creditor (FC), seeking initiation of Corporate Insolvency Resolution Process (CIRP) in respect of Carnival Films Entertainment Private Limited, the Corporate Debtor (CD), for the alleged default of Rs.71,00,44,358.66/- (Seventy-One Crore Forty-Four Thousand Three Hundred and Fifty-Eight Rupees and Sixty-Six Paise) as on 30.11.2023. The breakdown for the amount claimed as per the Application is as follows:


(in Rs.)

Credit facility	Rupee Term Loan	Funded Interest Term Loan
Principal outstanding	47,75,00,000.00	2,55,35,784.24
Normal interest	14,04,91,394.68	75,11,467.60
Penal interest	5,62,74,307.39	27,31,404.74
Total outstanding	67,42,65,702.08	3,57,78,656.59

1.2 The FC has stated the Date of Default as 19.07.2021, in Part IV of the Application.


2. SUBMISSIONS OF FC

2.1. The FC submits that Yes Bank Limited (YBL), the Original Lender, disbursed a Rupee Term Loan (RTL) aggregating Rs. 50 Crore on 30.09.2016 to the CD, in terms of Facility Letter dated 30.09.2016 and



varied from time to time by Addenda to Facility Letters dated 30.09.2016; 02.02.2016; 03.08.2017; 25.05.2018; and 23.01.2019. The Loan Agreement pertaining to the said RTL facility was executed on 17.10.2016 between YBL and CD. In lieu of the said RTL facility, four exclusive charges were created by the CD along with its sister-concern entities *vide* Deeds of Hypothecation dated 17.10.2016. The said RTL facility was further secured by way of various security documents, including non-disposal undertakings, two corporate guarantees, and one personal guarantee, which were varied from time to time.

- 2.2. Further to the accrued interest obligations pertaining to the RTL facility due to the COVID-19 Pandemic, the CD opted to avail the moratorium benefits in terms of RBI circulars, and accordingly, YBL supplemented the RTL facility by Funded Interest Term Loan (FITL) of Rs. 2.61 Crore *vide* Facility Letter dated 30.09.2016. However, the CD defaulted in repayment of the said facilities altogether.
- 2.3. Consequently, YBL was constrained to issue a Recall Notice on 12.07.2021, thereby calling upon the CD to pay its debt amounting to Rs. 54,40,92,866.93/- within seven days from the receipt of the said Recall Notice. The FC submits that despite the same, no payment has been made so far within the stipulated period. The records reveal that YBL has also invoked the three guarantees *vide* Invocation Notices dated 26.07.2021, but to no avail.
- 2.4. Subsequently, YBL/Original Lender executed an Assignment Agreement dated 16.12.2022 with the Applicant/FC (acting in its capacity as trustee of JCF YES Trust 2022-23/5) by way of which the former assigned its debt along with underlying rights, liability, and securities in favour of the latter. The FC submits that in view of provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act), and the covenants of the said Assignment Agreement, Applicant FC (acting in its capacity as trustee of JCF YES




Trust 2022-23/5) is deemed to be the secured creditor of the CD. The FC, therefore, prays that CIRP may be ordered in respect of the CD.

3. SUBMISSIONS OF CD

- 3.1. The CD filed its Reply dated 02.04.2025, wherein it admitted the defaults in repayment of the obligations in respect of RTL Facility and FITL Facility. The CD states that the default in the RTL facility occurred in 2019, and the default in repayment of the FITL Facility occurred on 01.01.2020. Further, it is stated that the CD was unable to fulfil its repayment obligations and remains in default, with no capacity to repay the outstanding amounts. It is also stated that the holding company as well as the sister companies of the CD are undergoing corporate insolvency resolution process.
- 3.2. It is also seen that the CD in the Letter dated 13.07.2021 addressed to YBL, as reply to the Recall Notice, stated that it was unable to generate requisite revenue at the backdrop of the COVID-19 Pandemic.
- 3.3. It is stated that CD's primary source of revenue, i.e., cinema operations, has been discontinued for more than the last 2 (two) years. As a result, the CD lacks the financial capacity to repay its debts. Therefore, the CD submits that the Tribunal may pass appropriate orders.


4. ANALYSIS AND FINDINGS

- 4.1 We have perused the available records and heard both the Ld. Counsel for the FC and the CD.
- 4.2 It is the admitted case of the parties that the FC disbursed monies under the RTL and FITL facilities to the CD, in terms of the Facility Letter dated 30.09.2016, read with Addenda to Facility Letter dated 30.09.2016; 02.02.2016; 03.08.2017; 25.05.2018; and 23.01.2019. The facilities are



evidently secured by various types of security documents. On account of the defaults by the CD to service the debt accruing from the facilities, the FC has filed the present Application.

- 4.3 We have given careful consideration to the submissions made by the parties. Section 7(5)(a) of the Code states that the Adjudicating Authority may admit an application filed under Section 7, if it is satisfied that (a) a default has occurred, (b) the application is complete, and (c) there is no disciplinary proceeding pending against the proposed resolution professional. The Hon'ble Supreme Court in *Innoventive Industries Limited v. ICICI Bank and Anr.* [(2017) ibclaw.in 02 SC] has explained the scope of Section 7, holding that the moment the Adjudicating Authority is satisfied that a default has occurred, the application must be admitted unless it is incomplete, in which case it may give notice to the Applicant to rectify the defect within 7 days of receipt of a notice from the Adjudicating Authority. In the case of a Corporate Debtor who commits a default of a financial debt, the Adjudicating Authority has to merely see the records of the information utility or other evidence produced by the financial creditor to satisfy itself that a default has occurred. The view taken as above has been consistently followed by the Hon'ble Supreme Court in many other decisions, including in *E.S. Krishnamurthy and Others Vs. Bharath Hi Tech Builders Pvt. Ltd.* [(2021) ibclaw.in 173 SC].
- 4.4 The various documents produced by the FC clearly establish the existence of debt and default. Additionally, the CD has unequivocally admitted the default in the repayment of this debt. The sole argument presented by the CD is that its financial condition has been significantly impacted by the closure of cinema operations during the COVID-19 Pandemic. However, we do not consider it necessary for us to delve into factors pertaining to the CD's solvency and financial health, or the reasons that caused the default, when the twin test of the existence of a financial debt and the default by the CD, is admitted.
- 4.5 In view of the foregoing discussion, we hold that the debt and default have been satisfactorily established from the records and pleadings. Further, we



hold that the Application has been filed within the limitation period. We are also satisfied that a default of well over One Crore Rupees has been committed by the CD, thereby satisfying the minimum threshold prescribed under Section 4 of the Code.

- 4.6 The FC has proposed the name of Mr. Ashok Kumar Gulla, Registration No. IBBI/IPA-003/IP-N00024/2017-2018/10174, as the Interim Resolution Professional of the Corporate Debtor. He has duly filed his written communication in Form 2 dated 05.12.2023, as required under Rule 9(1) of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, and the same has been duly considered.

ORDER

5 It is accordingly ordered as follows:

- 5.1. The **C.P. No. (IB) 346/MB/2024** is hereby **admitted** and the initiation of the Corporate Insolvency Resolution Process is ordered against Carnival Films Entertainment Private Limited, viz., the CD herein.
- 5.2. We further declare moratorium under Section 14 of IBC with consequential directions as mentioned below: We prohibit-
- I. the institution of suits or continuation of pending suits or proceedings against the CD, including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;
 - II. transferring, encumbering, alienating, or disposing of by the CD any of its assets or any legal right or beneficial interest therein;
 - III. any action to foreclose, recover or enforce any security interest created by the CD in respect of its property including any action under the SARFAESI Act;



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- IV. the recovery of any property by an owner or lessor where such property is occupied by or in possession of the CD.
- 5.3. That the supply of essential goods or services to the CD, if continuing, shall not be terminated or suspended or interrupted during the moratorium period.
- 5.4. That the order of moratorium shall have effect from the date of this order till the completion of the CIRP or until this Bench approves the resolution plan under section 31(1) of the IBC or passes an order for the liquidation of the CD under section 33 thereof, as the case may be.
- 5.5. That the public announcement of the CIRP shall be made in accordance with the provisions of the IBC, the Rules and Regulations made thereunder.
- 5.6. That this Bench hereby appoints **Mr. Ashok Kumar Gulla**, a registered Insolvency Professional having Registration No **IBBI/IPA-003/IP-N00024/2017-2018/10174**, RSBA Restructuring Advisors LLP, DLF Corporate Park, 4th floor, DLF Corporate Park, 4th Floor, Tower 4B, Garden Estate, DLF Phase 3, Sector 24, Gurgaon, Haryana-122002 and with Email ID: ashok.gulla@rbsa.in having valid Authorisation for Assignment up to 31.12.2025, as the Interim Resolution Professional (IRP) of the CD to carry out the functions as mentioned under IBC, 2016. The fee payable to the IRP/RP shall be in accordance with the Regulations/Circulars issued by the IBBI.
- 5.7. That during the CIRP Period, the management of the CD shall vest in the IRP or, as the case may be, the RP in terms of Section 17 or Section 25, as the case may be, of IBC. The officers and managers of the CD are directed to provide effective assistance to the IRP as and when he takes charge of the assets and management of the CD. The officers and managers of the CD shall provide all documents in their possession and



furnish every information in their knowledge to the IRP/RP within a period of one week from the date of receipt of this Order and shall not commit any offence punishable under Chapter VII of Part II of the IBC. Coercive steps will follow against them under the provisions of the IBC read with Rule 11 of the NCLT Rules for any violation of law.

- 5.8. That the IRP/IP shall submit to this Tribunal periodical reports with regard to the progress of the CIRP in respect of the CD.
- 5.9. In exercise of the powers under Rule 11 of the NCLT Rules, 2016, the FC is directed to deposit a sum of Rs. 5,00,000/- (Five Lakh Rupees) with the IRP to meet the initial CIRP cost arising out of issuing public notice and inviting claims, etc. The amount so deposited shall be interim finance and paid back to the FC on priority upon the funds becoming available with IRP/RP from the Committee of Creditors (CoC). The expenses incurred by IRP out of this fund are subject to approval by the CoC.
- 5.10. A copy of this Order be sent to the Registrar of Companies, Maharashtra, Mumbai for updating the Master Data of the CD.
- 5.11. A copy of the Order shall also be forwarded to the IBBI for record; dissemination on their website; and for maintaining data.
- 5.12. The Registry is directed to immediately communicate this Order to the FC, the CD and the IRP by way of Speed Post, E-mail and WhatsApp.
- 5.13. Compliance report of the order by Designated Registrar is to be submitted today.

Sd/-

ANIL RAJ CHELLAN
MEMBER (TECHNICAL)

Aditya, LRA

Sd/-

K. R. SAJI KUMAR
MEMBER (JUDICIAL)