

IN THE NATIONAL COMPANY LAW TRIBUNAL

NEW DELHI COURT-III

IB – 152(ND)/2024

Order under Section 10 of the Insolvency and Bankruptcy Code, 2016 read with Rule 7 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016.

IN THE MATTER OF:

PARQUET FURNISHERS PVT. LTD.

Having Its Registered Office at:

D - 48, First Floor, Ajay Enclave
Near Subash Nagar Crossing
New Delhi - 110018

... CORPORATE APPLICANT

Order Pronounced On: 14.11.2025

CORAM:

SHRI BACHU VENKAT BALARAM DAS,

HON'BLE MEMBER (JUDICIAL)

DR. SANJEEV RANJAN,

HON'BLE MEMBER (TECHNICAL)

APPEARANCES:

For the Applicant : Mr. Abhishek Naik, Ms. Gulafsha Kureshi &
Ms. Katyayani, Advs.

For the Respondent :

ORDER:

PER: BACHU VENKAT BALARAM DAS, MEMBER (JUDICIAL)

1. This Application has been filed by M/s. Parquet Furnishers Pvt. Ltd. ("hereinafter referred to as the Corporate Applicant"), before this Adjudicating Authority, under Section 10 of the Insolvency and Bankruptcy Code, 2016 ("IBC" or "Code") r/w Rule 7 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, ("Adjudicating Authority Rules"), for initiating the Corporate Insolvency Resolution Process ("CIRP"), declaring moratorium and for appointment of Interim Resolution Professional ("IRP"), against itself, on the ground that the Corporate Applicant has defaulted/failed to clear its financial debt and the further inability to pay the debts owed to its Creditors.

SUBMISSIONS OF THE APPLICANT:

2. The Corporate Applicant submitted that it was incorporated on 01.02.1995 under the erstwhile Companies Act, 1956, having its registered office at D-48, First Floor, Ajay Enclave, Near Subhash Nagar Crossing, New Delhi – 110018. It is engaged in the business of manufacturing parquet flooring and providing turnkey wooden flooring solutions to institutional, government, hospitality, and architectural clients across India.
3. Over the years, the Corporate Applicant expanded its business by importing pre-finished wooden flooring and undertaking large-scale projects across the country for reputed developers including DLF, Unitech, Eldeco, ATS, Ambience, Mantri, Total Environment Solutions, and Prestige Group. The Corporate Applicant also executed major works for sports and public institutions, including the sports flooring for almost 90% of the stadiums constructed for the Commonwealth Games held in Delhi in 2010.
4. In view of the rapid expansion of business operations, the Corporate Applicant approached the Bank of Maharashtra (hereinafter referred to as the "Financial Creditor") in 2012-13 for financial assistance. The



Financial Creditor sanctioned various credit facilities, including working capital loans, bank guarantees, and short-term loans, supported by execution of requisite loan and hypothecation documents.

5. The repayment of the short-term facility was later rephased at the request of the Corporate Applicant to align with business cash flows. However, due to a slowdown in the real estate sector, non-receipt of payments from customers, and general financial stress, the Corporate Applicant defaulted in repayment obligations. Consequently, the account was classified as a Non-Performing Asset ("NPA") on 12.05.2014 by the Financial Creditor.
6. The Financial Creditor thereafter initiated proceedings under the SARFAESI Act, 2002 by issuing a demand notice under Section 13(2) and subsequently auctioned certain secured assets of the Corporate Applicant. Despite such sale, substantial dues remained outstanding.
7. During the course of arguments, the Ld. Counsel appearing on behalf of the Applicant submitted that the Corporate Applicant has exhausted all feasible means to revive its operations and to regularise its account, including by way of multiple proposals for One-Time Settlement ("OTS"), which did not materialise.
8. It was further argued that the Financial Creditor has already realised the entire available security interest/ mortgaged assets including that of the Personal Guarantors and had also initiated separate proceedings against the personal guarantors of the Corporate Applicant. However, the outstanding debt still remains.
9. Further, the Financial Creditor issued a notice dated 31.05.2023 to declare the Corporate Applicant and its directors as wilful defaulters. The Corporate Applicant submitted its objections and clarifications thereto, and no steps thereafter for declaring the Corporate Applicant and its directors have been taken by the Financial Creditor.
10. Thereafter, the shareholders passed a special resolution authorising filing of the present Application under Section 10 of the Code. The same



was supported by a Board Resolution empowering Mr. Bhopinder Pal Singh, Director, to represent the Company in these proceedings.

11. The Corporate Applicant has proposed Mr. Saurab Sharma, Insolvency Professional (IBBI/IPA-001/IP-P-02550/2021-2022/13951), to act as the Interim Resolution Professional (“IRP”), whose written consent in Form 2 has been filed along with the Application.
12. The present Application was filed in Form 6, accompanied by all requisite documents as mandated under Section 10 of the Code and Rule 7 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016. Copies of the Application were duly served upon the Financial Creditor and the Insolvency and Bankruptcy Board of India in compliance with statutory requirements.
13. During the course of proceedings, this Adjudicating Authority directed the Corporate Applicant to file an affidavit to establish that the Application is within limitation. The Applicant submitted an affidavit dated 23.07.2024, clarifying that the provisions of the Limitation Act, 1963 do not apply to an Application filed under Section 10 of the Code. It was argued that the declaration of NPA was made on 12.05.2014, and that limitation has no application to Section 10 proceedings.
14. This Adjudicating Authority thereafter sought clarification regarding the maintainability of the Application in view of personal insolvency proceedings initiated by the Financial Creditor against one of the directors of the Corporate Applicant. The Applicant duly filed a written note supported by judicial pronouncements demonstrating that such parallel proceedings do not bar a company from seeking initiation of CIRP under Section 10.
15. During the course of arguments, the Ld. Counsel appearing on behalf of the Applicant submitted that the pendency of personal insolvency proceedings against directors or guarantors of a company does not affect the maintainability of a Section 10 Application, as the two processes are independent and operate in separate legal capacities.



16. It was further submitted that the Corporate Applicant is not disqualified under Section 11 of the Code and satisfies all conditions for initiation of CIRP.
17. The Financial Creditor filed its reply, admitting the existence of financial debt and default, and expressly stating that it has no objection to admission of the present Application.
18. During the course of arguments, the Ld. Counsel appearing on behalf of the Applicant submitted that once the existence of debt and default stands admitted and the Application is otherwise complete, this Adjudicating Authority is bound to admit the same in terms of settled judicial principles. Reliance was placed on ***M/s Unigreen Global Pvt. Ltd. v. Punjab National Bank & Ors., Company Appeal (AT) (Insolvency) No. 81 of 2017***, wherein the Hon'ble NCLAT held that once the requirements of Section 10 are fulfilled and the applicant is not ineligible under Section 11, the Adjudicating Authority must admit the Application.
19. The Ld. Counsel for the Applicant also placed reliance upon the judgment of ***Innoventive Industries Ltd. v. ICICI Bank (2017 SCC Online SC 1025)***, wherein the Hon'ble Supreme Court held that once default is established and the application is complete, the Adjudicating Authority is bound to admit the same and cannot consider extraneous issues.
20. During the course of arguments, the Ld. Counsel appearing on behalf of the Applicant submitted that in terms of Section 10(3)(b) read with Section 16(2) of the Code, the Adjudicating Authority is to appoint the IRP proposed by the Applicant, unless there are disciplinary proceedings pending against the proposed professional. Reliance was placed on judicial pronouncements including ***K.J. Vinod v. Registrar of the National Company Law Tribunal, Chennai & Ors.*** and ***Tokas Filing Station v. Venture Supply Chain Pvt. Ltd.***, wherein it has been held that the IRP proposed by the Applicant should ordinarily be appointed unless there are valid reasons to reject such proposal.



21. It was further submitted that since the Financial Creditor is the only financial creditor of the Corporate Applicant and will hold 100% voting share in the Committee of Creditors, it retains complete authority to confirm or replace the IRP after constitution of the Committee of Creditors, as provided under the Code.
22. The Corporate Applicant submits that the present Application is complete in all respects. The Applicant has admitted its financial distress, filed all requisite documents including financial statements, special resolution, and consent of the proposed IRP, and has complied with all procedural requirements under the Code and the Rules framed thereunder.
23. During the course of arguments, the Ld. Counsel appearing on behalf of the Applicant submitted that the Applicant has satisfied every statutory condition under Section 10 of the Code, that there exist an admitted financial debt and default, that no bar under Section 11 applies, and that the Financial Creditor has no objection to the admission of the Application. Accordingly, initiation of CIRP is warranted in the facts and circumstances of the case.
24. The Applicant, therefore, submitted that in view of the factual and legal position explained above, the present Application deserves to be admitted by this Adjudicating Authority.

SUBMISSIONS OF THE RESPONDENT:

25. The Adjudicating Authority directed the Corporate Applicant to serve a notice on the sole Financial Creditor i.e., the Bank of Maharashtra, pursuant to which Bank of Maharashtra filed its reply on 28.05.2025.
26. At the outset, the Financial Creditor submits that various credit facilities were sanctioned by the Bank of Maharashtra/ Financial Creditor, to Parquet Furnishers Private Limited/ Corporate Applicant for business purposes. The Corporate Applicant failed to adhere to the repayment schedule and consequently defaulted in repayment of dues. The account of



the Corporate Applicant was accordingly classified as a Non-Performing Asset on 12.05.2014.

27. The total outstanding amount due and payable by the Corporate Applicant to the Financial Creditor as on 19.05.2025 stands at ₹7,79,13,250/- (Rupees Seven Crore Seventy-Nine Lakh Thirteen Thousand Two Hundred and Fifty only).
28. The Financial Creditor further submits that it had already initiated recovery proceedings against the Corporate Applicant by filing an Original Application before the Learned Debts Recovery Tribunal-II, Chandigarh, which culminated in issuance of a Recovery Certificate dated 06.02.2019 for an amount of ₹2,99,14,330.61 (Rupees Two Crore Ninety-Nine Lakh Fourteen Thousand Three Hundred Thirty and Sixty-One Paise only). The said Recovery Certificate is pending execution before the Hon'ble Recovery Officer-I, DRT-II, Chandigarh, bearing RC No. 329/2019.
29. The Financial Creditor has also initiated proceedings under Part III of the Insolvency and Bankruptcy Code, 2016 against the personal guarantors of the Corporate Applicant before the Adjudicating Authority, New Delhi. The details of such petitions are as follows:

1.	CP (IB)/219/ND/2023	Bank of Maharashtra v. Sudha
2.	CP (IB)/220/ND/2023	Bank of Maharashtra v. Bhupinder Pal Singh
3.	CP (IB)/221/ND/2023	Bank of Maharashtra v. Navinder Singh Soin
4.	CP (IB)/302/ND/2023	Bank of Maharashtra v. Manisha Soin

30. The Petitions bearing (IB)/221/ND/2023, (IB)/220/ND/2023, and (IB)/219/ND/2023 were admitted by this Adjudicating Authority on 01.10.2024, and the petition bearing (IB)/302/ND/2023 was admitted *vide* order dated 18.03.2024.



31. After admission of the aforesaid petitions, Resolution Professionals were appointed in each case and meetings of creditors were duly conducted. However, the personal guarantors failed to cooperate and refused to provide affidavits and disclosures regarding their assets, liabilities, and bank account details, as required under Regulation 10 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Regulations, 2019.
32. Owing to such non-cooperation, the Resolution Professionals were constrained to file applications before this Adjudicating Authority under Regulation 22 of the said Regulations seeking directions against the personal guarantors for non-cooperation. The said applications are currently pending adjudication.
33. The Financial Creditor further submits that it had also taken measures under the SARFAESI Act, 2002 for enforcement of its security interest. All secured assets mortgaged with the Financial Creditor were duly sold in accordance with law; however, substantial dues still remain outstanding.
34. The Corporate Applicant has failed to discharge its liability, and the default continues to subsist. As on 19.05.2025, the total amount due from the Corporate Applicant to the Financial Creditor remains ₹7,79,13,250/- (Rupees Seven Crore Seventy-Nine Lakh Thirteen Thousand Two Hundred and Fifty only).
35. The Financial Creditor has also examined the financial statements and balance sheets of the Corporate Applicant and submits that no substantial assets remain in the Company to satisfy the outstanding dues.
36. Further, as per the reports and information available with the Financial Creditor, the Corporate Applicant has already ceased its business operations, and no active commercial or manufacturing activity is being carried on at present.
37. The Financial Creditor submitted that in view of the above facts, and since the Corporate Applicant itself has voluntarily approached this Adjudicating Authority under Section 10 of the Code, the Financial Creditor does not



have any objection if the present Application for initiation of CIRP against the Corporate Applicant, is allowed in accordance with law.

38. However, it is submitted that the Financial Creditor, being the sole Financial Creditor of the Corporate Applicant, is entitled under law to suggest a name for appointment of the IRP to take charge of the assets and affairs of the Corporate Applicant.
39. The Financial Creditor does not concur with the name of the IRP proposed by the Corporate Applicant in the Application. Accordingly, the Respondent proposes the name of Mr. Abhimanyu Mittal, Insolvency Professional, having Registration No. IBBI/IPA-001/IP-P01870/2019-2020/12893, to be appointed as the IRP in the CIRP to be initiated against the Corporate Applicant.

ANALYSIS AND FINDINGS:

40. We have heard the arguments and perused the documents on record put forth by the Ld. Counsel appearing for the Corporate Applicant and the Sole Financial Creditor.
41. The present Application has been filed by M/s Parquet Furnishers Pvt. Ltd., the Corporate Applicant, under Section 10 of the Insolvency and Bankruptcy Code, 2016, read with Rule 7 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, seeking initiation of the Corporate Insolvency Resolution Process (CIRP) against itself on the ground of inability to pay its admitted financial debts.
42. From the pleadings and submissions, it is noted that the Corporate Applicant availed various credit facilities from the Bank of Maharashtra (the sole Financial Creditor) during 2012-13. The account of the Corporate Applicant was classified as a Non-Performing Asset (NPA) on 12.05.2014 due to continued defaults in repayment. Recovery proceedings were subsequently initiated by the Financial Creditor under SARFAESI Act, 2002 and before the Debts Recovery Tribunal, which culminated in a Recovery Certificate dated 06.02.2019 for ₹2.99 crore, and further personal



insolvency proceedings under Part III of the IBC were initiated against the directors and guarantors of the Corporate Applicant.

43. The Financial Creditor, in its reply, has admitted the existence of financial debt and default, and has raised no objection to the admission of the present Application under Section 10. It is also recorded that as on 19.05.2025, the outstanding dues of the Corporate Applicant stand at ₹7.79 crore.
44. The Corporate Applicant has placed on record all requisite documents as mandated under Section 10 and Rule 7, including the special resolution passed by shareholders authorising the filing of the application, board resolution empowering the director to represent the company, affidavit of authorisation, financial statements, and written consent of the proposed Interim Resolution Professional (IRP) in Form 2. Copies of the Application have been duly served on the Financial Creditor and the Insolvency and Bankruptcy Board of India (IBBI) in compliance with the statutory requirements.
45. The contention of the Applicant regarding limitation has been considered. The Corporate Applicant has submitted that the Limitation Act, 1963 does not apply to an application filed under Section 10, as the same is filed voluntarily by the corporate person seeking insolvency resolution and not for recovery or enforcement of a debt. The Adjudicating Authority finds merit in the said submission, as no period of limitation restricts a solvent company from initiating insolvency proceedings under Section 10 to resolve its financial distress, subject to fulfilment of all procedural requirements.
46. With regard to the pendency of personal insolvency proceedings against the directors and guarantors of the Corporate Applicant, this Adjudicating Authority notes that such proceedings do not affect the maintainability of an application under Section 10, as both processes operate independently and in distinct legal capacities. The Corporate Applicant, as a separate legal entity, remains entitled to seek initiation of CIRP to resolve its insolvency.



47. The Corporate Applicant has also affirmed that it is not disqualified under Section 11 of the Code, and the same stands corroborated by the record. It is further noted that the Financial Creditor does not dispute the default or oppose the initiation of CIRP.
48. The Corporate Applicant has proposed Mr. Saurab Sharma, Insolvency Professional (IBBI/IPA-001/IP-P-02550/2021-2022/13951), to act as the IRP, the Financial Creditor, however, has expressed its preference for appointment of Mr. Abhimanyu Mittal (IBBI/IPA-001/IP-P01870/2019-2020/12893) as the IRP instead considering the fact that the Financial Creditor is the sole Financial Creditor and will hold 100% voting share in the CoC. This Adjudicating Authority finds no legal impediment in considering the Financial Creditor's proposal for appointment of an alternate IRP.
49. Upon perusal of the documents and pleadings, it is evident that the Application is complete in all respects, the existence of financial debt and default stands established, and there exists no legal bar under Section 11 to the initiation of CIRP. Financial Creditor has expressly consented to the same.
50. Accordingly, this Adjudicating Authority finds that the conditions stipulated under Section 10(4) of the IBC are duly satisfied, and in this regard, we deem fit to rely upon the judgment of Hon'ble NCLAT in the case of ***M/s Unigreen Global Pvt Ltd. Vs. Punjab National Bank, 2017 SCC Online NCLAT 610*** which has held that:

"20. Under both Section 7 and Section 10, the two factors are common i.e. the debt is due and there is a default. Sub-section (4) of section 7 is similar to that of Sub-section (4) of section 10. Therefore we, hold that the law laid down by the Hon'ble Supreme Court in "Innoventive Industries Ltd. (Supre) is applicable for Section 10 also, wherein the Hon'ble Supreme Court observed as "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”.



51. It is therefore clear that once the Corporate Applicant has established default in respect of the debts due and payable, the application is required to be admitted in terms of the Code. In the present case, the Applicant has prima facie made out a case for initiation of the Corporate Insolvency Resolution Process against itself, and accordingly, the application is liable to be admitted, warranting further consequential steps including declaration of moratorium and appointment of the Interim Resolution Professional.

ORDER:

52. In view of the above facts and circumstances and the foregoing discussion, we are satisfied that the present Application fulfils the criteria laid down under Section 10 of the Code and there is no reason to deny the admission of the present application. It is accordingly, ordered as follows: -

- a) The Application bearing **(IB)-152(ND)/2024** filed by the Applicant under Section 10 of the Code read with Rule 7 of the Adjudicating Authority Rules for initiating CIRP against the Respondent hereby ***stands admitted.***
- b) We declare a moratorium in terms of Section 14 of the Code. The necessary consequences of imposing the moratorium flow from the provisions of Section 14(1)(a), (b), (c) & (d) of the Code. Thus, the following prohibitions are imposed:
 - i. *“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;*
 - ii. *Transferring, encumbering, alienating or disposing of by the corporate debtor 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 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;

- iv. *The recovery of any property by an owner or lessor, where such property is occupied by or in the 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 licence, permit, registration, quota, concession, clearance 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;]

- c) It is made clear that the provisions of moratorium shall not apply to transactions which might be notified by the Central Government or the supply of the essential goods or services to the Corporate Applicant 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 Applicant in terms of Section 14(3)(b) of the Code.
- d) As per the proposal given by the Financial Creditor, this Adjudicating Authority appoints Mr. Abhimanyu Mittal as the IRP of the Corporate Applicant for ascertaining the particulars of Creditors and convening a Committee of Creditors for evolving a Resolution Plan. The details of the IRP are as follows:

Registration No. : IBBI/IPA-001/IP-P-01870/2019 -2020/12893

Address : 29FF, The White House, Sector - 57, Gurgaon,
Haryana, 122003

Contact No. : 9818848222

E-mail : ca.mittalabhi@gmail.com



- e)** The Written Consent in Form-2 dated 20.05.2025 and the Registration Certificate of the proposed IRP is filed along with the Application. The proposed IRP has a valid AFA till 31.12.2025.
- f)** In pursuance of Section 13(2) of the Code, we direct the IRP, as the case may be to make a public announcement immediately with regard to the admission of this application under Section 10 of the Code. The expression immediately means within 3 (three) days as clarified by Explanation to Regulation 6(1) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.
- g)** The IRP shall perform all his functions 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. It is further made clear that all the personnel connected with the Corporate Applicant, its promoters or any other person associated with the Management of the Corporate Applicant are under legal obligation under Section 19 of the Code to extend every assistance and cooperation to the Interim Resolution Professional as may be required by him in managing the day-to-day affairs of the 'Corporate Applicant'. 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. The Interim Resolution Professional shall be under duty to protect and preserve the value of the property of the 'Corporate Applicant' as a part of its 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.
- h)** The IRP/RP shall submit to this Adjudicating Authority periodical reports on a quarterly basis with regard to the progress of the CIRP in respect of the Corporate Applicant.



- i) The Corporate Applicant is directed to deposit a sum of Rs. 2,00,000/- (Rupees Two Lakhs only) with the IRP to meet out the expenses to perform the functions entrusted to him, as per Regulation 33(3) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. However, this amount shall be subject to adjustment by the Committee of Creditors, based on the accounts maintained by the IRP upon the conclusion of the CIRP.
- j) The IRP/RP shall conduct CIRP in a time- bound manner as per Regulation 40A of IBBI (Insolvency Resolution Process for Corporate Persons) Regulation, 2016.
- k) In accordance with the provisions of the Code, the Registry is directed to communicate a copy of the order to the Corporate Applicant, the Financial Creditor, the IRP and the Registrar of Companies, NCT of Delhi and Haryana, by Speed Post and by email, at the earliest.

The Registrar of Companies shall update his website by updating the status of the Corporate Applicant and specific mention regarding admission of this application must be notified.

- l) The Registry is further directed to send a copy of this order to the IBBI for their record.

No order as to costs.

Sd/-

**SANJEEV RANJAN
MEMBER (TECHNICAL)**

Sd/-

**BACHU VENKAT BALARAM DAS
MEMBER (JUDICIAL)**