



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

CP (IB)/25/KOB/2025

(Under Section 7 of IBC, 2016)

Date of institution: 24.08.2025

Order delivered on: 07.11.2025

In the matter of:

M/s. KGR Gems and Bullion Private Limited

MEMO OF PARTIES:

**M/s. Kerala State Industrial
Development Corporation Ltd**

TC 11/266 1, Keston Road, Kowdiar,
Trivandrum, Kerala- 695003

...Petitioner/Financial Creditor

-Vs-

**M/s. KGR Gems and Bullion Private
Limited**

Building No.402/3, Mathra, Karavallur,
Punalur, Kollam 691333

...Respondent/Corporate Debtor

Coram:

HON'BLE MEMBER (JUDICIAL) : SHRI. VINAY GOEL

HON'BLE MEMBER(TECHNICAL) : SMT. MADHU SINHA

Appearances:

For the Petitioner : Mr. Kevin Thomas, Advocate.

For the Respondent : Mr. Tinu Abraham, Advocate.



ORDER

Per Coram

1. The present petition has been filed by the Kerala State Industrial Development Corporation Ltd under Section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as 'the Code'), for initiating the Corporate Insolvency Resolution Process, declaring moratorium, and for appointment of Interim Resolution Professional, against the Corporate Debtor viz. M/s KGR Gems and Bullion Private Limited.
2. The total amount claimed to be in default as per Part-IV of the petition is Rs. 6,25,32,354/- (Rupees Six Crore Twenty-Five Lakh Thirty-Two Thousand Three Hundred Fifty-Four only) as on 31.05.2025. The Corporate Debtor was incorporated on 09.10.2019 with CIN: U27205KL2019PTC059904 under the Companies Act, 2013. Its registered office is at Building No. 402/3, Mathra P.O., Karavalloor, Punalur, Kollam, Kerala, 691333. The Corporate Debtor, registered under the MSME framework, was established to set up and operate a gold refinery and bullion production facility in the State of Kerala.
3. **Facts of the Case and Submissions made by Ld. Counsel for the Petitioner are as follows:**
 - i. To finance this capital-intensive project, the Corporate Debtor approached the Kerala State Industrial Development Corporation/ Petitioner, a Government of Kerala undertaking, and the State's nodal development finance institution. After due appraisal, the Petitioner sanctioned three credit facilities: a Term Loan of Rs. 500



lakhs sanctioned on 20.07.2021, a Working Capital Term Loan of Rs. 150 lakhs sanctioned on 08.03.2022, under the COVID-19 Samashwasa Padhathi, and a Term Loan of Rs. 200 lakhs sanctioned on 15.04.2024 under the Chief Minister's Special Assistance Scheme.

- ii. The sanctioned facilities were secured through hypothecation of movable assets, mortgage over land in Karavaloor Village, deposit of title deeds, and personal guarantees of the promoter-directors. All charges were duly registered with the Registrar of Companies in accordance with statutory requirements. However, despite the clear terms of sanction and repeated opportunities for compliance, the Corporate Debtor failed to make timely repayments and defaulted on all three loan accounts.
- iii. The Petitioner initiated multiple follow-ups, notices, and review meetings to facilitate repayment, but the Corporate Debtor remained non-responsive and failed to regularise its accounts. Consequently, the Petitioner was constrained to invoke Revenue Recovery proceedings before the District Collector, Kollam, and to file statutory Form C with the National E-Governance Services Ltd., recording the continuing default. As of 31.05.2025, the consolidated outstanding stood at Rs. 6,25,32,354/-, exclusive of further accruals.
- iv. The persistent default of the Corporate Debtor has undermined the public interest underlying the State's development finance system and constitutes a willful and unjustified default under the



Insolvency and Bankruptcy Code, 2016. Having exhausted all available recovery and administrative measures, the Petitioner now seeks appropriate relief under the Code, as no dispute has been raised nor any restructuring proposal offered by the Corporate Debtor.

4. The Financial Creditor has primarily relied upon the following documents:

- i. The Sanction Letter No. KSIDC/TVM/CS/2021/762 dated 20.07.2021 annexed as Annexure A-2.
- ii. The Loan Agreement dated 16.09.2021, annexed as Annexure A-3
- iii. The Declaration of Mortgage dated 21.01.2022, annexed as Annexure A-4.
- iv. The Deed of Hypothecation dated 16.09.2021, annexed as Annexure A-5.
- v. The Deed of Guarantee dated 16.09.2021, annexed as Annexure A-6.
- vi. Form CHG-1 filing and Certificate of Charge dated 28.09.2021, annexed as Annexure A-7.
- vii. The Sanction Letter No. KSIDC/TVM/CS/2022/2838 dated 08.03.2022, annexed as Annexure A-8.
- viii. The Loan Agreement dated 09.03.2022, annexed as Annexure A-9.
- ix. The Deed of Hypothecation dated 09.03.2022, annexed as Annexure A-10.
- x. The Letter of Confirmation dated 10.03.2022, annexed as Annexure A-12.
- xi. The Deed of Guarantee dated 09.03.2022, annexed as Annexure A-13.
- xii. The Form CHG-1 and Certificate of Charge dated 15.03.2022, annexed as Annexure A-14.
- xiii. The Sanction Letter No. KSIDC/LEGAL/SL/2024/93 dated 15.04.2024, annexed as Annexure A-15.
- xiv. The Loan Agreement dated 17.04.2024, annexed as Annexure A-16.



- xv. The Deed of Hypothecation dated 17.04.2024, annexed as Annexure A-17.
- xvi. The Declaration dated 19.04.2024, annexed as Annexure A-18.
- xvii. The Letter of Confirmation - dated 19.04.2024, annexed as Annexure A-19.
- xviii. The Deed of Guarantee dated 17.04.2024, annexed as Annexure A-20.
- xix. Form CHG-1 and Certificate of Charge dated 23.04.2024, annexed as Annexure A-21.
- xx. The Consolidated Account Statement, annexed as Annexure A-22.
- xxi. The Revenue Recovery Notices dated 27.12.2023 and 25.10.2024, and RR Requisition dated 28.11.2024, annexed as Annexure A-23 (Colly.)
- xxii. Form C (3 Nos) filed with NeSL, annexed as Annexure A-24.

5. Objections raised by the Respondent

- i. The Petitioner sanctioned a Term Loan of Rs. 5 crores on 20.07.2021 to the Corporate Debtor for setting up a gold refinery project in Kerala. The sanction letter, Annexure A-2 annexed with the Petition, was structured as a classic project finance facility, with repayment linked to the Commercial Operation Date, providing a moratorium of 12 months from the Commercial Operation Date or 18 months from the first disbursement, whichever occurred earlier. However, despite this framework, the Petitioner delayed releasing funds; the first disbursement of Rs. 1.95 crore was made only on 19.07.2022, nearly a year after sanction, and the total disbursement under the Rs. 5 crore facility never exceeded Rs. 3.75 crores.
- ii. Before even releasing this first tranche under the main term loan, the Petitioner sanctioned a separate Working Capital Term Loan of Rs. 1.50 crore on 08.03.2022 under the *Covid Samashwasa Padhathi*, a



scheme meant to support already-operational units facing pandemic-related liquidity stress. This reversal of the intended funding sequence, providing working capital before capital expenditure, effectively imposed repayment obligations before the project reached operational status, contrary to the project finance structure. The premature invocation of repayment obligations and the subsequent Revenue Recovery notice dated 27.12.2023 were thus issued before any valid “date of default,” as reflected in the Petitioner’s own Information Utility filings.

- iii. The Corporate Debtor submitted that these disbursement delays and sequencing errors constitute a breach of financing terms by the Petitioner, resulting in project delays and financial stress. Despite this, the Corporate Debtor continued to make substantial repayments across facilities, Rs. 1.37 crore under the Working Capital Term Loan, Rs. 94.94 lakh under the original Term Loan, and Rs. 6.27 lakh under the *Chief Minister's Special Assistance Scheme Loan*, even before the project reached full commercial operation. These payments, drawn largely from promoter contributions, demonstrate good faith and willingness to perform contractual obligations.
- iv. Aggrieved by the premature and coercive recovery steps, the Corporate Debtor filed W.P.(C) No. 25448/2025 before the Hon’ble High Court of Kerala, challenging the invocation of the Revenue Recovery Act and seeking restructuring or settlement. The Hon’ble High Court issued notice, and the matter remains pending, with the Petitioner herein as a party to those proceedings. Despite this *sub*



judice status, the Petitioner proceeded to file the present Section 7 Petition on or around 21.08.2025, shortly after the Hon'ble High Court proceedings commenced.

- v. In this backdrop, the Corporate Debtor submitted that the alleged defaults are not genuine but arise from the Petitioner's own conduct, namely, delayed disbursement, reversal of funding sequence, and premature recall. This Section 7 filing is portrayed as a coercive measure intended to pressurise the Corporate Debtor rather than a bona fide insolvency action under the Code. The Corporate Debtor asserts that it has maintained project assets intact, acted transparently, and seeks a fair resolution through lawful proceedings, rather than being pushed into insolvency caused by the creditor's own breaches.
- vi. The Corporate Debtor stated that only the factual details borne out from the Petitioner's own annexures, such as sanction letters, security documents, and disbursement records, are admitted. All other assertions, inferences, or interpretations made by the Petitioner regarding default dates, quantum, or facility-wise liability are expressly denied, and the Petitioner is put to strict proof thereof.
- vii. The central objection is that there was no "clear contractual default" as alleged. The original sanction of Rs. 5 crores dated 20.07.2021 was structured as project finance tied to the Commercial Operation Date and moratorium. However, the Petitioner delayed and staggered disbursement of capital funds and, even before project commissioning, released a Working Capital Term Loan under the



Covid Samashwasa Padhathi, thereby reversing the intended funding sequence and demanding repayments on a non-operational unit. This mis-sequencing created creditor-induced arrears, not a bona fide default under section 3(12) of the Code. Furthermore, the petition lacks an authenticated Information Utility record, fails to provide a banker-certified computation per facility, and inconsistently shifts default dates and figures across three different loans, thus failing the evidentiary test under sections 7(3) to (5) of the Code.

- viii. The debt amount of Rs. 6,25,32,354/- claimed in Part IV of the Petition is disputed on multiple grounds. It includes interest charged even on undisbursed amounts, Rs. 1.25 crore not released from the original term loan; penal and excess interest arising solely from the Petitioner's own breach and delay; and computation contrary to the Reserve Bank of India Circular on Fair Lending Practice – Penal Charges (18.08.2023), which prohibits interest on penal charges. Therefore, the Corporate Debtor submitted that the alleged quantum of debt requires reconciliation and cannot be adjudicated summarily in insolvency proceedings.
- ix. Regarding default dates, the petition mentions multiple inconsistent dates as 15.08.2024, 19.09.2024, and 03.12.2024, which contradict the repayment triggers under the sanction letter and the Petitioner's own recall notices dated 27.12.2023 and 25.10.2024. No installment of principal was due before 2024, and even interest obligations had been substantially paid by December 2023, as evidenced by the Petitioner's Statement of Accounts. Further, by granting additional



finance in April 2024 under the *Chief Minister's Special Assistance Scheme*, the Petitioner effectively revived and restructured the earlier facilities, thereby extinguishing any prior default. The inconsistent chronology, coupled with prolonged inaction before filing the present petition in August 2025, reveals that the alleged default is manufactured and time-barred under Article 137 of the Limitation Act.

- x. The Information Utility record relied upon by the Petitioner is an unconfirmed, unilateral Form-C entry made *ex parte* in June 2025 without authentication by the Corporate Debtor. Under the Code framework, only authenticated Information Utility records constitute proof of default. The unverified entries instead show varying default dates and partial repayments, reinforcing that the debt is disputed and that the Corporate Debtor was not insolvent but merely constrained by delayed disbursements. Similarly, the Revenue Recovery notices themselves acknowledge partial disbursement of Rs. 3.75 crores out of Rs. 5 crores, corroborating the Corporate Debtor's contention of incomplete funding and consequent project delay.
- xi. The Corporate Debtor submitted that the Section 7 Petition is mala fide, filed immediately after the Corporate Debtor instituted W.P.(C) No. 25448/2025 before the Hon'ble High Court of Kerala, challenging the same recovery actions. The timing, suppression of material correspondence, and reliance on defective Information Utility entries show that the Petitioner has invoked Code for coercive recovery



rather than genuine resolution, attracting the bar under Sections 65 and 75 of the Code. The Corporate Debtor further reserves its right to object to the proposed Interim Resolution Professional's independence, as the Interim Resolution Professional is routinely engaged by the Petitioner in other matters. The Corporate Debtor prays that the petition be dismissed at the admission stage, as the debt, default, and bona fides of initiation are all seriously disputed and fall outside the limited scope of Section 7 proceedings of the Code.

- xii. The Respondent placed reliance on the judgment of the Hon'ble Supreme Court of India in ***Innoventive Industries Ltd. v. ICICI Bank (Civil Appeal Nos. 8337-8338 of 2017)***, wherein it is clarified that in a Section 7 proceeding, the Adjudicating Authority must verify that an actual default of a debt that is legally due and payable has occurred based on reliable records. The corporate debtor can contest admission by showing that the claimed debt is not due in law or in fact, even if it is otherwise a disputed claim.
- xiii. The Respondent also relied upon the Reserve Bank of India's circular dated 18 August 2023 on "Fair Lending Practice – Penal Charges in Loan Accounts", which identifies as unfair the practice of charging interest from the date of sanction instead of the date of actual disbursement; hence, interest so charged cannot constitute a "debt due" under the Code.
- xiv. The Respondent further relied on ***Embassy Property Developments (P) Ltd. v. State of Karnataka (2020) 13 SCC 308***, wherein it was



held that the NCLT and NCLAT have no jurisdiction to adjudicate upon public-law or administrative matters falling within the writ jurisdiction of High Courts.

- xv. The Respondent stated that the ratio of ***Swiss Ribbons Pvt. Ltd. v. Union of India (W.P. (C) No. 99 of 2018)*** underscores that the Code is a resolution-oriented, not recovery-centric, statute intended to revive and continue the corporate debtor and not to serve as a coercive collection tool. Further submitted that in ***Vidarbha Industries Power Ltd. v. Axis Bank Ltd. (Civil Appeal No. 4633 of 2021)***, the Hon'ble Supreme Court clarified that Section 7(5)(a) confers discretion on the Adjudicating Authority, which *may* admit the petition only if there are no good reasons to withhold admission; thus, surrounding facts such as incomplete disbursements, pending litigation, or recovery-oriented conduct must be weighed before admission.
- xvi. The Respondent further placed reliance on the ***Beacon Trusteeship Ltd. v. Earthcon Infracon Pvt. Ltd. (Civil Appeal No. 7641 of 2019, decided 18 February 2020)***, in which the Hon'ble Apex Court held that when allegations of collusive or mala fide initiation are raised, the Adjudicating Authority is bound to examine them under Section 65 of the Code.

6. Rejoinder filed by the Petitioner

- i. The allegation that the Rs. 5 crores loan sanctioned under Annexure A2 annexed with the Petition was not disbursed on time is incorrect. As per Clause 29 of the sanction letter, disbursement by the



- Petitioner was to be made *pro rata* to the promoters' contribution of Rs. 6 crores as per the financing plan in Schedule II of the loan agreement. Since the Corporate Debtor failed to bring in the required promoter's capital, disbursement could only be made proportionately. Despite this, the Financial Creditor supported the Corporate Debtor and even sanctioned additional credit facilities, Rs. 1.5 crore under the *Covid Samaswasa Padhathi* in 2022, and Rs. 2 crores under the *Chief Minister's Special Assistance Scheme* in 2024. These were granted at the specific request of the Corporate Debtor due to financial exigencies. The additional loans were utilised for the company's gold ornament and bullion manufacturing business, and payments were made directly to suppliers as per mutual agreement.
- ii. Regarding the alleged incorrect dates of default in Part IV of the petition, it is clarified that the dates for two loans were inadvertently interchanged: the date of default for the Rs. 1.5 crore Working Capital Term Loan is 15.08.2024, and for the Rs. 2 crores Term Loan is 03.12.2024. The default for the Rs. 5 crore Term Loan, outstanding Rs. 3.70 crore, is correctly shown and itself meets the threshold under the Code for the initiation of Corporate Insolvency Resolution Process.
 - iii. On the issue of the 2023 revenue recovery notice, it is stated that arrears in the first two loans prompted a notice dated 28.11.2023 requesting payment by 10.12.2023. As the promoters failed to comply, a revenue recovery notice was issued on 27.12.2023. Though the arrears were later cleared on 30.03.2024, default occurred again,



leading to another notice on 25.10.2024. The pendency of the related case in the Hon'ble High Court in WPC 25448/2025 is irrelevant, as it only challenges recovery proceedings and does not stay them. Moreover, Section 238 of the Code gives it an overriding effect over State laws, including the Kerala Revenue Recovery Act.

- iv. It is further clarified that the total outstanding dues as per Form C amount to Rs. 6,25,32,354/-, which matches the figures stated in the petition. The allegation that interest was charged on undisbursed amounts is false, as interest is calculated daily only on disbursed amounts, Rs. 3.75 crores out of Rs. 5 crores. The undisbursed Rs. 1.25 crore was not considered for interest. Penal interest was levied as per Clause 5 of the sanction letter and Clause 2.7 of the loan agreement.
- v. Regarding communication issues, the NeSL notices were properly sent to the Corporate Debtor's registered email ID as reflected in MCA records. The claim that only the Petitioner's email was registered is incorrect and misleading.

Analysis and Finding

7. We have heard the submissions of the learned Counsel for the Petitioner and the learned Counsel for the Respondent at length and carefully perused the material available on record.
8. From the record, it is evident that the Petitioner sanctioned and disbursed financial assistance to the Corporate Debtor under three separate facilities: Term Loan of Rs. 5 crores sanctioned on 20.07.2021, Working Capital Term Loan of Rs. 1.50 crore sanctioned on 08.03.2022, and Term Loan of Rs. 2 crores sanctioned on 15.04.2024. The debt arises from duly



executed loan agreements, deeds of hypothecation, and guarantees, supported by registered charges reflected in the records of the Registrar of Companies. These documents establish beyond doubt that a financial debt exists between the parties.

9. The primary defence of the Corporate Debtor is that there was a delay and only partial disbursement of the sanctioned Term Loan of Rs. 5 Crores, contrary to the schedule stipulated in the sanction letter, which is alleged to constitute a breach of obligation by the Petitioner. However, this contention is unsupported by any contemporaneous evidence on record. Clause 29 of the sanction letter dated 20.07.2021 clearly stipulates that the disbursement of the loan was to be made *pro rata* to the promoters' contribution. In this case, based on the Respondent's commitment to contribute Rs. 6 Crores from its own pocket towards the project, the Petitioner sanctioned the term loan of Rs. 5 Crores. Clause 29 of the sanction letter expressly recognises such arrangements, and the commitments and counter-commitments made between the parties before disbursement are material and have a binding effect. The Respondent has neither disputed the existence of Clause 29 nor demonstrated compliance with its requirements. Having failed to satisfy the precondition of promoters' contribution, the Corporate Debtor cannot now allege breach or delay on the part of the Petitioner. Therefore, the Petitioner's proportionate release of funds conformed with the contractual terms, and the allegation of breach or delay in disbursement is unfounded and untenable. Under the given circumstances, such a defence is not available to the Respondent.



10. Notwithstanding the above contentions, it is significant to note that even after the alleged disbursement issues under the initial facility, the parties continued their financial relationship. The Corporate Debtor itself sought and obtained further credit assistance from the Petitioner in 2022 and again in 2024, and duly executed corresponding loan agreements, security documents, and guarantees. Such subsequent transactions, entered with full knowledge of the earlier dealings, clearly demonstrate that both parties treated the prior arrangements as subsisting and binding. The Corporate Debtor's act of availing additional finance under the same lender-borrower framework amounts to affirmation of the contractual relationship and waiver of any alleged irregularities in the earlier disbursement process. A party that has accepted benefits under a contract cannot later turn around to dispute its validity when default arises.
11. The material on record, including the statutory Form C filings, the Petitioner's Statement of Accounts, and the admitted part-payments made by the Corporate Debtor, clearly establish that the debt was due and the default is continuing. The Revenue Recovery notices dated 27.12.2023 and 25.10.2024, followed by subsequent part-payments, constitute an acknowledgement of liability. Hence, the existence of default stands proved from multiple independent sources, satisfying the evidentiary requirement under Sections 7(3) and 7(5) of the Code.
12. The pendency of W.P.(C) No. 25448/2025 before the Hon'ble High Court of Kerala, wherein the challenge pertains solely to the legality of proceedings initiated under the Kerala Revenue Recovery Act, has no bearing on the adjudication of this petition. The question before the



Hon'ble High Court is entirely distinct and confined to the scope of the State recovery mechanism, whereas the present proceeding is concerned exclusively with the determination of "financial debt" and "default" under the Insolvency and Bankruptcy Code, 2016. A writ proceeding challenging recovery steps cannot be used as a shield to defeat or delay insolvency proceedings. By virtue of Section 238 of the Code, its provisions have an overriding effect over all other laws, including State enactments. Hence, the pendency of the writ petition, qua challenge to the recovery proceedings, does not, in any manner, curtail or dilute the rights of the Petitioner to invoke the provisions of the Code for initiation of the insolvency process.

13. The computation of the outstanding amount of Rs. 6,25,32,354/- as on 31.05.2025, supported by the Petitioner's statement of account, remains unrebutted by any credible or authenticated document. The Corporate Debtor has not produced any banker's certificate, reconciliation statement, or audited record to contest the figure. Even excluding the interest component, the principal outstanding itself crosses the statutory threshold prescribed under Section 4 of the Code. The issues raised regarding penal or excess interest are general and can be verified by the Resolution Professional post-admission; they do not extinguish the existence of debt or the fact of default.
14. It is well settled that at the stage of admission under Section 7 of the Code, this Adjudicating Authority is not required to conduct a detailed adjudication of inter se contractual disputes or to compute the exact quantum of dues. The inquiry is summary in nature and limited to



determining whether a “financial debt” exists and whether a “default” has occurred. Once these twin conditions are established, admission follows as a matter of course. The Respondent has, in fact, relied upon the judgment of the Hon’ble Supreme Court in ***Innoventive Industries Ltd. v. ICICI Bank [Civil Appeal Nos. 8337–8338 of 2017]***; however, a careful reading of the said judgment reinforces, rather than detracts from, the Petitioner’s case. The Supreme Court has categorically held that upon proof of default from records of the Information Utility or other credible evidence, the Adjudicating Authority must admit the application. In the present case, both the existence of financial debt and the occurrence of default stand clearly established.

15. The reliance placed by the Respondent on the decision of the Hon’ble Supreme Court in ***Vidarbha Industries Power Limited v. Axis Bank Limited***, wherein the Hon’ble Apex Court held that while the Adjudicating Authority does possess a degree of discretion in admitting a petition under Section 7 of the Code, such discretion is not absolute and must be exercised judiciously, considering circumstances such as demonstrable solvency or the existence of a bona fide dispute regarding the debt. In the present case, the Respondent has not demonstrated any such exceptional circumstances that would justify the exercise of discretion to refuse admission. Further, as ruled in the same order, ordinarily, the Adjudicating Authority is required to exercise its discretion to admit an application under Section 7 of the Code and initiate the Corporate Insolvency Resolution Process upon satisfaction of the existence of a



financial debt and default by the Corporate Debtor, unless there are cogent reasons to withhold admission.

16. The Respondent relied on ***Embassy Property Developments Pvt. Ltd. v. State of Karnataka [(2020) 13 SCC 308]***. The said judgment dealt with circumstances where issues of public law and administrative discretion, such as the grant or refusal of mining leases by the State, were involved, matters that rightly fall within the writ jurisdiction of the Hon'ble High Courts. In contrast, the present proceedings are confined solely to determining the existence of a "financial debt" and the occurrence of "default" under the Insolvency and Bankruptcy Code, 2016. This Adjudicating Authority is not examining, nor does it propose to interfere with, the issues pending consideration before the Hon'ble High Court in W.P.(C) No. 25448/2025, which pertain exclusively to the legality of recovery proceedings under the Kerala Revenue Recovery Act. The scope of this proceeding is distinct and limited to the insolvency framework under the Code. Accordingly, the ratio of Embassy Property has no application to the facts of the present case.
17. The Respondent further relied on ***Beacon Trusteeship Ltd. v. Earthcon Infracon Pvt. Ltd. [Civil Appeal No. 7641 of 2019]***, which merely recognises that where there is prima facie evidence of a fraudulent or collusive initiation of insolvency proceedings, the Adjudicating Authority may invoke Section 65 of the Code to prevent abuse of process. In the present matter, no such circumstance arises. The Petitioner, being a statutory financial institution under the Government of Kerala, has initiated this proceeding strictly within its legal and contractual rights,



based on admitted financial debt and default. There is no material to indicate mala fides, collusion, or ulterior intent. The initiation of the Corporate Insolvency Resolution Process in this case is bona fide and in accordance with the objectives of the Code.

18. Under Section 7 of the Insolvency and Bankruptcy Code, 2016, the scope of examination by this Adjudicating Authority is confined to determining whether a “financial debt” exists and whether a “default” has occurred. Any disputes raised by the Corporate Debtor do not constitute a “pre-existing dispute” to affect the maintainability of a Section 7 petition. The concept of pre-existing dispute is relevant only in proceedings under Section 9 of the Code. In the present case, the Corporate Debtor’s own communications and financial records unequivocally acknowledge the liability, thereby satisfying both the essential conditions for admission. The amount in default exceeds the threshold prescribed under Section 4 of the Code, and the Petition is otherwise complete in all respects. Accordingly, this Adjudicating Authority finds sufficient ground to admit the Petition and initiate the Corporate Insolvency Resolution Process against the Corporate Debtor in accordance with law.

19. In light of the above facts and circumstances, it is hereby ordered as follows: -

- i. The Petition bearing **CP (IB)/25/KOB/2025** filed by M/s Kerala State Industrial Development Corporation Ltd, the Petitioner/Financial Creditor, under section 7 of the Code for initiating Corporate Insolvency Resolution Process against **M/s**



KGR Gems and Bullion Private Limited, the Respondent/
Corporate Debtor, is hereby **admitted**.

- ii. There will be a moratorium under section 14 of the Code.
- iii. The moratorium shall have effect from the date of this order till the completion of the Corporate Insolvency Resolution Process or until the Adjudicating Authority approves the resolution plan under sub-section (1) of section 31 of the Code or passes an order for liquidation of Corporate Debtor under Section 33 of the Code, as the case may be.
- iv. Public announcement of the Corporate Insolvency Resolution Process shall be made immediately as specified under Section 13 of the Code, read with Regulation 6 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Person) Regulations 2016.
- v. The Financial Creditor has proposed the name of one Mr Jasin Jose, Reg No: IBBI/IPA-001/IP-P00695/2017-2018/1125, as Interim Resolution Professional, and he had filed his written communication in the format prescribed under Form 2 of the Insolvency and Bankruptcy Board of India (Application to Adjudicating Authority) Rules, 2016. The Respondent has objected to the appointment of Mr Jasin Jose on the grounds of lack of independence; however, such an objection is not material at this stage, as there is no substantive evidence to support the same, so the objection raised is being ignored. However, it is observed that Mr. Jasin Jose is already handling



multiple ongoing assignments before this Bench. In view of Regulation 22 of the IBBI (Insolvency Professionals) Regulations, 2016, which restricts an Insolvency Professional from taking on excessive assignments to ensure timely and effective resolution, this Tribunal considers it appropriate to appoint another Insolvency Professional as the Interim Resolution Professional in the present matter, so that adequate time and attention may be devoted to this case. Accordingly, from the panel prepared in accordance with the “Insolvency Professionals to act as Interim Resolution Professionals, Liquidators, Resolution Professionals and Bankruptcy Trustees (Recommendation) Guidelines, 2025” issued by the Insolvency and Bankruptcy Board of India, **Mr Surendranath Karat Thazhethetil Nair**, having **Registration No. IBBI/IPA-003/IPA-ICAI-N-00244/2019-2020/12835**, is hereby appointed as the Interim Resolution Professional of the Respondent/Corporate Debtor. The Interim Resolution Professional is directed to submit his written consent to act as the Resolution Professional within three days from the date of receipt of this order.

- vi. The Interim Resolution Professional shall carry out his functions as contemplated by Sections 15 to 21 of the Code.
- vii. During the Corporate Insolvency Resolution Process period, the management of the affairs of the Corporate Debtor shall vest with the Interim Resolution Professional or, as the case may be,



- the Resolution Professional in terms of section 17 of the Code. The officers and managers of the Corporate Debtor shall provide all documents in their possession and furnish all information within their knowledge to the Interim Resolution Professional within one week from the date of receipt of this order, in default of which coercive steps will follow.
- viii. The Interim Resolution Professional/ Resolution Professional shall submit to this Adjudicating Authority periodical reports concerning the progress of the Corporate Insolvency Resolution Process in respect of the Corporate Debtor.
- ix. The Petitioner/ Financial Creditor shall deposit a sum of **Rs. 2,00,000/- (Rupees Two Lakhs only)** with the Interim Resolution Professional to meet the expenses arising out of issuing public notice and inviting claims. These expenses are subject to the approval of the Committee of Creditors.
- x. In terms of Section 7 (7) of the Code, the Registry is hereby directed to communicate a copy of this Order to the Financial Creditor, the Corporate Debtor, and the Interim Resolution Professional by Speed Post & e-mail immediately, and in any case, not later than two days from the date of this order.
- xi. The Financial Creditor shall serve a copy of this Order on the Interim Resolution Professional and the Registrar of Companies, Kerala, by all available means for updating the Master Data of the Corporate Debtor. The Registrar of Companies shall send a compliance report in this regard to the



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- Registry of this Tribunal within seven days from the date of receipt of a copy of this order.
- xii. The Registry is further directed to send a copy of this order to the Insolvency and Bankruptcy Board of India for their record.
20. The Registry is directed to send e-mail copies of this order forthwith to all the parties and their Learned Counsel for information and for taking necessary steps.
21. Let the Certified Copy of this order be issued, if applied for, upon compliance with all requisite formalities.
22. File be consigned to records.

Sd/-

MADHU SINHA

(MEMBER TECHNICAL)

Sd/-

VINAY GOEL

(MEMBER JUDICIAL)

Signed on this the 7th day of November, 2025.

*A**