C.P. (IB) No.74/KB/2026

NATIONAL COMPANY LAW TRIBUNAL

KOLKATA BENCH-II

KOLKATA

C.P. (IB) No.74/KB/2026
Date of Hearing: 07.10.2026
Date of Order:14.10.2026

In the Matter of:

Piyush Securities Private Limited
A company incorporated under the
Provisions of the Companies Act, 1956,
Having its registered office at:
2nd Floor, City Centre, 19,
Synagogue Street,
Kolkata - 700001,
West Bengal.
Email: pspl2009@gmail.com

APPLICANT/FINANCIAL CREDITOR

Versus

M/s SHREE VAISHANAVI ISPAT LIMITED,
A company incorporated under
the provisions of the Companies Act, 1956,
bearing CIN No. U27109WB2005PLC102735,
having its registered office at:
Bamunara Industrial At Bamunara,
PO: Gopalpur, Durgapur- 713212,
West Bengal.
Email: Vaishnavi_ispat@yahoo.in

C.P. (IB) No.74/KB/2026

CORPORATE DEBTOR

Coram: **Labh Singh Hon'ble Member(Judicial)**
Rekha K Shah Hon'ble Member(Technical)

Present:

For the applicant(s): Ms. Urmila Chakraborty Ld. Advocate
Mr. Aditya Chakraborty Ld. Advocate

For the respondent.: Mr. Rabindra Kumar Mitra Ld. Advocate
Mr. A Agarwalla Ld. Advocate
Mr. Priyanka Garain Ld. Advocate

ORDER

Labh Singh Member(Judicial)

1. The present Company Petition has filed by Piyush Securities Private Limited, the Financial Creditor(hereinafter to be referred as "Applicant/Financial Creditor") under Section 7 of the Insolvency and Bankruptcy Code, 2016 (for short "the IBC Code") read with rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 (for short "the Rules") with a prayer to trigger Corporate Insolvency Resolution Process in respect of respondent Company M/s Shree Vaishnavi Ispat Private Limited, the

Corporate Debtor (hereinafter to be referred to as "the Corporate Debtor").

2. It is appropriate to mention that the applicant/Financial Creditor, is a Non-Banking Financial Institution, having its Registered Office at 2nd Floor, City Centre, 19, Synagogue Street, Kolkata - 700001, West Bengal and engaged in the business of trading, investment and financing.

3. Mr. Rajendra Kumar Sethia Director of the applicant, duly authorized on behalf of applicant, has preferred the present application on behalf of the applicant for initiation of insolvency resolution process against the respondent under the IBC Code. A copy of the Board Resolution Annexure-A has been placed on record.

4. The Respondent Company, M/s Shree Vaishnavi Ispat Private Limited, against whom initiation of Corporate Insolvency Resolution Process has been prayed for, was incorporated on 13.04.2005 having its registered office situated at Bamunara Industrial At Bamunara, PO: Gopalpur, Durgapur- 713212, West Bengal. Since the registered office of the respondent corporate debtor is situated at Durgapur, West Bengal and hence, this Adjudicating Authority having territorial jurisdiction over the State of West Bengal is the Adjudicating Authority in relation to the prayer for initiation of Corporate Insolvency Resolution Process in

respect of respondent corporate debtor under sub-section (1) of Section 60 of the Code.

5. Briefly stated the case of the applicant is that sometime around the month of September, 2022, the Corporate Debtor approached the Financial Creditor seeking financial assistance in the form of inter-corporate loans to meet its urgent business requirements and to tide over unforeseen financial difficulties. The Financial Creditor, considering requests of the Corporate Debtor, disbursed the loan amount to support the Corporate Debtor's financial needs in the sector in which it functions, which is capital intensive and prone to liquidity constraints.

6. Thereafter, pursuant to the aforesaid requests, negotiations ensued between the authorized representatives of the parties at the registered office of the Financial Creditor at Kolkata. The Financial Creditor and the Corporate Debtor came to a mutual understanding, inter alia, on the following terms which are evident from the course of dealings, contemporaneous communications, and the pattern of transactions between the parties, mentioned hereinbelow:

7. It was agreed between the parties that the Financial Creditor, as per requirement of the Corporate Debtor, would lend and advance sum amounting to Rs. 4,00,00,000/- (Rupees Four Crores Only) to the Corporate Debtor. It was further

agreed that the said loan amount would carry interest at the rate of 15% per annum compounded monthly on the outstanding principal amount and the loan would be subject to accrual of interest from the date of disbursement. The loan amount would be repayable upon demand by the Financial Creditor. The aforesaid agreement and negotiations would be evident from the dealings and transactions between the parties and/or is necessary to be implied.

8. It is further submitted that both the parties consciously came to an understanding that they would not execute any written agreement and entire loan was to be disbursed on oral terms and understanding. In terms of the aforesaid agreement between the parties, the Financial Creditor had lent and advanced a total sum of Rs. 4,00,00,000/- to the Corporate Debtor on September 22, 2022 through RTGS/NEFT transfers via banking channels.

9. The aforesaid disbursement is duly evidenced by the bank statements of the Financial Creditor and ledger accounts maintained by the Financial Creditor reflecting the outstanding dues and interest computation sheets. The said sum was remitted by the Financial Creditor from its registered office at 2nd Floor, City Centre, 19, Synagogue Street, Kolkata - 700001, West Bengal. The loan amount was transferred from the Financial Creditor's bank account

maintained with HDFC Bank, Stephen House Branch and got credited in the Corporate Debtor's account maintained with Axis Bank Limited, BBD Bagh Branch.

10. It is further submitted that although no separate physical money receipts were issued; however, the receipts of the aforesaid sums by the Corporate Debtor, along with the implied terms of the understanding between the parties, are duly recorded and acknowledged in the Corporate Debtor's Balance Sheets, the certified copies of which is Annexure "G". The loan amount has been duly acknowledged by the corporate debtor.

11. The Corporate Debtor, even after 3 years since the disbursement, the Corporate Debtor has evaded repayment under various pretexts and has failed to clear the outstanding dues, including the principal and interest calculated thereon. The Corporate Debtor has completely ignored and has clearly breached the terms and tenure of the financial advance, resulting in a continuous default. The Corporate Debtor, in part acknowledgement of its debt, has repaid a sum of Rs. 50,00,000/- to the financial creditor in part discharge of its debt.

12. The Financial Creditor, through its representative, issued a formal demand notice for the repayment of the outstanding loan amount on May 31, 2025. The said demand was made in

continuation of several telephonic calls, letters, and personal visits to the office of the Corporate Debtor. The communication expressly stipulated June 30, 2025 as the date by which the requisite payments would have to be made by the Corporate Debtor, failing which appropriate legal action would be initiated against it. A copy of the said communication dated May 31, 2025 has been annexed as Annexure "H".

13. The Corporate Debtor has defaulted in repayment of its debt and an amount of Rs. 3,50,00,000/- principal along with calculated interest aggregating to Rs. 4,93,83,278/- remains due and payable as on May 31, 2025, which is evident from the ledger Annexure C. Consequently, the default occurred on July 1, 2025.

14. The Corporate Debtor, vide an email dated July 4, 2025, explicitly confirmed the existence and outstanding balance of the principal loan and admitted to the non-fulfilment of the payment commitment. A copy of the email dated July 4, 2025 addressed to the Financial Creditor has been annexed hereto and marked as Annexure "I".

15. The Financial Creditor, in order to prove its case, has relied upon a copy of Board Resolution Annexure-‘A’, Copies of MOA, Article of Association and Master Data of Corporate Debtor collectively marked as Annexure-‘B’, Copy of Form 2

issued by Interim Resolution Professional Annexure-'C', Copy of the bank statement of the Financial Creditor duly certified by the bank reflecting the amount advanced to the Corporate Debtor Annexure-'D', copy of ledger account of Financial Creditor showing outstanding dues Annexure-'E', Working of Interest Computation as Annexure-'F', Copy of latest Balance Sheet of the Corporate Debtor Annexure-'G', and copy of email dated 31.05.2025 Annexure-'H'.

16. Therefore, as per part of the application, it is claimed that as on 31.12.2025 a total sum of Rs. 5,52,52,948/- which includes principal sum of Rs.3,50,00,000/- and an amount of Rs. 2,02,52,948/- interest thereon payable by the Respondent/Corporate Debtor.

17. Sub-section (3)(b) of Section 7 mandates the financial creditor to furnish the name of an Interim Resolution Professional. In compliance thereof the applicant has proposed the name of Sh. Hansraj Jaria, for appointment as Interim Resolution Professional having registration number IBBI/IPA-002/IPN00835/2019-2020/12663 resident of 36, Abinash Sashmal Lane, Beleghata, Phoolbagan, Near Pawanputra Hotel, Kolkata with email–id: hansrajjaria@gmail.com. Mr. Hansraj Jaria has agreed to accept the appointment as the interim resolution professional and has signed a communication in Form 2 in terms of Rule 9(1) of the

Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016. There is a declaration made by him that no disciplinary proceedings are pending against him in Insolvency and Bankruptcy Board of India or elsewhere. In addition, further necessary disclosures have been made by Mr. Hansraj Jaria as per the requirement of the IBBI Regulations. Accordingly, it is seen that the requirement of Section 7(3)(b) of the Code has been satisfied.

18. Respondent/Corporate Debtor appeared in pursuance of notice issued upon it; however, despite sufficient availing sufficient opportunity failed to file reply affidavit. This Tribunal, vide order dated 30.06.2026, granted last opportunity subject to cost of Rs. 25,000/-. The Corporate Debtor filed an application for recalling order dated 30.06.2026 and further prayed time to file reply affidavit; however, this Adjudicating Authority dismissed the said recalling application vide order dated 25.08.2026 and listed the matter for hearing.

19. We have gone through the case file carefully and perused the pleading of the Company Petition and documents placed on record by the Financial Creditor and heard the arguments put forth by learned Counsels for the parties. After hearing the learned counsels for the parties and having gone through written submissions filed by Learned Counsel for both the

parties, we shall now proceed to consider the present petition on its merits, specifically within the ambit of points involved in the instant application.

20. Ms. Urmila Chakraborty, Learned Counsel appearing for the Financial Creditor argued that the loan amount of Rs. 4 crores was advanced on the basis of oral arguments on 22.09.2022 and loan was repayable on demand. The disbursal of loan amount is proved from the bank account statement of the applicant. The Corporate Debtor made part payment of rupees 50,00,000/-. The interest on loan amount is reflected in the balance sheet of the Corporate Debtor. There is clear acknowledgement of debt by the Corporate Debtor. There is debt and default to attract the provision of Section 7 of the Code. She relied upon judgment passed by Hon'ble NCLAT in case of Agarwal Polysacks Limited Vs. K.K Agro Foods and Storage Limited 2023 SCC OnLine NCLAT 624; Dasana Impex Ltd Vs. Brick Mortar Realty Private Limited 2024 SCC OnLine NCLAT 2080 , and Bijendra Prasad Mishra Vs. H.H Mercantile 2025 SCC OnLine NCLAT 1491

> *"53. One another issue which has been contended by Ld. Counsel for the appellant is with regard to the fact there is no written agreement of advancement of financial debt and in absence of the same the debt advanced by the financial creditor may not be*

termed as a financial debt. Hon'ble Apex Court in Innoventive Industries Limited v. ICICI Bank (2018) 1 SCC 407 has settled that to initiate CIRP under Section 7 of the IBC, the Adjudicating Authority is only required to determine as to whether a default has occurred and whether the legally payable debt was due and has remained unpaid. If the Adjudicating Authority is satisfied that the default has occurred of a legally payable debt and the amount of default is more than the threshold and also that application has been filed within limitation, the application is to be admitted unless it is incomplete."

21. Mr. Rabindra Kumar Mitra, Learned Counsel appearing for the Corporate Debtor argued that the present company petition does not disclose any loan agreement or any contract or confirmation of account to prove that the applicant had disbursed a loan to the Corporate Debtor. No Board resolution of the applicant has been annexed to show that the Board of Directors of the applicant had decided to advance loan to the Corporate Debtor. The money disbursed was not a loan nor did the transaction have the commercial effect of borrowing. The loan is not reflected in the financial statement for the financial year 2002-23. There

was no interest payable by the Corporate Debtor. The Financial Creditor never demanded any interest nor paid by the Corporate Debtor.

22. He further argued that no reliance can be placed upon email dated 4th July 2025 in as much as the Corporate Debtor was induced by the applicant to issue the email upon representation that the same were required only for accounting or tax purpose. The content of the same is denied and disputed as the communication was not voluntarily. The alleged disbursement was gratuitous in nature which cannot be termed as financial debt.

23. He further argued that there is no record of default and furthermore, the loan is barred by provision of Section 186 of the Company Act 2013. Under the provision of Section 186(2) of the Company Act 2013, a Company is prohibited to advance any loan higher than 60% of paid up capital, free reserves and share premium account or 100% of the free reserves and share premium account. Section 186(3) mandates that in case the loan amount exceeds the limit permitted under Section 186, the company should have a special resolution. The date of default is also incorrect.

24. It is a settled proposition of law that an application under Section 7 of the Code is acceptable so long as the debt is proved to be due and there has been occurrence or existence

of default. What is material is that the default is for at least Rs. One crore. In view of the Section 4 of the Code, the moment default is of Rupees one crore or more, the application to trigger Corporate Insolvency Resolution Process under the Code is maintainable.

25. It is a specific case of the Financial Creditor that there was oral agreement between the parties whereby the Financial Creditor has agreed to disburse an amount of Rs. 4 crores with interest at the rate of 15% per annum compounded on monthly basis. The Financial Creditor, upon request of the Corporate Debtor, disbursed an amount of Rs. 4 crore on 22.09.2022 through RTGS/NEFT of Banking Internet System.

26. Insofar as proving existence of debt by written contract is not pre-condition, the proposition of law has already been settled by Hon'ble NCLAT in case of ***Agarwal Polysacks Limited Vs. K.K Agro Foods and Storage Limited 2023 SCC OnLine NCLAT 624*** wherein Hon'ble NCLAT held that:

> *"We have already held that requirement of written financial contract is not a pre-condition for proving debt. When Adjudicating Authority itself given finding in Para 5-6 the disbursement was with interest and repayment was on demand, two essential conditions of financial debt were present with regard to time value of money. When the financial*

statement indicate amount with interest since the loan of Rs.75,00,000 increased in the FY 2017-18 and amount due was shown as Rs.79,70,250, which clearly was after adding the interest, disbursement has to be held for time value of money. We, thus, are satisfied that all pre-conditions for establishing financial debt are proved by the Financial Creditor and the order of the Adjudicating Authority rejecting Section 7 application is not sustainable".

27. Hon'ble NCLAT in case of ***Dasana Impex Ltd Vs. Brick Mortar Realty Private Limited 2024 SCC OnLine NCLAT 2080***
while relying on ***Agarwal Polysacks Private Limited(Supra)*** *held that:*

"This Tribunal has categorically held in that case that a written financial contract is not a mandatory requirement to prove financial debt under the IBC and it is sufficient to establish the debt through other relevant documents."

28. Hon'ble NCLAT in case of Bijendra Prasad Mishra Vs. H.H Mercantile 2025 SCC OnLine NCLAT 1491
after relying on ***Agarwal Polysacks Limited(Supra); Dasana Impex Ltd (Surpa) and other cases*** *held that:*

"One another issue which has been contended by Ld. Counsel for the appellant is with regard to the fact there is no written agreement of advancement of financial debt and in absence of the same the debt advanced by the financial creditor may not be termed as a financial debt. Hon'ble Apex Court in Innoventive Industries Limited v. ICICI Bank (2018) 1 SCC 407 has settled that to initiate CIRP under Section 7 of the IBC, the Adjudicating Authority is only required to determine as to whether a default has occurred and whether the legally payable debt was due and has remained unpaid. If the Adjudicating Authority is satisfied that the default has occurred of a legally payable debt and the amount of default is more than the threshold and also that application has been filed within limitation, the application is to be admitted unless it is incomplete."

29. Learned Counsel for the Corporate Debtor placed reliance on judgment in case of ***Meck Pharmaceuticals and Chemicals Pvt. Ltd. Vs. Accurate Infrabuild Pvt. Ltd 2025 ibclaw.in 876 NCLAT;*** *wherein Hon'ble NCLAT in* para no. 22 observed that:

"Though the expression time value of money find mentioned in section 58 of the IBC, the term has

not been defined in the said enactment. It is well recognised that the most typical example of time value of money is in the form of interest charged on the principal amount that has been borrowed".

30. In the present case, the Financial Creditor, in order to prove disbursal of the loan amount, relied upon the statement of account Annexure-'D' of its current account no. 00082340004806 Imperia maintained with the HDFC Bank. As per statement of account, an amount of Rs. 4 crores were disbursed in favour of the Corporate Debtor in four equal tranches of Rs. 1 crore each. The Financial Creditor, in order to prove agreed interest on the said amount, has relied upon calculation sheet Annexure-'F' wherein it has been shown that interest amount of Rs. 4,93,83,278/- had accrued on principal amount as on 31.03.2025.

31. The Financial Creditor has further relied upon the Balance Sheet of the Corporate Debtor Annexure-'G' which is at page no. 66 to 82. A perusal of Balance sheet of the Corporate Debtor for the year 01.04.2024 to 31.03.2025 reveals that amongst unsecured loan of the Corporate Debtor, there is liability to pay an amount of Rs. 3,66,52,178/- to the Financial Creditor. The Financial Creditor has further relied upon the most vital document which is email communication dated 31.05.2025 Annexure-'I'. As per email

communication, the Financial Creditor demanded an amount of Rs. 4,95,83,278/- which includes principal sum of Rs. 3,50,00,000/- and interest charged at the rate of 15% per annum compounded on monthly basis. The email was forwarded with the statement of account and ledger. On 04.07.2025, the Corporate Debtor replied to the said email admitting liability. It has specifically been admitted that the Corporate Debtor has failed to fulfil the commitment regarding interest and principal with respect to inter-corporate loan given by the Financial Creditor. It is pertinent to refer the relevant reply verbatim as under:

> *" Fri, Jul 4, 2025 at 1:23 PM*
>
> *Dear Sir*
>
> *Please refer to your appended mail.*
>
> *At the outset, we are sorry for non-fulfilment of our commitment regarding payment of interest and/or principal with respect of inter-corporate loan given by you.*
>
> *As you are aware and explained by us in various personal meetings or telephonic talks, the company is not in the best of health. The manufacturing activity has been closed since July 2023. We do not have any earning activity in the company. Considering the huge working capital requirement, we are unable to restart the activity. As such, we have no option other than to sell the manufacturing unit of the company. We are talks with some of the prospective buyers.*

As such, we request you to give us time around 2 months to give concrete plan for payment of interest and repayment of loans. For record purpose, we are confirming the principal outstanding balance as on 31st March 2025. Interest will calculated at later stage.
Thanks and regards
Shree Vaishnavi Ispat Ltd."

32. Therefore, oral agreement corroborated by statement of accounts, ledge account, balance sheet of the Corporate Debtor and acknowledgment of debt in email July 04, 2025 clearly proves that the loan amount of Rs. 4 crores was disbursed to the Corporate Debtor with interest at the rate of 15% per annum. There is default of principal amount of Rs. 3.50 crores and interest thereon as on 31.03.2025.

33. In the facts of the present case, it is seen that the applicant clearly comes within the definition of Financial Creditor. The material placed on record confirms that the applicant financial creditor had an advance loan amount of Rs. 4 crore on 22.09.2022. The outstanding principal amount as admitted in email as on 31.03.2025 is Rs. 3,50,00,000/-.

34. Learned counsel for the Respondent vehemently argued that there was a requirement of special resolution for the purpose of Section 186 of the Companies Act, 2013. Learned counsel for the Financial Creditor submitted that the

applicant is a Non-Banking Financial Institution. There is no such requirement of complying with the provision of Section 186 of the Company Act 2016. We are of the view that there is no requirement of compliance of provision of Section 186(3) of the Companies Act, 2013.

35. On a bare perusal of Form - I filed under Section 7 of the Code read with Rule 4 of the Rules shows that the form is complete and there is no infirmity in the same. It is also seen that there is no disciplinary proceeding pending against the proposed Interim Resolution Professional.

36. We are satisfied that the present application is complete in all respects and the applicant financial creditor is entitled to claim its outstanding financial debt from the corporate debtor and that there has been default in payment of the financial debt.

37. As a sequel to the above discussion and in terms of Section 7(5)(a) of the Code, the present application is admitted with the following orders:

(i) Mr. Hansraj Jaria, having registration number IBBI/IPA-002/IPN00835/2019-2020/12663 resident of 36, Abinash Sashmal Lane, Beleghata, Phoolbagan, Near Pawanputra Hotel, Kolkata with email–id: hansrajjaria@gmail.com is appointed as an Interim Resolution Professional for the corporate debtor.

(ii) In pursuance of Section 13(2) of the Code, We direct that public announcement shall be made by the Interim Resolution Professional immediately (3 days as prescribed by Explanation to Regulation 6(1) of the IBBI Regulations, 2016) with regard to admission of this application under Section 7 of the Insolvency and Bankruptcy Code, 2016.

(iii) We direct the applicant Financial Creditor to deposit a sum of Rs. 3 Lakhs with the Interim Resolution Professional namely Mr. Hansraj Jaria to meet out the expenses to perform the functions/duties assigned to him in accordance with Regulation 6 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. The needful shall be done within three days from the date of receipt of this order by the Financial Creditor. The said amount however be subject to adjustment towards Resolution Process cost as per applicable rules.

(iv) The moratorium is declared in terms of Section 14 of the Code. The necessary consequences of imposing the moratorium flows from the provisions of Section 14(1)(a), (b), (c) & (d) of the Code. Thus, the following prohibitions are imposed:

"(a) 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;

(b) transferring, encumbering, alienating or disposing of by the corporate debtor any of its assets or any legal right or beneficial interest therein;

(c) 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;

(d) the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate debtor."

(v) 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 Debtor 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 debtor in terms of Section 14(3)(b) of the Code.

(vi) The Interim Resolution Professional 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 Debtor, its promoters or any other person associated with the Management of the Corporate Debtor 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 Debtor'. In case there is any violation committed by the exmanagement 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 Tribunal with a prayer for passing an appropriate order. The Interim Resolution Professional shall be under duty to protect and preserve the value of the property of the 'Corporate Debtor' 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.

38. The Registry is directed to communicate a copy of the order to the Financial Creditor, the Corporate Debtor, the Interim

Resolution Professional and the Registrar of Companies, State of West Bengal at the earliest possible but not later than three days from today.

Rekha Kantilal Shah	Labh Singh
Member(Technical)	Member(Judicial)