

IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT-1, AHMEDABAD

ITEM No.305
RCP(IB)/2(AHM)2025
(Old Case C.P. (IB)/183/AHM/2024
Restore on 05/05/2025)

Under Section 10 of IBC 2016
IN THE MATTER OF:

Roselabs Limited

...Applicant

V/s

Bank of Baroda & Others

...Respondents

Order delivered on: 11/05/2026

CORAM:

MR. SHAMMI KHAN, HON'BLE MEMBER (J)

MR. SANJEEV SHARMA, HON'BLE MEMBER (T)

ORDER
(Hybrid Mode)

The case is fixed for pronouncement of order. The order is pronounced in the open court, vide separate sheet.

—SD—
SANJEEV SHARMA
MEMBER (TECHNICAL)

—SD—
SHAMMI KHAN
MEMBER (JUDICIAL)

**BEFORE THE ADJUDICATING AUTHORITY
NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT-I, AHMEDABAD**

**RCP(IB)/2(AHM)2025
[Old Case C.P. (IB)/183/AHM/2024]**

(An application 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: M/s. Roselabs Limited

M/s. Roselabs Limited

Through its director

Mr. Pawankumar Trilokchand Agrawal

Having its address at:

C/4,301, Anushruti Towers,

Nr. Muktidham Jain Derasar,

Thaltej, Ahmedabad.

... Corporate Applicant

VERSUS

1. Bank of Baroda

4th Floor, Bank of Baroda Building,
Law Garden, Elisbridge,
Ahmedabad

2. Authum Investment & Infrastructure Ltd

(earlier Reliance Capital Ltd,)

Registered Office At: 707, Raheja Center.

Fress Press Journal Road,

Nariman Point, Mumbai-400021

Branch Office at: Sakar-2, Office No.703 & 704,

Near Ellisebridge Police Station,

Ashram Road. Ahmedabad-380006, Gujarat

3. Securities and Exchange Board of India

Having its addresss at:

Sebi Bhavan, Plot No.C-4a,

G Block, Bandra Kurla Complex,
Bandra (East), Mumbai-400051

...Respondents/FCs

Order Pronounced On: 11.05.2026

C O R A M:

SH. SHAMMI KHAN, HON'BLE MEMBER (JUDICIAL)
SH. SANJEEV SHARMA, HON'BLE MEMBER (TECHNICAL)

A P P E A R A N C E:

For the Corporate : Mr. Ritesh Patadia, Advocate
Applicant

For the BOB : Mr. Shrijit Pillai, Advocate
For the SEBI : Ms. Dharmishta Raval,
Advocate

For the Income Tax : Ms. Kinjal Trivedi, Advocate
Dept.

O R D E R
Per Bench

1. The Company Petition i.e. **C.P. (IB)/183/AHM/2024** was filed on 17.05.2024 through e-mode by the Applicant- **M/s. Roselabs Limited** (hereinafter referred to as 'Corporate Applicant'), a Public Listed Company, having CIN No. L51909GJ1995PLC024905 through its Director MR. Pawankumar Trilokchand Agrawal, under Section 10 of the IBC, 2016 read with Rule 7 of the IB (AAA) Rules, 2016 for initiation of Corporate Insolvency Resolution Process, appointment of Interim Resolution Professional and declaration of moratorium for default in payment of debt of Rs. 13,70,84,949.67/- (Rupees Thirteen Crore Seventy

Lakh Eighty-Four Thousand Nine Hundred Forty-Nine Point Six Seven).

2. On perusal of Part I of Form 6, it is revealed that the Corporate Applicant- **M/s. Roselabs Limited** is a Public Listed Company, having its registered address at C/4,301, Anushruti Towers, Nr. Muktidham Jain Derasar, Thaltej, Ahmedabad. The Authorised Capital is Rs.15,00,00,000/- and the Paid Up Capital is Rs.10,00,26,000/- as per the date available on the website of the Ministry of Corporate Affairs ("MCA"). The Copy of the Master Data of the Corporate Debtor as available on the website of Ministry of Corporate Affairs is annexed as **Annexure "A"** with the Company Petition.
3. On perusal of Part-II of Form-6, it is revealed that the Applicant has proposed the name of Mr. Rathin A. Majmudar, having IBBI Registration Number IBBI/IPA-001/IP-P-02576/2021-2022/13928, having registered office at: 604, Scarlet Gateway, corporate Raod, Nr. Prahlad Nagar Garden, Satelite, Ahmedabad-380015 for the appointment of IRP under Section 13(1)(c) of the IBC, 2016.
4. On perusal of Part III of Form 6, it is revealed that the following particulars of the Creditors:

Sr. No.	Name of Creditors	Amount of Debt (In Rs.)
1.	Bank of Baroda	10,01,69,949.67
2.	Reliance Capital Ltd	1,15,42,500
3.	Securities and Exchange Board of India	2,53,72,500

5. The Applicant has placed the **facts** through this Petition in the following manner: -

5.1 It is submitted that the present Company Petition has been filed by M/s Roselabs Limited, through its Director Mr. Pawankumar Trilokchand Agrawal, under the provisions of the Insolvency and Bankruptcy Code, 2016 seeking initiation of Corporate Insolvency Resolution Process in respect of M/s Roselabs Limited before this Hon'ble Tribunal. The present petition has been filed against Bank of Baroda and others and is registered as Company Petition (IB) of 2024 before this Tribunal.

5.2 It is submitted that the Applicant Company namely M/s Roselabs Limited is a company incorporated on 07.03.1995 under the provisions of the Companies Act having CIN No. L51909GJ1995PLC024905 and having its registered office situated at C/4/701, Anushruti Tower, Thaltej, Ahmedabad, Gujarat - 380054. The e-mail address of the Corporate Applicant is stated as roselablimited@gmail.com.

5.3 The details of its Directors as stated in the petition are as under:

- a. Mr. Pawankumar Trilokchand Agrawal - Managing Director bearing DIN 00015921;
- b. Mr. Zameer Pawankumar Agrawal - Whole Time Director bearing DIN 01409425;

c. Mr. Rahul Rajkumar Agrawal – Director bearing DIN 05242410; and

d. Ms. Jayshree Gaurang Patel – Director bearing DIN 05165458.

5.4 It is submitted that the Board of Directors of the Corporate Applicant passed a Board Resolution in its meeting held on 01.03.2024 authorising Mr. Pawankumar Trilokchand Agrawal, Director of the Company, to institute and prosecute proceedings before this Tribunal and to sign, verify, affirm and submit all applications, pleadings, affidavits, vakalatnama and other documents on behalf of the Company.

5.5 It is submitted that the Corporate Applicant has disclosed its financial position and liabilities in the petition. The Corporate Applicant has stated that its income for Assessment Year 2020-2021 reflected a gross total loss of Rs.7,02,449/-. For Assessment Year 2021-2022, the Corporate Applicant incurred a gross total loss of Rs.4,11,87,724/-. Further, for Assessment Year 2022-2023, the Company incurred a gross total loss of Rs.1,54,980/-.

5.6 It is submitted that the Corporate Applicant has further disclosed the details of its liabilities as reflected in the Balance Sheets for the financial years 2020-2021, 2021-2022 and 2022-2023. As per the Balance Sheet for the period 01.04.2020 to

31.03.2021, the Company had liabilities including Bank OD Account of Rs.9,23,21,450.13/-, secured loan of Rs.6,87,763.45/-, duties and taxes of Rs.21,99,418/- and sundry creditors of Rs.27,15,033.14/-.

5.7 It is submitted that as per the Balance Sheet for the period 01.04.2021 to 31.03.2022, the Company reflected liabilities comprising Bank OD Account of Rs.9,23,21,450.13/-, secured loan of Rs.6,87,763.45/-, unsecured loan of Rs.3,00,000/-, duties and taxes of Rs.21,99,418/- and sundry creditors of Rs.2,80,15,033.14/-.

5.8 It is submitted that as per the Balance Sheet for the period 01.04.2022 to 31.03.2023, the Company reflected liabilities including Bank OD Account of Rs.9,23,21,450.13/-, secured loan of Rs.6,87,763.45/-, unsecured loan of Rs.3,75,000/-, duties and taxes of Rs.22,09,404/- and sundry creditors of Rs.2,81,10,033.14/-.

5.9 It is submitted that the Corporate Applicant has annexed copies of Annual Reports and audited financial statements for the Assessment Years 2020-2021, 2021-2022 and 2023-2024 along with the present petition.

5.10 It is submitted that the Corporate Applicant proposed the name of Mr. Rathin A. Majmudar,

having office at Corporate Road, Prahlad Nagar Garden, Satellite, Ahmedabad – 380015, bearing registration and e-mail details as mentioned in Form-2, to act as the Interim Resolution Professional in the present matter. A written communication in Form-2 consenting to act as Interim Resolution Professional has been annexed with the petition as Annexure K.

- 5.11 It is submitted that the Corporate Applicant has disclosed the particulars of its Financial Creditors. The Financial Creditors of the Company include:
- a. Bank of Baroda;
 - b. Reliance Capital Limited, Commercial Finance Division; and
 - c. Securities and Exchange Board of India (SEBI).
- Their respective addresses for correspondence have been disclosed in the petition.

- 5.12 It is submitted that the total debt raised and amount claimed to be in default by Bank of Baroda is stated to be Rs.10,01,69,949.67/- as reflected in Original Application No.543 of 2014 filed before the Debt Recovery Tribunal, Ahmedabad.

- 5.13 It is submitted that the Corporate Applicant has further disclosed that the total debt raised and amount claimed to be in default by Reliance Capital Limited is Rs.1,15,42,800/- as per MCA data available on the website.

- 5.14 It is submitted that the Securities and Exchange Board of India imposed a total penalty of Rs.2,53,72,500/- vide order dated 28.01.2019. A copy of the order dated 28.01.2019 has been annexed with the petition.
- 5.15 It is submitted that the financial debt owed to Bank of Baroda was classified as Non-Performing Asset on 26.05.2014. Thereafter, Demand Notice under Section 13(2) of the SARFAESI Act, 2002 came to be issued by the Financial Creditor on 07.07.2014. Subsequently, an order under Section 14 of the SARFAESI Act was obtained by the Financial Creditor from the learned District Magistrate on 12.07.2016.
- 5.16 It is submitted that Bank of Baroda instituted Original Application No.543 of 2014 before the Debt Recovery Tribunal, Ahmedabad for recovery of its dues from the Corporate Applicant. The said proceedings culminated into a decree and Recovery Certificate No.695 of 2018 came to be issued vide order dated 14.12.2018.
- 5.17 It is submitted that pursuant to the recovery proceedings initiated by Bank of Baroda in Recovery Proceedings No.695 of 2018, an amount approximating Rs.8.23 Crores had been recovered till 31.03.2022. It has also been stated that Bank of

Baroda has additionally lodged a CBI complaint against the Corporate Applicant.

5.18 It is submitted that the Corporate Applicant has stated that no record of default with any Information Utility is available. The Corporate Applicant has further annexed various supporting documents including details of directors from MCA, authority letter, board resolution, income tax returns, balance sheets, annual reports, written communication in Form-2, copies of DRT proceedings and SEBI order in support of the present petition.

6. The Petitioner Company has relied upon the following documents which are as under: -

Sr. No.	Name of Documents	Annexure
1.	COPY OF MCA OF ROSELABS LIMITED	A
2.	COPY OF AUTHORITY LETTER	B
3.	COPY OF BOARD RESOLUTION PASSED IN THE BOARD MEETING OF THE DIRECTORS OF M/S. ROSELABS LIMITED	C
4.	COPY OF INCOME TAX RETURN ACKNOWLEDGEMENT AND COMPUTATION OF INCOME FOR AY 2020- 2021	D
5.	COPY OF INCOME TAX RETURN ACKNOWLEDGEMENT AND COMPUTATION OF INCOME FOR AY 2021- 2022	E
6.	COPY OF INCOME TAX RETURN ACKNOWLEDGEMENT AND COMPUTATION OF INCOME FOR AY 2022- 2023	F
7.	COPY OF BALANCE SHEET AND LIST OF	G

	SUNDRY CREDITOR OF THE YEAR 2020-2021,2021-2022 AND 2022-2023	
8.	COPY OF ANNUAL REPORT OF ASSESSMENT YEAR 2020-2021	H
9.	COPY OF ANNUAL REPORT OF ASSESSMENT YEAR 2021-2022	I
10.	COPY OF ANNUAL REPORT OF ASSESSMENT YEAR 2023-2024	J
11.	COPY OF WRITTEN COMMUNICATION IN FORM 2 (RP)	K
12.	CERTIFIED COPY OF ORIGINAL APPLICATION NO. 543/2014	L
13.	COPY OF ORDER DATED 28.01.2019	M
14.	COPY OF DECREE ORDER DATED 14.12.2018	N
15.	CAUSE TITLE OF RP/695/2018	O

7. That, initially Company Petition **C.P. (IB)/183/AHM/2024** was dismissed by this Tribunal vide order dated 10.01.2025 on the grounds that the Corporate Applicant was not appearing the matter since multiple hearings. However, the said company petition was restored on 05.05.2025 vide captioned Restoration Petition i.e. RCP(IB)/2(AHM)2025.

8. That, in compliance with order dated 30.06.2025, the Applicant filed an additional affidavit on 28.08.2025 vide Inward No. D-5637 stating the following:

8.1 It is submitted that the present Additional Affidavit has been filed by Mr. Pawankumar Trilokchand Agrawal, Director of Roselab Limited, in the matter

pending before this Tribunal in RCP (IB) 2(AHM) 2025 arising out of old Company Petition (IB) No.183/AHM/2024 restored on 05.05.2025, for placing additional documents and details on record in compliance of the order dated 30.06.2025 passed by this Tribunal.

- 8.2 It is submitted that pursuant to the directions issued by this Tribunal vide order dated 30.06.2025, the Applicant has placed on record the latest audited financial statements, books of account, details of creditors, debtors, pending litigations and other relevant documents as directed by this Tribunal.
- 8.3 It is submitted that the Applicant has placed on record the latest audited financial position of the Corporate Debtor for the year ending 31.03.2025, including the provisional balance sheet as on 31.03.2025 and Annual Report for Assessment Year 2024-2025.
- 8.4 It is submitted that as per the provisional balance sheet as on 31.03.2025, the Corporate Debtor reflected liabilities including Bank OD liability of approximately Rs.9,23,21,450/-, secured loan of Rs.6,87,763/-, unsecured loan of Rs.3,75,000/-, duties and taxes of Rs.30,22,447.14/- and sundry creditors of Rs.2,80,10,033.14/-. The balance sheet further reflects current assets including cash and bank balance, advances and other current assets.

- 8.5 It is submitted that the Applicant has further placed on record the 30th Annual Report of Roselabs Limited for the Accounting Year 2023-2024 and Assessment Year 2024-2025 audited by M/s Ramani & Vasoya, Chartered Accountants. The Auditor's Report dated 14.08.2025 records the opinion that the standalone financial statements give a true and fair view of the financial position and financial performance of the Company in accordance with applicable accounting standards.
- 8.6 It is submitted that the audited Balance Sheet for the year ended 31.03.2024 discloses share capital of Rs.10,00,26,000/- and accumulated losses reflected under "Reserve and Surplus" amounting to Rs.9,75,89,850/-. The financial statements further disclose trade payables of Rs.2,80,10,033.33/-, provisions towards taxation and employee benefits and other liabilities of the Corporate Debtor.
- 8.7 It is submitted that the Statement of Profit and Loss for the financial year ended 31.03.2024 reflects that the Company had no operational revenue during the said period and incurred a loss after tax of Rs.4,669/-.
- 8.8 It is submitted that the Notes forming part of the financial statements disclose the significant accounting policies of the Company, including accounting treatment of property, plant and

equipment, depreciation, inventories, foreign currency transactions, employee benefits, revenue recognition, provisions and contingent liabilities.

- 8.9 It is submitted that the Applicant has also produced the complete set of pen drive containing books of accounts, tally data and accounting software backup of the Corporate Debtor in compliance with the directions of this Tribunal.
- 8.10 It is submitted that the Applicant has furnished complete names, addresses, e-mail addresses, PAN details and confirmations pertaining to creditors, trade receivables, loans and advances from debtors of the Corporate Debtor. The details of sundry creditors and liabilities have been annexed along with the affidavit.
- 8.11 It is submitted that the details of sundry creditors include liabilities towards Central Depository Services (India) Limited, Financial Creditors, statutory liabilities and numerous individual trade creditors situated in different States including Gujarat, Assam, Andhra Pradesh, Bihar, Madhya Pradesh, Uttar Pradesh and West Bengal.
- 8.12 It is submitted that the Applicant has furnished details of trade receivables and advances reflected in the books of account of the Corporate Debtor. The same include receivables from Roselabs Bioscience

Limited, advances recoverable from employees and amounts receivable from statutory authorities and tribunals.

8.13 It is submitted that ledger accounts of related parties and entities have also been annexed with the affidavit. The same include ledger extracts relating to Roselabs Bioscience Limited, RLHC Private Limited, Pawankumar Agrawal and Rosydev Agrawal.

8.14 It is submitted that the Corporate Debtor has filed an undertaking before this Tribunal affirming that complete details of trade receivables have been furnished and further undertaking that in the event CIRP is initiated, the promoters and directors shall extend full cooperation to the Interim Resolution Professional/Resolution Professional and shall not withhold any information or documents required during the insolvency proceedings.

8.15 It is submitted that the Applicant has also filed a separate affidavit affirming that though Demand Notice under Section 13(2) of the SARFAESI Act, 2002 dated 07.07.2014 had been issued by Bank of Baroda and proceedings under the Recovery of Debts and Bankruptcy Act had culminated into decree dated 14.12.2018 and issuance of Recovery Certificate No.695/2018, the present application under Section 10 of the Insolvency and Bankruptcy

Code, 2016 has been filed bona fide and not with any intention to defeat the provisions of law.

- 8.16 It is submitted that the Applicant has categorically undertaken to fully cooperate in the Corporate Insolvency Resolution Process in the event the present petition is admitted by this Hon'ble Tribunal.
- 8.17 It is submitted that the Applicant has placed on record a list of pending litigations involving the Corporate Debtor and its Directors. The said list includes criminal proceedings initiated by the Registrar of Companies against M/s Roselab Limited and others in CC No.71572/2019, CC No.96819/2023 and CC No.96804/2023 before the competent courts at Ahmedabad.
- 8.18 It is submitted that the proceedings initiated by the Registrar of Companies under the Companies Act, 1956 and Companies Act, 2013 are pending before the Court of the learned Additional Chief Judicial Magistrate, Ahmedabad City and the matters are presently listed for further proceedings on different dates including 03.09.2025.
- 8.19 It is submitted that the Applicant has also disclosed pendency of CBI Case No.40/2023 before the learned Additional Chief Judicial Magistrate and CBI Judge Court, Ahmedabad arising under Sections 120B and 420 of the Indian Penal Code against Roselabs

Limited, its promoters/directors and associated entities. The said proceedings are presently pending and warrants of arrest have been issued in the said proceedings.

- 8.20 It is submitted that the Applicant has further disclosed that Recovery Certificate Proceedings No.695/2018 arising from Original Application No.543/2014 filed by Bank of Baroda against M/s Roselabs Limited are pending before the Debt Recovery Tribunal, Ahmedabad and the next date in the said proceedings is reflected as 27.08.2025.
- 8.21 It is submitted that execution proceedings in respect of the SEBI Order dated 28.01.2019 are also pending against the Corporate Debtor and related parties.
- 9.** In compliance with order dated 04.11.2025, the Applicant filed its Affidavit of Service on 16.12.2025 vide Inward No. D-8577.
- 10.** In compliance with order 18.12.2025, the Applicant filed Pursis on 31.12.2025 vide Inward No. D-8861 to carry out amendment in the cause title of the replacing original R-2/Reliance Capital Limited with Authum Investment & Infrastructure Ltd. in the captioned Petition.
- 11.** In compliance with order dated 04.11.2025, the R-1/Bank of Baroda filed its Affidavit of Reply on 17.03.2026 vide Inward No. D-2398 stating the following:

- 11.1 It is submitted that Bank of Baroda has asserted that it is one of the Financial Creditors of the Corporate Debtor having a claim amounting to Rs.10,01,69,949.67/- together with applicable interest and charges. The Respondent has further stated that it had instituted recovery proceedings against the Corporate Debtor formerly known as M/s Human Care before the Debt Recovery Tribunal-I at Ahmedabad.
- 11.2 It is submitted that the Respondent Bank has narrated the facts leading to the recovery proceedings by stating that M/s Human Care through its proprietor M/s Roselabs Limited had approached Bank of Baroda for financial assistance for business purposes and accordingly cash credit facility came to be sanctioned on 30.01.2010 for an amount of Rs.50,00,000/- carrying interest at the rate of 1.05% over BPLR with monthly rests.
- 11.3 It is submitted that thereafter, on the request of the Corporate Debtor, the Respondent enhanced the cash credit facility to Rs.6,50,00,000/- carrying interest at the rate of 5.50% over base rate with monthly rests. It has further been stated that on 16.06.2012 additional cash credit facility of Rs.1,00,00,000/- and Inland Foreign Letter of Credit facility of Rs.1,50,00,000/- were sanctioned in favour of the Corporate Debtor.

- 11.4 It is submitted that according to the Respondent Bank, the total outstanding dues aggregated to Rs.9,50,00,000/- and the said facilities were secured by equitable mortgage of Office No.303 admeasuring approximately 9000 square feet situated at Kataria Arcade, Makarba, Ahmedabad by deposit of title deeds in favour of Bank of Baroda.
- 11.5 It is submitted that owing to persistent defaults committed by the Corporate Debtor, Bank of Baroda instituted Original Application No.543 of 2014 before the Debt Recovery Tribunal-I, Ahmedabad on 12.12.2014 for recovery of Rs.10,01,69,949.67/-.
- 11.6 It is submitted that the said Original Application came to be allowed vide Judgment dated 14.12.2018 and Recovery Certificate No.695 of 2018 was issued in favour of Bank of Baroda. It has further been stated that recovery proceedings pursuant thereto are still pending and the next date before the Recovery Officer was fixed on 20.03.2026.
- 11.7 It is submitted that the Respondent Bank has further stated that in execution of the Recovery Certificate issued in Recovery Proceedings No.695/2018, Office No.303 situated on the 3rd Floor of Kataria Arcade Scheme admeasuring approximately 9000 square feet was auctioned and an amount of Rs.2,53,00,000/- approximately was recovered as on 31.03.2022.

- 11.8 It is submitted that during the pendency of the recovery proceedings before the Debt Recovery Tribunal, notices under Section 28(4A) of the Recovery of Debts and Bankruptcy Act, 1993 were issued directing the Corporate Debtor to disclose particulars of its assets by way of affidavit, however, according to the Respondent Bank, the Corporate Debtor failed to comply with the said directions.
- 11.9 It is submitted that the Respondent Bank has further averred that notices under Section 25A of the Recovery of Debts and Bankruptcy Act, 1993 were also issued qua four properties at the instance of Bank of Baroda and despite sufficient opportunity, the Corporate Debtor failed to file any reply or disclosure.
- 11.10 It is submitted that the Respondent Bank has alleged that while recovery proceedings were still pending before the Debt Recovery Tribunal, the Corporate Debtor initiated the present insolvency proceedings before this Hon'ble Tribunal with an intention to misuse the provisions of the Insolvency and Bankruptcy Code, 2016.
- 11.11 It is submitted that the Respondent Bank has further contended that criminal cases filed by the Registrar of Companies and the Central Bureau of Investigation against the Corporate Debtor and its Directors/Promoters are presently pending and

execution proceedings arising out of the SEBI order dated 28.01.2019 are also pending against the Corporate Debtor.

11.12 It is submitted that according to the Respondent Bank, pendency of the aforesaid proceedings demonstrates a pattern of wilful statutory non-compliance and suppression of corporate affairs by the Corporate Debtor and further reinforces the alleged mala fide nature of the application filed under Section 10 of the Insolvency and Bankruptcy Code, 2016.

11.13 It is submitted that the Respondent Bank has sought dismissal of the present application inter alia on the ground that the Corporate Debtor committed default on 26.05.2014 whereas the present application has been filed only in the year 2025 after delay of approximately eleven years and is therefore barred by limitation.

11.14 It is submitted that the Respondent Bank has further alleged that the present application has been filed solely with an intention to frustrate the recovery proceedings initiated by the Financial Creditor after issuance of Recovery Certificate by the Debt Recovery Tribunal and to stall execution proceedings in respect of the amount already recovered by the Financial Creditor.

11.15 It is submitted that the Respondent Bank has contended that the present application has been filed after more than a decade from the date of default without assigning sufficient cause for such delay and the same therefore attracts the provisions of Section 65 of the Insolvency and Bankruptcy Code, 2016 dealing with fraudulent and malicious initiation of insolvency proceedings.

11.16 It is submitted that the Respondent Bank has specifically alleged that the Corporate Debtor intends to obtain moratorium under Section 14 of the Insolvency and Bankruptcy Code, 2016 through the present proceedings so as to frustrate execution proceedings before the Debt Recovery Tribunal and to derail or delay the criminal proceedings initiated by the Registrar of Companies and the Central Bureau of Investigation.

11.17 It is submitted that the Respondent Bank has further alleged that non-holding of Annual General Meetings, failure to appoint whole-time secretary and failure to furnish documents as required by the Registrar of Companies disclose wilful non-compliance and concealment of affairs of the Corporate Debtor.

11.18 It is submitted that the Respondent Bank has contended that if the Corporate Insolvency Resolution Process is admitted, the Financial Creditor would be compelled to participate in the

Committee of Creditors and its recovery rights under the Recovery Certificate issued by the Debt Recovery Tribunal would stand jeopardised, thereby causing irreparable prejudice to the Financial Creditor.

11.19 It is submitted that the Respondent Bank has further contended that the Corporate Debtor is not a going concern and allegedly neither has employees nor assets which are capable of revival or resolution and therefore admission of the present petition would result in unjust enrichment and protection to the Corporate Debtor in the pending criminal and recovery proceedings.

11.20 It is submitted that the Respondent Bank has also raised an objection that the Corporate Debtor has not produced any Special Resolution passed by shareholders or resolution passed by at least three-fourths of the total number of partners approving filing of the application under Section 10(3)(c) of the Insolvency and Bankruptcy Code, 2016, which according to the Respondent is a mandatory prerequisite for filing of a petition under Section 10 of the Code.

11.21 It is submitted that in view of the aforesaid averments, the Respondent Bank has prayed before this Hon'ble Tribunal that the application filed by the Corporate Debtor under Section 10 of the Insolvency and Bankruptcy Code, 2016 be dismissed with costs

and penalty under Section 65 of the Code for filing a fraudulent and malicious application.

12. In compliance with order dated 04.11.2025, the R-3/Securities and Exchange Board of India filed its Affidavit of Reply on 19.03.2026 vide Inward No. D-2492 stating the following:

12.1 It is submitted that SEBI received notice pursuant to order dated 04.11.2025 passed by this Tribunal in proceedings under Section 10 of the Insolvency and Bankruptcy Code, 2016 and copy of the said order dated 04.11.2025 has been annexed as Annexure-R/1.

12.2 It is submitted that SEBI has specifically contended that the Petitioner has incorrectly stated in paragraph 30A at page 14 of the Company Petition that its liability towards SEBI is only Rs.2,53,72,500/- pursuant to Adjudication Order No. AO/AS/01/2019 dated 28.01.2019.

12.3 It is submitted that according to SEBI, the total penalty imposed upon the Petitioner vide Adjudication Order dated 28.01.2019 is Rs.2,66,11,375/-, comprising penalty of Rs.2,53,72,500/- imposed under Sections 15H and 15HA of the SEBI Act, 1992 and an additional amount of Rs.12,38,875/- imposed under Section 15A(b) of the SEBI Act, 1992.

- 12.4 It is submitted that in view of non-payment of the aforesaid penalty amount, recovery proceedings were initiated against the Petitioner and Recovery Certificate No. RC 2096/2019 came to be issued by the Recovery Officer of SEBI. Pursuant thereto, Notice of Demand dated 25.04.2019 was issued demanding payment of Rs.2,73,73,533/-, which amount included penalty of Rs.2,66,11,375/-, interest from 28.01.2019 till 25.04.2019 amounting to Rs.7,61,158/- calculated at 12% per annum and recovery cost of Rs.1,000/-.
- 12.5 It is submitted that the Notice of Demand dated 25.04.2019 directed the Petitioner to pay the aforesaid amount together with further interest at the rate of 12% per annum, costs, charges and expenses within fifteen days, failing which recovery proceedings under Section 28A of the SEBI Act, 1992 read with Sections 220 to 232 and the Second Schedule of the Income Tax Act, 1961 were liable to be initiated.
- 12.6 It is submitted that since the Petitioner failed to comply with the Notice of Demand, attachment proceedings under Sections 28A(1), 11(2)(ia) of the SEBI Act, 1992 read with Section 226 and the Second Schedule of the Income Tax Act, 1961 were initiated against the Petitioner.

12.7 It is submitted that pursuant to the aforesaid recovery proceedings, Attachment Order No.4647/2019 dated 24.07.2019 came to be issued attaching all bank accounts including lockers of the Petitioner and further Attachment Order No.4648/2019 dated 24.07.2019 was issued attaching all Demat Accounts and Mutual Fund folios held by the Petitioner with depositories and mutual funds. Both attachment orders directed that no debit shall be permitted in the attached accounts or folios till further orders, though credits were allowed.

12.8 It is submitted that thereafter a General Remittance Order dated 30.11.2023 was issued in Attachment Proceedings No.4647/2019 directing all banks and mutual funds in India to remit outstanding dues amounting to Rs.4,37,98,653/- as on 30.11.2023 lying in the attached accounts/folios of the Petitioner to SEBI's designated account by way of EFT/NEFT/RTGS immediately.

12.9 It is submitted that SEBI has stated that despite attachment proceedings and remittance directions, no amount has been recovered against the recoverable dues from the Petitioner and owing to continuous accrual of interest at the rate of 12% per annum along with costs and charges, the total outstanding liability of the Petitioner under Recovery

Certificate No. RC 2096/2019 stood at Rs.4,97,64,271.25/- as on March 2026.

- 12.10 It is submitted that SEBI has categorically asserted that the Petitioner has materially understated its liability towards SEBI in the Company Petition and that the attachment orders and recovery proceedings initiated by SEBI continue to remain in force in accordance with the provisions of the SEBI Act, 1992 read with the Income Tax Act, 1961.
- 12.11 It is submitted that SEBI has further reserved liberty to amend, alter, remove, delete, rescind or modify the contents and averments made in the affidavit and further reserved right to file additional submissions and documents as may be required.
- 12.12 It is submitted that along with the affidavit, SEBI has annexed copy of the order dated 04.11.2025 passed by this Tribunal whereby notice came to be issued to SEBI, Reliance Capital Limited, Bank of Baroda and Income Tax Department in the Section 10 proceedings filed by the Corporate Debtor and the matter was adjourned for further consideration.
- 12.13 It is submitted that SEBI has also annexed the Adjudication Order dated 28.01.2019 passed in the matter of Gujarat Arth Limited wherein findings were recorded against the notices for alleged violations of the SEBI (Prohibition of Fraudulent and Unfair Trade

Practices relating to Securities Market) Regulations, 2003, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and SEBI (Insider Trading) Regulations, 1992.

12.14 It is submitted that the Adjudication Order records that investigation was conducted by SEBI into alleged irregularities in trading and acquisition of shares of Gujarat Arth Limited during the investigation period and findings were recorded regarding misleading corporate announcements, acquisition of shares beyond prescribed limits and non-disclosures under applicable SEBI Regulations.

12.15 It is submitted that the Adjudicating Officer in the aforesaid order concluded that the notices had violated Regulations 3(a), (b), (c), (d), 4(1) and 4(2) of the PFUTP Regulations, Regulation 7(1A) read with Regulation 7(2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and Regulations 13(1), 13(3), 13(4) and 13(5) of the SEBI (Prohibition of Insider Trading) Regulations, 1992.

12.16 It is submitted that the Adjudication Order further observed that the notices had made misleading corporate announcements in November 2003, December 2003 and January 2004 concerning proposed acquisition of business of Poonam Industries Limited and such announcements

allegedly induced investors to trade in the shares of Gujarat Arth Limited.

12.17 It is submitted that SEBI has annexed copy of Recovery Certificate No.RC2096/2019 and Notice of Demand dated 25.04.2019 issued under Rule 2 of the Second Schedule to the Income Tax Act, 1961 read with Section 28A of the SEBI Act, 1992 calling upon the defaulter to pay Rs.2,73,73,533/- within fifteen days.

12.18 It is submitted that SEBI has also annexed Notice of Attachment of Demat Account issued in Attachment Proceedings No.4648/2019 directing National Securities Depository Limited and Central Depository Services (India) Limited to attach all demat accounts, mutual fund units and securities held in the name of the defaulter.

12.19 It is submitted that SEBI has further annexed Notice of Attachment of Bank Account issued in Attachment Proceedings No.4647/2019 directing all banks in India to attach all accounts held in the name of the defaulter and prohibiting withdrawal or debit operations therein except credit entries.

12.20 It is submitted that SEBI has additionally annexed General Remittance Order dated 30.11.2023 directing all banks and mutual funds to remit any balances available in the attached accounts of

Singhal Overseas Ltd. (now Roselabs Limited) and connected entities to SEBI's designated account towards satisfaction of outstanding dues under Recovery Certificate No.RC2096/2019.

13. In compliance of order dated 08.04.2026, the Applicant filed its Affidavit-of-Rejoinder against the Reply filed by R-1/Bank of Baroda on 15.04.2026 vide Inward No. D-3260 stating the following:

13.1 It is submitted that the Applicant has admitted availing various loan facilities from Bank of Baroda from time to time, however, it has specifically contended that such facilities were availed for legitimate business purposes and that the Applicant never committed any wilful default. The Applicant has further asserted that the alleged outstanding dues are disputed and that the Applicant was never granted adequate opportunity to reconcile the accounts.

13.2 It is submitted that the Applicant has further contended that owing to non-cooperation on the part of the Bank, the account became irregular and subsequently defaulted, pursuant to which Bank of Baroda filed Original Application No.543 of 2014 before the Debt Recovery Tribunal-I, Ahmedabad and decree dated 14.12.2018 came to be passed for recovery of Rs.10,01,69,949.67/-.

- 13.3 It is submitted that the Applicant has admitted issuance of Recovery Certificate No.695/2018 and pendency of recovery proceedings before the Recovery Officer-I, DRT-I, Ahmedabad. The Applicant has further admitted that the Bank sold one mortgaged property and recovered approximately Rs.2,53,00,000/- towards the outstanding dues.
- 13.4 It is submitted that the Applicant has further contended that in the recovery proceedings pending before the Debt Recovery Tribunal, the borrowers have contested the matter in their individual capacities and have disputed that certain properties claimed in the proceedings belong to them individually.
- 13.5 It is submitted that the Applicant has asserted that pendency of criminal proceedings and regulatory proceedings are entirely separate matters and do not affect the maintainability of the present application filed under Section 10 of the Insolvency and Bankruptcy Code, 2016. According to the Applicant, the Insolvency and Bankruptcy Code provides a civil remedy to the Corporate Debtor irrespective of pendency of criminal or regulatory proceedings against its directors or promoters.
- 13.6 It is submitted that the Applicant has further contended that the criminal proceedings and regulatory proceedings are being independently

contested before appropriate forums and that the outcome of such proceedings cannot prejudice the present CIRP application.

13.7 It is submitted that the Applicant has specifically denied the allegation made by Bank of Baroda that the present CIRP application has been filed to derail and/or delay criminal proceedings and has described such allegation as baseless and unsustainable. The Applicant has further asserted that the moratorium contemplated under Section 14 of the Insolvency and Bankruptcy Code does not extend to criminal proceedings.

13.8 It is submitted that in response to the objection regarding limitation raised by Bank of Baroda, the Applicant has contended that the provisions of the Limitation Act, 1963 are not strictly applicable to proceedings initiated under Section 10 of the Insolvency and Bankruptcy Code in the manner sought to be projected by the Respondent Bank.

13.9 It is submitted that the Applicant has further contended that during the preceding three years, the Company had been making efforts to negotiate and revive the business and therefore the present application seeking resolution of insolvency is maintainable.

13.10 It is submitted that the Applicant has specifically asserted that merely because recovery proceedings were initiated in the year 2014, it cannot be said that the cause of action ceased to exist thereafter, as according to the Applicant the debt constitutes a continuing and subsisting liability and the right to seek remedy under Section 10 of the Insolvency and Bankruptcy Code survives so long as the debt remains outstanding.

13.11 It is submitted that the Applicant has further contended that negotiations and settlement discussions had taken place between the parties from time to time and several communications exchanged between them amounted to acknowledgments of liability thereby extending the period of limitation under Section 18 of the Limitation Act, 1963.

13.12 It is submitted that the Applicant has also contended that the Insolvency and Bankruptcy Code itself came into force in the year 2016 and therefore limitation for invoking Section 10 proceedings could not have commenced prior thereto and in any event the application is within limitation.

13.13 It is submitted that the Applicant has denied the allegation that the present proceedings have been initiated with an intention to frustrate recovery proceedings or misuse the provisions of the

Insolvency and Bankruptcy Code, 2016 and has contended that filing of an application under Section 10 is a statutory right vested in a Corporate Debtor.

13.14 It is submitted that the Applicant has further contended that pendency of recovery proceedings before the Debt Recovery Tribunal-I, Ahmedabad cannot bar the Corporate Debtor from availing statutory remedy under the Insolvency and Bankruptcy Code and that one of the principal objects of the Code is to consolidate all claims against a Corporate Debtor and resolve the same through a collective process in supersession of individual recovery proceedings.

13.15 It is submitted that the Applicant has relied upon various judgments of the Hon'ble Supreme Court and Hon'ble NCLAT to contend that mere filing of an insolvency application by a Corporate Debtor cannot by itself be treated as mala fide merely because declaration of moratorium under Section 14 of the Insolvency and Bankruptcy Code is a legal consequence of admission of CIRP.

13.16 It is submitted that the Applicant has alleged that the Respondent Bank is attempting to deprive the Corporate Debtor of its legitimate statutory remedy under the Insolvency and Bankruptcy Code by opposing the present proceedings and that pendency of DRT proceedings since the year 2014 without

resolution itself demonstrates inadequacy of such proceedings in resolving the outstanding liabilities of the Corporate Debtor.

13.17 It is submitted that the Applicant has further contended that Section 65 of the Insolvency and Bankruptcy Code would apply only where an application is filed with fraudulent or malicious intent for purposes other than genuine insolvency resolution and according to the Applicant the present proceedings are genuine, bona fide and devoid of any fraudulent intent.

13.18 It is submitted that in response to allegations regarding non-holding of Annual General Meetings, non-appointment of whole-time secretary and other regulatory non-compliances, the Applicant has contended that such allegations pertain to independent regulatory issues and cannot defeat the Applicant's right to seek insolvency resolution under Section 10 of the Insolvency and Bankruptcy Code.

13.19 It is submitted that the Applicant has further contended that alleged non-compliances, if any, occurred due to severe financial distress and liquidity crisis faced by the Company and that such issues are curable and may be addressed before appropriate regulatory authorities including the Registrar of Companies.

13.20 It is submitted that the Applicant has denied the contention of Bank of Baroda that admission of CIRP would jeopardize the rights of the Financial Creditor under the DRT proceedings and has contended that the Insolvency and Bankruptcy Code overrides inconsistent laws and that the moratorium under Section 14 is intended to protect the assets of the Corporate Debtor in the interest of all stakeholders including Financial Creditors.

13.21 It is submitted that the Applicant has further contended that upon admission of CIRP, the Financial Creditor would become a member of the Committee of Creditors and would actively participate in the resolution process, which according to the Applicant is more beneficial than continuing recovery proceedings pending before DRT for more than twelve years without complete recovery.

13.22 It is submitted that the Applicant has further contended that recovery of approximately Rs.2,53,00,000/- against total dues exceeding Rs.10 Crores demonstrates inadequacy of the DRT mechanism in providing complete relief and that a comprehensive and time-bound resolution under CIRP would better serve the interests of stakeholders.

4 13.23 It is submitted that the Applicant has denied the allegation that the Corporate Debtor is not a going

concern and has contended that such allegation is speculative and unsupported by evidence. According to the Applicant, the issue whether the Company possesses assets capable of resolution is required to be determined by the Insolvency Resolution Professional after conducting due assessment of the assets, liabilities and financial position of the Corporate Debtor.

13.24 It is submitted that the Applicant has further contended that Bank of Baroda cannot prejudice the viability or outcome of the CIRP process merely to defeat the statutory right of the Corporate Debtor to seek insolvency resolution and that under Section 10 of the Insolvency and Bankruptcy Code the relevant test is existence of default and not immediate realizability of assets.

13.25 It is submitted that in response to the objection regarding absence of shareholders' approval, the Applicant has specifically contended that all necessary compliances required for filing application under Section 10 of the Insolvency and Bankruptcy Code had been duly complied with and that necessary Board Resolution and Special Resolution of shareholders were duly passed.

13.26 It is submitted that along with the Affidavit in Rejoinder, the Applicant has annexed certified true copy of the Special Resolution passed by

shareholders of Roselabs Limited in Annual General Meeting held at the registered office of the Company situated at C/701, Anushruti Tower, Thaltej, Ahmedabad - 380054 on 31.01.2024 approving initiation of Corporate Insolvency Resolution Process under Section 10 of the Insolvency and Bankruptcy Code, 2016.

13.27 It is submitted that the said Special Resolution records that the Company had no business operations immediately preceding the financial year on the basis of audited financial statements, had no cash flow from which repayment of debts could be made and was facing severe financial distress and defaults in repayment of financial and operational debts.

14. In compliance of order dated 08.04.2026, the Applicant filed its Affidavit-of-Rejoinder against the Reply filed by R-3/SEBI on 15.04.2026 vide Inward No. D-3261 stating the following:

14.1 It is submitted that with reference to paragraphs 1 to 3 of the Affidavit filed by SEBI, the Applicant has acknowledged receipt of notice issued by this Hon'ble Tribunal to SEBI pursuant to order dated 04.11.2025. However, the Applicant has alleged that the Affidavit filed by SEBI appears to have been filed with an intention to augment the objections raised by

the Financial Creditor rather than to place any independent statutory concern before this Tribunal.

- 14.2 It is submitted that the Applicant has contended that SEBI, being a regulatory authority, is not a creditor of the Applicant within the meaning of the Insolvency and Bankruptcy Code, 2016 and that regulatory penalties imposed by SEBI do not constitute “financial debt” or “operational debt” under the provisions of the Code.
- 14.3 It is submitted that according to the Applicant, dues arising from penal orders passed by SEBI are regulatory liabilities in nature and cannot be treated at par with debts owed to Financial Creditors or Operational Creditors for the purposes of proceedings under the Insolvency and Bankruptcy Code, 2016.
- 14.4 It is submitted that the Applicant has further contended that filing of an affidavit by SEBI in the present proceedings ought not to be construed as an objection to admission of the application and that this Tribunal is not required to take into consideration regulatory dues of SEBI while adjudicating the application filed under Section 10 of the Insolvency and Bankruptcy Code, 2016.
- 14.5 It is submitted that in response to the allegation made by SEBI that the Applicant incorrectly stated

its liability towards SEBI as only Rs.2,53,72,500/-, the Applicant has contended that the said figure mentioned in the Company Petition was based upon information available with the Applicant at the time of filing of the petition and that the Applicant had not deliberately understated its liability towards SEBI.

- 14.6 It is submitted that the Applicant has acknowledged the statement made by SEBI that total penalty imposed vide Adjudication Order bearing reference No.AO/AS/01/2019 dated 28.01.2019 amounted to Rs.2,66,11,375/-, comprising penalty of Rs.2,53,72,500/- under Sections 15H and 15HA of the SEBI Act, 1992 and penalty of Rs.12,38,875/- under Section 15A(b) of the SEBI Act, 1992.
- 14.7 It is submitted that the Applicant has undertaken before this Tribunal to suitably amend and rectify the stated figure in the application and list of creditors as may be directed by this Hon'ble Tribunal.
- 14.8 It is submitted that without prejudice to the aforesaid contentions, the Applicant has disputed correctness of the penalty order dated 28.01.2019 and has stated that the said penalty was imposed in relation to the company then known as Gujarat Arth Limited, subsequently known as Singhal Overseas Limited and now Roselabs Limited, in respect of alleged violations during the period 2003-2004.

- 14.9 It is submitted that the Applicant has further stated that the promoters and directors of the Company had contested the aforesaid SEBI penalty proceedings, though unsuccessfully.
- 14.10 It is submitted that the Applicant has contended that the SEBI Adjudication Order dated 28.01.2019 came to be passed after a prolonged inquiry spanning several years and related to allegations concerning market manipulation involving Gujarat Arth Limited, which according to the Applicant was a different entity that subsequently underwent change in name and ownership restructuring.
- 14.11 It is submitted that the Applicant has further contended that the entire liability sought to be enforced by SEBI is required to be considered in the context of the aforesaid restructuring and historical background of the Company.
- 14.12 It is submitted that with respect to paragraphs 5 to 7 of the SEBI Affidavit concerning issuance of Recovery Certificate No.RC 2096/2019, the Applicant has acknowledged that SEBI drew Recovery Certificate dated 25.04.2019 for recovery of Rs.2,73,73,533/-, which amount included penalty of Rs.2,66,11,375/-, interest of Rs.7,61,158/- and recovery cost of Rs.1,000/-.

- 14.13 It is submitted that the Applicant has contended that upon initiation of CIRP, the recovery proceedings initiated by SEBI would be governed by the moratorium provisions under Section 14 of the Insolvency and Bankruptcy Code, 2016.
- 14.14 It is submitted that according to the Applicant, the proper remedy available to SEBI for recovery of its dues is to lodge its claim before the Resolution Professional upon admission of CIRP and not to oppose the insolvency proceedings themselves.
- 14.15 It is submitted that the Applicant has further contended that SEBI dues, being regulatory in nature, would be treated as “other creditors” or “government dues” under the framework of the Resolution Plan.
- 14.16 It is submitted that with respect to Attachment Proceedings and Attachment Orders bearing Nos.4647/2019 and 4648/2019 dated 24.07.2019 and the General Remittance Order dated 30.11.2023, the Applicant has acknowledged issuance of attachment orders by SEBI attaching bank accounts and demat accounts of the Applicant. However, the Applicant has stated that the said attachment orders are being separately dealt with before the competent authority.

14.17 It is submitted that the Applicant has further contended that upon admission of CIRP, the moratorium under Section 14 of the Insolvency and Bankruptcy Code would stay all attachment proceedings, recovery actions and remittance orders issued by SEBI against the Corporate Debtor and that such consequence is statutorily mandated and recognised by judicial precedents of the Hon'ble NCLT, NCLAT and Hon'ble Supreme Court.

14.18 It is submitted that the Applicant has further contended that the General Remittance Order dated 30.11.2023 directing banks and mutual funds to remit outstanding dues of Rs.4,37,98,653/- to SEBI had not yielded recovery and according to the Applicant the same demonstrates futility of SEBI recovery proceedings and necessity for a comprehensive insolvency resolution process.

14.19 It is submitted that the Applicant has stated that the liability under SEBI Recovery Certificate No. RC 2096/2019 had increased to Rs.4,97,64,271.25/- as on March 2026 primarily due to accrual of interest at the rate of 12% per annum.

14.20 It is submitted that in response to the allegation of material understatement raised by SEBI, the Applicant has denied any deliberate concealment or understatement and has contended that the

difference in figures is attributable to accrual of interest between the years 2019 and 2026.

14.21 It is submitted that the Applicant has further contended that exact quantification of SEBI dues is a matter to be determined by the Interim Resolution Professional/Resolution Professional during CIRP upon verification of claims and that the present application cannot be rejected merely on account of alleged understatement.

14.22 It is submitted that the Applicant has further contended that continuous attachment orders issued by SEBI upon the Applicant's bank accounts and demat accounts severely hampered functioning of the Company as a going concern and materially contributed to the financial distress which compelled the Applicant to seek insolvency resolution under the Insolvency and Bankruptcy Code.

14.23 It is submitted that the Applicant has made further legal submissions regarding the role and standing of SEBI in CIRP proceedings by reiterating that regulatory penalties do not fall within the definition of "financial debt" under Section 5(8) or "operational debt" under Section 5(21) of the Insolvency and Bankruptcy Code.

14.24 It is submitted that the Applicant has relied upon decisions of the Hon'ble NCLAT and various Hon'ble

NCLTs to contend that regulatory dues, fines and penalties imposed by statutory authorities do not constitute claims that can be treated in the same manner as financial or operational debts under the Insolvency and Bankruptcy Code.

14.25 It is submitted that the Applicant has further contended that even assuming SEBI dues are treated as “government dues” or “other dues”, the same would nevertheless be governed by the waterfall mechanism provided under Section 53 of the Insolvency and Bankruptcy Code in the event of liquidation or as provided under an approved Resolution Plan during CIRP.

14.26 It is submitted that the Applicant has further contended that by virtue of Section 238 of the Insolvency and Bankruptcy Code, the provisions of the Code override inconsistent provisions contained in all other laws including the SEBI Act, 1992 and the Income Tax Act, 1961 and consequently upon admission of CIRP the recovery machinery under the SEBI Act would remain suspended during operation of moratorium under Section 14 of the Code.

14.27 It is submitted that according to the Applicant, the affidavit filed by SEBI insofar as it seeks to oppose or delay admission of CIRP is misconceived, contrary to law and liable to be rejected.

14.28 It is submitted that without prejudice to the aforesaid submissions, the Applicant has specifically disputed the SEBI Adjudication Order dated 28.01.2019 by contending that the said order related to alleged violations by Gujarat Arth Limited/Singhal Overseas Limited and its promoters/directors during the period 2003-2004, which is more than two decades old.

14.29 It is submitted that the Applicant has further stated that the aforesaid Adjudication Order was initially set aside by the Hon'ble Securities Appellate Tribunal vide order dated 16.03.2016 and the matter was remanded to the Adjudicating Officer for fresh consideration while leaving all contentions open.

14.30 It is submitted that the Applicant has contended that allegations contained in the SEBI Adjudication Order pertain to alleged market manipulation in the scrip of Gujarat Arth Limited during 2003-2004 and alleged violations of PFUTP Regulations, SAST Regulations and Insider Trading Regulations and that validity of the said order is still under challenge before appropriate authorities.

14.31 It is submitted that the Applicant has further contended that Roselabs Limited, formerly known as Singhal Overseas Limited and Gujarat Arth Limited, has undergone substantial change in business, management and ownership profile since the alleged

violations of 2003-2004 and that the present management was not involved in the transactions which formed subject matter of the SEBI proceedings.

14.32 It is submitted that the Applicant has further contended that it would be grossly unjust to use a decades-old regulatory order as a ground to defeat the Company's statutory right to seek insolvency resolution under the Insolvency and Bankruptcy Code.

14.33 It is submitted that the Applicant has also disputed the computation of interest at the rate of 12% per annum from the date of the Adjudication Order leading to outstanding liability of Rs.4,97,64,271.25/- as claimed by SEBI and has contended that such computation is excessive and contrary to equitable principles.

14.34 It is submitted that in view of the aforesaid submissions, the Applicant has prayed that this Tribunal may be pleased to admit the application filed by the Applicant under Section 10 of the Insolvency and Bankruptcy Code, 2016.

15. In compliance with order dated 04.11.2025, the Income Tax Department filed its Affidavit of Report on 15.04.2026 vide Inward No. R-265 stating the following:

- 15.1 It is submitted that along with the said communication, a report dated 08.04.2026 issued by the Office of the Deputy Commissioner of Income Tax, Circle 3(1)(1), Ahmedabad came to be produced before this Tribunal in relation to Roselabs Limited bearing PAN AACCS7304Q.
- 15.2 It is submitted that the Deputy Commissioner of Income Tax, Circle 3(1)(1), Ahmedabad informed learned Senior Standing Counsel for the Department that as per records available with the Income Tax Department, no proceedings were pending against Roselabs Limited at the relevant point of time.
- 15.3 It is submitted that notwithstanding the absence of pending proceedings, the Income Tax Department specifically stated that a total outstanding demand amounting to Rs.62,77,65,824/- was recoverable from Roselabs Limited in respect of various Assessment Years, as reflected in the Demand Analysis and Recoverability Status Report annexed with the communication.
- 15.4 It is submitted that the Demand Analysis and Recoverability Status Report dated 08.04.2026 was prepared by the Office of the Deputy Commissioner of Income Tax, Circle 3(1)(1), Ahmedabad in respect of Roselabs Limited having address at 123/1, Saijpur Gopalpur Pirana Road, Piplej, Ahmedabad – 382405, Gujarat.

- 15.5 It is submitted that as per the said report, substantial tax demands have been raised against the Corporate Debtor for Assessment Years 2012-13 to 2017-18 under various provisions of the Income Tax Act, 1961 including Sections 147, 154, 143(3), 270A, 271(1)(b), 271(1)(c), 271AAC(1) and 272A(1)(d).
- 15.6 It is submitted that for Assessment Year 2012-13, demand under Section 147 amounting to Rs.8,42,28,688/- came to be raised vide order dated 26.12.2019 and penalty under Section 271(1)(c) amounting to Rs.5,46,86,048/- came to be imposed vide order dated 22.03.2022.
- 15.7 It is submitted that for Assessment Year 2013-14, reassessment demand under Section 147 amounting to Rs.21,60,28,640/- was raised vide order dated 29.09.2021. Further penalties under Section 271(1)(c) amounting to Rs.7,37,35,172/-, under Section 271(1)(b) amounting to Rs.30,000/- and under Section 272A(1)(d) amounting to Rs.20,000/- were imposed vide separate orders passed during February and March 2022.
- 15.8 It is submitted that for Assessment Year 2014-15, assessment under Section 143(3) resulted in demand of Rs.36,18,050/- vide order dated 20.12.2016 and reassessment demand under Section 147 amounting to Rs.1,52,92,490/- was subsequently raised vide order dated 20.05.2023. Further penalties under

Section 271(1)(c) amounting to Rs.40,52,873/- and Section 271(1)(b) amounting to Rs.30,000/- were imposed vide orders dated 28.03.2024 and 21.03.2024 respectively.

15.9 It is submitted that for Assessment Year 2015-16, reassessment demand under Section 147 amounting to Rs.56,43,250/- together with additional demand of Rs.7,260/- was raised vide order dated 02.05.2023. Further penalties under Section 271(1)(c) amounting to Rs.27,39,490/- and under Section 271(1)(b) amounting to Rs.10,000/- were imposed vide orders dated 28.03.2024 and 21.03.2024 respectively.

15.10 It is submitted that for Assessment Year 2016-17, reassessment demand under Section 147 amounting to Rs.1,64,65,690/- was raised vide order dated 10.05.2023. Penalties under Section 271(1)(c) amounting to Rs.85,31,492/- and under Section 271(1)(b) amounting to Rs.30,000/- were thereafter imposed vide orders dated 28.03.2024 and 21.03.2024 respectively.

15.11 It is submitted that for Assessment Year 2017-18, rectification demand under Section 154 amounting to Rs.13,47,75,383/- was raised vide order dated 12.01.2026. Further, penalty under Section 271AAC(1) amounting to Rs.73,64,778/-, penalty under Section 270A amounting to Rs.4,36,520/- and

penalties under Section 272A(1)(d) amounting to Rs.30,000/- and Rs.10,000/- respectively were also imposed against the Corporate Debtor.

- 15.12 It is submitted that the Demand Analysis and Recoverability Status Report specifically categorises the entire outstanding demand as “Difficult to Recover” and records that no amount is presently collectible from the Corporate Debtor against any of the aforesaid tax demands.
- 15.13 It is submitted that the report repeatedly records under the recoverability analysis that there are “No assets/inadequate assets for recovery (to extent of inadequacy)” in respect of the outstanding demands raised against the Corporate Debtor.
- 15.14 It is submitted that the report further discloses that various proposals categorising the demands as difficult to recover were initiated on different dates and the corresponding inadequacy amounts were quantified for each assessment year and demand category.
- 15.15 It is submitted that the Income Tax Department has thus placed before this Tribunal that although no independent assessment or recovery proceedings are presently pending, the Corporate Debtor continues to be liable for enormous outstanding statutory dues

aggregating to Rs.62,77,65,824/- towards the Income Tax Department.

16. In compliance of order dated 08.04.2026, the Applicant filed Additional Affidavit on 15.04.2026 vide Inward No. D-3262 stating the following:

16.1 It is submitted that the Applicant has stated that an amount of Rs.1,65,000/- remains outstanding in the ledger account of Roselabs Bioscience Limited maintained in the books of the Company. The Applicant has further stated that Roselabs Bioscience Limited is a sister concern company and that the said advance had been given for legal purposes.

16.2 It is submitted that the Applicant has further stated that Roselabs Bioscience Limited is no longer functioning and accordingly the aforesaid amount remains unrecovered. The Applicant has referred to the ledger account forming part of the documents on record in support of the said contention.

16.3 It is submitted that the Applicant has disclosed an amount of Rs.1,50,000/- towards "Recovery of SEBI Appeal Deposit" and has stated that the said amount was deposited in connection with a SEBI Appeal in July 2019.

16.4 It is submitted that the Applicant has further stated that subsequently the Company lost the said appeal

and SEBI became entitled to recover the amount pursuant to the decree/order passed in the proceedings.

- 16.5 It is submitted that the Applicant has further disclosed an amount of Rs.65,000/- under the head "Recovery from Corporate Law Chamber" and has stated that the said amount had been deposited/paid in June 2018 for retaining membership of Corporate Law Chamber.
- 16.6 It is submitted that the Applicant has also disclosed MAT Provisions amounting to Rs.3,49,190/- pertaining to Financial Years 2011-12 and 2012-13 and has stated that the said amounts represent tax provisions reflected in the books of account of the Company.
- 16.7 It is submitted that the Applicant has further clarified that despite the aforesaid MAT provisions reflected in the books, income tax dues of the Company continue to remain pending.
- 17.** However, despite due service of notice upon the Respondent No.2, neither it appeared nor filed any reply. In compliance of order dated 08.04.2026, the Applicant filed its Written Submission on 15.04.2026 vide Inward No. D-3263.

18. In compliance of order dated 08.04.2026, the R-1/BoB filed its Written Submission on 24.04.2026 vide Inward No. D-3526.
19. In compliance of order dated 08.04.2026, the R-3/SEBI filed its Written Submission on 15.04.2026 vide Inward No. D-3211.
20. Heard learned counsel appearing for the Applicant/Corporate Applicant, learned counsel appearing for Respondent No.1/Bank of Baroda, learned counsel appearing for Respondent No.3/Securities and Exchange Board of India and perused the pleadings, additional affidavits, rejoinders, written submissions, balance sheets, annual reports, recovery proceedings, statutory records and documents placed on record by all parties.
21. The present restored Company Petition has been filed under Section 10 of the Insolvency and Bankruptcy Code, 2016 by M/s. Roselabs Limited seeking initiation of Corporate Insolvency Resolution Process against itself on the alleged premise that the Corporate Applicant has committed default in repayment of debts and has become financially distressed.
22. The Corporate Applicant has sought invocation of the insolvency jurisdiction of this Tribunal after prolonged recovery proceedings initiated by Bank of Baroda, attachment and recovery proceedings initiated by SEBI, pendency of criminal proceedings initiated by ROC and CBI

authorities and after issuance of Recovery Certificate by the learned Debt Recovery Tribunal.

23. Before examining the rival submissions, this Tribunal deems it appropriate to record the chronology of material events emerging from the record, which has substantial bearing on the adjudication of the present petition:

- a. The account of the Corporate Applicant was declared NPA on 26.05.2014;
- b. Demand Notice under Section 13(2) of the SARFAESI Act came to be issued on 07.07.2014;
- c. Original Application No.543/2014 was instituted before DRT-I, Ahmedabad;
- d. The DRT proceedings culminated into Judgment and Recovery Certificate No.695/2018 dated 14.12.2018;
- e. Recovery proceedings pursuant to the Recovery Certificate continued before the Recovery Officer;
- f. Secured assets of the Corporate Applicant came to be auctioned during recovery proceedings and substantial amounts were recovered;
- g. SEBI initiated adjudication proceedings and passed order dated 28.01.2019 imposing penalties and thereafter initiated attachment and recovery proceedings including attachment of bank accounts and demat accounts;
- h. Recovery Certificate No.RC2096/2019 came to be issued by SEBI authorities;

- i. Criminal proceedings instituted by Registrar of Companies are pending before competent courts;
- j. Criminal prosecution by CBI involving allegations under Sections 120B and 420 IPC has also been initiated against the Corporate Applicant and its promoters/directors;
- k. Warrants have also been issued in the said criminal proceedings;
- l. Thereafter, the present Section 10 Petition came to be instituted in the year 2024-2025.

24. The aforesaid chronology itself assumes immense significance because the present petition has not been filed at the initial stage of financial distress nor immediately after occurrence of default. Rather, the petition has been instituted after several years of recovery litigation and after liabilities stood crystallized through adjudicatory mechanisms under different statutes.

25. The Corporate Applicant has contended that it is undergoing severe financial distress, has accumulated substantial liabilities and is entitled to invoke Section 10 of the IBC as a statutory remedy for insolvency resolution. It has further been contended that the object of the Code is to provide collective resolution of claims and that pendency of DRT proceedings, SEBI proceedings or criminal proceedings cannot prohibit initiation of CIRP.

26. The Applicant has further argued that upon admission of CIRP, moratorium under Section 14 would come into

operation and all coercive recovery actions including SEBI recovery proceedings and DRT proceedings would remain suspended during CIRP.

- 27.** The Applicant has also heavily relied upon Section 238 of the IBC by contending that the Code overrides all inconsistent laws and therefore recovery mechanisms under SARFAESI Act, SEBI Act and other statutes must yield to the insolvency framework upon admission of CIRP.
- 28.** Per contra, Respondent No.1/Bank of Baroda has vehemently opposed the maintainability of the present petition and contended that the same has been filed with mala fide and malicious intent solely to frustrate recovery proceedings pending before the DRT and to derail criminal and regulatory proceedings pending against the Corporate Applicant and its promoters/directors.
- 29.** Respondent No.1 has specifically contended that the Corporate Applicant remained dormant for several years after classification of its account as NPA and approached this Tribunal only after:
- i. issuance of Recovery Certificate by DRT;
 - ii. attachment and execution proceedings;
 - iii. auction of mortgaged assets;
 - iv. initiation of SEBI attachment proceedings;
 - v. initiation of criminal proceedings by ROC and CBI authorities.

- 30.** Respondent No.1 has therefore contended that the present petition is a calculated abuse of the insolvency framework intended to obtain moratorium protection and obstruct lawful proceedings initiated by statutory authorities and creditors. The Financial Creditor has also invoked Section 65 of the IBC and sought dismissal of the petition with penalty for malicious initiation of insolvency proceedings.
- 31.** SEBI has also placed detailed material on record demonstrating that recovery proceedings, attachment proceedings and remittance orders are already in operation against the Corporate Applicant and that liabilities under SEBI Recovery Certificate have substantially escalated with interest and charges. SEBI has further pointed out suppression and understatement of liabilities by the Corporate Applicant in the petition. Total demand from the SEBI stands at Rs 4,97,64,271 as of March 2026.
- 32.** The Income Tax Department has also disclosed before this Tribunal that outstanding tax liabilities aggregating to more than Rs.62,77,65,824/- are recoverable from the Corporate Applicant in respect of various assessment years and that the demands have been categorized as difficult to recover.
- 33.** On being directed by this Adjudicating Authority, the Petitioner has filed provisional balance sheet as on 31.03.2025 and annual report for financial year 2023-2024 (on 19.08.2025). Some relevant facts are stated below:

- The balance sheet as on 31.03.2025 shows that the Corporate Debtor does not have any fixed assets.
- No property, plant and equipment as on 31.03.2023 and 31.03.2024
- No business for years 2022-2023 and onwards and no expenses on employees or any other expenses.
- The CD has accumulated loss of Rs 19,75,80,716.

34. The Petition filed also contain following relevant information about business and finances of the Petitioner:

- The Petitioner did not have any revenue from operations in the years 2019-2020 and 2020-2021 and has no business in these years.
- The company had no business in the years 2021-2022 and 2022-2023 also. No revenue from operations. No inventory of material. Employee cost was nil.

35. The above facts and the submission of the Respondent No.1 (which is not disputed by the Petitioner) indicate that the Petitioner did not have any business operations since many years (Its account became NPA in 2014), it has no employees, no cash flow, no assets and it is not a going concern for many years.

36. Upon careful consideration of the pleadings and submissions advanced by all parties, this Tribunal is of the considered opinion that the present proceedings do not disclose a genuine attempt for insolvency resolution

because it is a not a clear case of insolvency which requires resolution but rather reveal a predominant circumstances appearing from the record indicate that the insolvency mechanism has been invoked primarily after substantial progression of coercive recovery proceedings by bank, SEBI and substantial income tax demand, criminal investigations from the CBI and proceedings by ROC.

- 37.** At the outset, this Tribunal deems it necessary to reiterate that the Insolvency and Bankruptcy Code, 2016 is a beneficial legislation intended for revival and resolution of genuinely insolvent corporate entities. The insolvency framework cannot be invoked for purposes inconsistent with the object of genuine insolvency resolution as a shield by errant promoters or corporate entities against consequences arising from recovery proceedings, regulatory actions and pending criminal proceedings.
- 38.** The legislative object of Section 10 is to enable a genuine Corporate Debtor undergoing financial stress to voluntarily seek insolvency resolution in a bona fide manner. However, the provisions of Section 10 cannot be construed as conferring an unfettered and absolute right upon a Corporate Debtor irrespective of surrounding circumstances, conduct and intent behind filing of the petition.
- 39.** This Tribunal is duty bound to examine whether the proceedings are initiated for bona fide insolvency resolution

or for collateral purposes inconsistent with the object of the Code.

- 40.** In the present matter, several factors cumulatively establish absence of bona fide intent on the part of the Corporate Applicant. No documentary material demonstrating ongoing operations, employees, active business contracts, revenue generation, restructuring proposal, prospective investor interest or feasible revival mechanism has been placed on record by the Corporate Applicant.
- 41.** Firstly, the timing of the present petition itself prima facie indicates lack of bona fide insolvency resolution intent and clearly demonstrates mala fide intent. The Corporate Applicant admittedly defaulted in the year 2014. Recovery proceedings were initiated before the DRT in the year 2014 itself. The proceedings culminated into issuance of Recovery Certificate in the year 2018. Even thereafter, the Corporate Applicant did not invoke Section 10 for several years. The petition has ultimately been filed only after coercive recovery proceedings substantially progressed and after attachment proceedings and criminal proceedings were already underway.
- 42.** The conduct of the Corporate Applicant in approaching this Tribunal only after issuance of Recovery Certificate assumes substantial significance. Once liabilities stood adjudicated and crystallized through Recovery Certificate proceedings, the filing of Section 10 Petition during

execution proceedings clearly appears primarily intended to stall coercive recovery proceedings already substantially progressed.

- 43.** This Tribunal is unable to accept the contention of the Applicant that pendency of DRT proceedings is irrelevant. Though there may not be any absolute statutory prohibition against filing of Section 10 petition during pendency of recovery proceedings, however, where the surrounding circumstances overwhelmingly demonstrate that the insolvency mechanism is being invoked merely to frustrate recovery actions, this Tribunal cannot remain a silent spectator to abuse of the process of law and is required to prevent misuse of insolvency jurisdiction.
- 44.** Secondly, the pleadings of the Applicant themselves reveal that the principal emphasis of the Corporate Applicant is not upon revival of business operations but upon consequences of moratorium under Section 14 and overriding effect under Section 238 of the IBC. Repeated submissions have been advanced by the Applicant that upon admission of CIRP:
- i. DRT proceedings would remain stayed;
 - ii. SEBI attachment proceedings would remain suspended;
 - iii. recovery actions would come to a standstill;
 - iv. remittance orders would become ineffective.

45. The repeated emphasis laid by the Applicant upon suspension of recovery proceedings clearly discloses the real object behind institution of the present proceedings.
46. This Tribunal cannot permit the insolvency jurisdiction to be converted into a mechanism for frustrating statutory recovery proceedings lawfully initiated by competent authorities after years of litigation.
47. Thirdly, the pendency of criminal proceedings against the Corporate Applicant and its promoters/directors also assumes great significance in the peculiar facts of the present case. The record reflects pendency of:
- a. ROC prosecutions under Companies Act;
 - b. CBI criminal proceedings under Sections 120B and 420 IPC;
 - c. Proceedings involving issuance of warrants;
 - d. SEBI proceedings involving allegations relating to fraudulent and unfair trade practices and market manipulation.
48. Though the Applicant has argued that criminal proceedings are independent and moratorium does not extend to criminal prosecutions, however, this Tribunal cannot ignore that the present petition has been instituted amidst multiple coercive proceedings initiated under different statutes in the situation of no business carried out by the company for many years. It is not a case of resolution of insolvency because it is not a going concern for many years

and it does not have business substance that may be of interest to any investor or a resolution applicant. The Petitioner has nothing on its balance sheet like assets, inventory of material, no employees, no cash flow and it is not a fit case for insolvency resolution. The purpose of filing the petition is not bonafide resolution because there are no elements in the CD which require resolution.

49. The cumulative effect of all surrounding circumstances clearly indicates that the Corporate Applicant seeks to invoke the insolvency mechanism as a protective umbrella against enforcement actions already initiated by several authorities.
50. In this regard, this Adjudicating Authority finds guidance from the judgment of the Hon'ble NCLAT in ***Agroha Paper Industries Pvt. Ltd. v. Bank of Maharashtra, (2024) ibclaw.in 456 NCLAT***, wherein it has been held that a Section 10 application filed with the intent to stall or defeat recovery proceedings constitutes an abuse of the insolvency process and is liable to be rejected. The ratio of the said judgment squarely applies to the facts of the present case. The relevant extract of the said judgement is as follows:

"16. There is no quarrel over the fact that Section 10 vests rights on the Corporate Debtor to resolve their insolvency. However, one cannot lose sight of the fact that this protective umbrella over the assets of the Corporate Debtor is not misused or abused in a manner so as to become a tool for deriving undue advantage at the cost of insolvency resolution which objective unequivocally resonates in the preambular aspirations of the IBC. We are of the considered view that the Adjudicating Authority

rightly deprecated the Appellant Company for having filed the application under Section 10 of IBC after unsuccessfully trying at preempting recovery proceedings undertaken by the Respondent Bank. We are therefore inclined to agree with the Adjudicating Authority that the bonafide of the Appellant in filing of the Section 10 application was doubtful and that the filing was done for reasons other than insolvency resolution and therefore deserves to be dismissed.

17. For the foregoing reasons as discussed, we find no good reasons which warrants any interference in the impugned order. The Appeal is found to lack merit and is dismissed. No costs.”

51. Further, in **Jakhodia Traexim Pvt. Ltd., (2026) ibclaw.in 183 NCLT**, it has been observed that the Petition under Section 10 of the IBC is not maintainable if the promoters’ primary intent is not a bona fide resolution, but rather to secure admission under the IBC, trigger the moratorium, and consequently stall all recovery proceedings. The relevant extract of the said judgement is as follows:

“11. On perusal of the records, it is observed that the present application had been filed with a fraudulent intent to deprive the creditor of their rightful dues. On the basis of aforesaid material, we are of view that the Corporate Debtor trying to seek benefit of moratorium under Section 14 of the Insolvency and Bankruptcy Code, 2016 and other advantages in accordance with other provisions of the IBC.

12. It is useful to refer the judgment of the **Hon’ble NCLAT in Unigreen Global Pvt. Ltd. VS. Punjab National Bank & Ors. CA (AT) (Ins. 81/2017)** wherein it was held that “if a corporate debtor has adopted measures to defraud creditors or has malicious intent behind filing an application under Section 10 of the IBC, such an application is liable to be rejected. The tribunal underscored that the IBC should not be used as a tool to circumvent legitimate dues owed to creditors.”

13. It is an inevitable conclusion that the Corporate Debtor has filed the application not for the genuine purpose of resolution, but rather with an ulterior motive to prevent HDFC Bank from recovering its legitimate dues from the corporate debtor.

14. Further, it is on record that HDFC Bank Financial Creditor has strongly opposed the admission of section 10 application by filing their detailed counter reply. Upon careful consideration, it is evident that the promoters' primary intent is not a bona fide resolution but rather to secure admission under the Insolvency and Bankruptcy Code (IBC), trigger the moratorium, and consequently stall all recovery proceedings.

15. The Adjudicating Authority have discretion to reject the debtor's application where the debtors misuse the provisions for CIRP under the IBC. Moreover, the IBC, as a special legislation, is designed to facilitate genuine insolvency resolution and not to be exploited as a shield against creditor rights. Any misuse of its provisions to create an unfair advantage for one party at the expense of another goes against the fundamental objectives of the Code. Therefore, such an attempt to manipulate the insolvency framework must be viewed critically to prevent any abuse of the process.

16. For the aforesaid reasons, we are of the view that the present application is not maintainable and is hereby dismissed. Accordingly, C.P. (IB) No. 156/ND/2025 stands dismissed without cost."

52. Fourthly, this Tribunal also finds substance in the objection raised regarding discrepancy in disclosure of liabilities. Initially, the Corporate Applicant disclosed SEBI liability only to the extent of Rs.2,53,72,500/-. However, SEBI has categorically demonstrated that outstanding dues together with interest had escalated to approximately Rs.4,97,64,271.25/- as on March 2026. Similarly, huge income tax liabilities exceeding Rs. 62 Crores have also been brought on record subsequently.

53. Such conduct of incomplete disclosure and understatement of liabilities further disentitles the Corporate Applicant from seeking equitable relief under Section 10 of the Code.

54. The Applicant has heavily relied upon Section 238 of the IBC and argued that the provisions of the Code override all

inconsistent laws. However, this Tribunal is unable to accept the said submission in the manner canvassed by the Applicant.

55. The overriding effect contemplated under Section 238 would arise only after a valid admission of insolvency proceedings in accordance with law. Prior to admission, Section 238 cannot be invoked by a Corporate Debtor as a pre-emptive weapon to frustrate or neutralize lawful proceedings pending before statutory and judicial authorities.
56. If such interpretation is accepted, every Corporate Debtor against whom recovery certificates, attachment proceedings or criminal prosecutions are pending would merely institute a Section 10 petition and claim immunity under Section 238 even before satisfying the requirements for admission. Such interpretation would completely defeat the scheme and object of the Code.
57. This Tribunal therefore holds that Section 238 does not automatically come into operation merely upon filing of a Section 10 petition. The overriding effect under Section 238 can arise only after lawful admission of CIRP and cannot be utilized as a tool for obstructing proceedings before other competent forums prior to admission.
58. This Tribunal also finds that the Corporate Applicant has failed to establish any credible material demonstrating genuine prospects of revival or resolution. The financial

statements placed on record reflect absence of operational revenue, continuous losses and severe erosion of financial position. The Applicant itself has admitted that there were no business operations immediately preceding the financial year.

59. The major assets of the Corporate Applicant have already been subjected to recovery proceedings and auction proceedings. Even the Income Tax Department has recorded that there are no sufficient assets available for recovery. In such circumstances, the present petition appears to be a mere attempt to secure statutory moratorium rather than a sincere effort for corporate revival.

60. The provisions of Section 65 of the Insolvency and Bankruptcy Code are specifically intended to prevent such abuse of the insolvency framework. Section 65(1) clearly provides that where insolvency proceedings are initiated fraudulently or with malicious intent for any purpose other than resolution of insolvency, the Adjudicating Authority may impose penalty.

61. Section 65(1) of IBC reads out as follows:

*“65. (1) If, any person initiates the insolvency resolution process or liquidation proceedings fraudulently or with malicious intent **for any purpose other than for the resolution of insolvency**, or liquidation, as the case may be, the Adjudicating Authority may impose upon such person a penalty which shall not be less than one lakh rupees, but may extend to one crore rupees.”*

62. The expression “for any purpose other than for the resolution of insolvency” is of wide import and squarely applies to the facts of the present case.
63. In this context, reliance is placed on the judgment of the Hon’ble NCLAT in **Wave Megacity Centre Pvt. Ltd. v. Rakesh Taneja & Ors., (2023) ibclaw.in 05 NCLAT**, wherein it has been held that Section 65 of IBC has to be read as enabling provision to reject an application even on proving of debt and default Section 10 Application is not to be obligatorily admitted. The relevant extract of the said judgement is as follows:

*“15. When finding recorded by the Adjudicating Authority is that Section 10 Application has been initiated fraudulently and maliciously, even if there is debt and default, the Adjudicating Authority is not obliged to admit Section 10 Application. Section 10 and Section 65, which are part of the same statutory scheme needs to be read together to give effect to the legislative scheme of the Code. **In event CIRP is initiated by a corporate applicant fraudulently with malicious intent for any purpose other than the resolution of insolvency, holding it that it is obligatory for the Adjudicating Authority to admit Section 10 Application, will be contrary to the statutory scheme under Section 65. In event conditions under Section 65 are fulfilled, Section 10 Application can be rejected, even if debt and default is proved. Thus, Section 65 has to be read as enabling provision to reject an application even on proving of debt and default Section 10 Application is not to be obligatorily admitted.** The present is a case where it has been held that Application under Section 10 has been maliciously and fraudulently initiated for the purpose other than for the resolution of insolvency.”*

64. From the material available on record, this Tribunal is satisfied that the predominant objectives behind filing of the present petition are:

- i. to stall execution proceedings arising out of Recovery Certificate No.695/2018 issued by DRT;
- ii. to obstruct continuation of SEBI attachment and recovery proceedings;
- iii. to frustrate coercive actions initiated by statutory authorities;
- iv. to frustrate criminal proceedings initiated by the Central Bureau of Investigation;
- v. to obtain moratorium protection against recovery mechanisms already in operation;
- vi. to misuse the insolvency framework as a shield against consequences flowing from multiple pending proceedings.

65. The present proceedings therefore constitute malicious initiation of insolvency proceedings for collateral purposes and are hit by Section 65 of the IBC.

66. This Tribunal further holds that the powers under Section 60(5) of the IBC confer ample jurisdiction upon this Adjudicating Authority to prevent abuse of process and to ensure that insolvency proceedings are not invoked for oblique or extraneous purposes.

67. The insolvency framework cannot be permitted to become a sanctuary for corporate entities facing recovery proceedings, criminal prosecutions and regulatory enforcement actions.

- 68.** If such petitions are entertained despite overwhelming circumstances indicating mala fide intent, the entire insolvency mechanism would be reduced into a tool for delaying and frustrating lawful proceedings initiated under other statutes.
- 69.** In the considered opinion of this Tribunal, the present case is a fit case warranting invocation of Section 65 of the IBC inasmuch as the Corporate Applicant has attempted to misuse the insolvency jurisdiction of this Tribunal to derail recovery proceedings pending before DRT and SEBI authorities and to secure indirect protection against multiple coercive proceedings.
- 70.** Accordingly, this Tribunal holds that:
- i. the present Section 10 Petition has been filed after issuance of Recovery Certificate and during pendency of execution proceedings with mala fide intent;
 - ii. the Corporate Applicant has invoked Section 10 not for genuine insolvency resolution but to obstruct recovery and enforcement proceedings;
 - iii. pendency of SEBI proceedings, attachment proceedings and criminal proceedings assumes substantial significance in determining the bona fides of the petition;
 - iv. Section 238 of the IBC cannot be invoked prior to admission of CIRP to frustrate proceedings pending before competent authorities;

- v. the present proceedings are hit by Section 65 of the Insolvency and Bankruptcy Code, 2016;
- vi. the present petition constitutes abuse of process of law and misuse of the insolvency framework.

71. In view of the aforesaid discussion, this Adjudicating Authority is of the considered opinion that the present application under Section 10 of the Insolvency and Bankruptcy Code, 2016 has not been filed as a genuine attempt for insolvency resolution but primarily after substantial progression of recovery and regulatory proceedings.

72. Hence, in exercise of powers under Sections 60(5) and 65(1) of the Insolvency and Bankruptcy Code, 2016, this Tribunal is of the considered opinion that the present restored Company Petition deserves dismissal and is accordingly dismissed being malicious, fraudulent and filed for purposes other than genuine insolvency resolution.

73. In view of the aforesaid discussion, the present application being **CP(IB)/183(AHM)2024** restored vide **RCP(IB)/2(AHM)2025** filed under Section 10 of the Insolvency and Bankruptcy Code, 2016 stands rejected/**dismissed**.

74. This Tribunal further holds that the present petition has been initiated with malicious intent and for purposes other than genuine insolvency resolution, namely to interdict and frustrate:

- i. recovery proceedings pending before the learned Debt Recovery Tribunal, Ahmedabad;
- ii. execution proceedings arising out of Recovery Certificate No.695/2018;
- iii. recovery and attachment proceedings initiated by SEBI; and
- iv. other coercive proceedings and criminal proceedings pending against the Corporate Applicant and its promoters/directors.

75. Consequently, this Tribunal invokes the provisions of Section 65(i) of the Insolvency and Bankruptcy Code, 2016 and imposes penalty upon the Corporate Applicant i.e. M/s. Roselabs Limited.

76. In exercise of powers under Section 65(1) of the Code, Considering the nature of conduct, extent of default, and the need to deter abuse of the insolvency process, this this Adjudicating Authority deems it appropriate to impose penalty upon the Corporate Applicant. Accordingly, a **Penalty of Rs.10,00,000/- (Rupees Ten Lakh only)** is imposed upon the Corporate Applicant, to be deposited within a period of **30 days** from the date of this order in the account of the **Prime Minister National Relief Fund**.

77. The Corporate Applicant shall file an affidavit of compliance before the Registry within a period of one week from the date of deposit of the aforesaid penalty amount, along with

documentary proof of such payment with copy to the Respondent No.1/Bank of Baroda.

78. It is made clear that in the event of failure to deposit the aforesaid amount of penalty within the stipulated period of **30 days**, the same shall be recoverable in accordance with law as arrears, and the Respondent No.1/Bank of Baroda shall be at liberty to initiate appropriate proceedings to recover it as arrears of land revenue in accordance with the provisions applicable to recovery of arrears of land revenue under the provisions of the Gujarat Land Revenue Code, 1879 for onward deposit in the account of the **Prime Minister National Relief Fund**.

79. A certified copy of this order may be issued, if applied for, upon compliance with all requisite formalities.

—SD—

SANJEEV SHARMA
MEMBER (TECHNICAL)
Jeel /LRA

—SD—

SHAMMI KHAN
MEMBER (JUDICIAL)