



S.No.7

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – II
VC AND PHYSICAL (HYBRID) MODE
ATTENDANCE CUM ORDER SHEET OF THE HEARING HELD ON
17.04.2026 AT 10:30 A.M.**

**Miscellaneous Application (IBC)/1/2024 in
Company Petition IB/108/7/HDB/2023
U/s 7 of IBC**

IN THE MATTER OF:

GPT Pharmaceutical Pvt Ltd

...Petitioner

AND

Punarnava Rasayan Pvt Ltd

...Respondent

C O R A M:-

**SHRI. RAJEEV BHARDWAJ, HON'BLE MEMBER (JUDICIAL)
SHRI. SANJAY PURI, HON'BLE MEMBER (TECHNICAL)**

O R D E R

Miscellaneous Application (IBC)/1/2024

Orders pronounced, recorded vide separate sheets. In the result, the Miscellaneous Application (IBC)/1/2024 is allowed.

Sd/-

MEMBER (T)

Sd/-

MEMBER (J)

**IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – II**

MA (IB) No. 1 of 2024
in CP(IB) No.108/07/HDB/2023

In Re:

1. M/s. GPT Pharmaceuticals Private Limited

Represented by its Authorised Representative,
11-1, CIEE, Gandhi Nagar, Balanagar,
Hyderabad.

....Respondent No 1

2. M/s. Punarnava Rasayan Private Limited,

Balanagar, Hyderabad.

....Respondent No 2

Date of order: 17.04.2026

CORAM:

Shri Rajeev Bhardwaj, Hon'ble Member (Judicial)

Shri Sanjay Puri, Hon'ble Member (Technical)

Counsels present:

On its own motion.

None appeared for the Respondents

1. This matter is taken up suo motu by this Adjudicating Authority in continuation of the order dated 13.02.2024 passed in CP (IB) No. 108/7/HDB/2023, whereby notice was issued to M/s GPT Pharmaceuticals Private Limited (**Respondent No 1/ R1**) and M/s Punarnava Rasayan Private Limited (**Respondent No 2/ R2**) to show cause as to why action under Section 65 of the Insolvency and Bankruptcy Code, 2016 ("**the Code**") should not be initiated against them.
2. Pursuant to the aforesaid order dated 13.02.2024, notice was issued on 15.05.2024, granting an opportunity to both the Respondents to file their response. Despite multiple opportunities, neither of the Respondents has filed their response.
3. The issue that arises for consideration before us is whether the application under Section 7 of the Code filed by the R1 as Financial Creditor against R2 as Corporate Debtor, has been initiated fraudulently or with malicious intent for a purpose other than the resolution of insolvency, to attract the provisions of Section 65 of the Code and warrant imposition of appropriate penalty. For invoking Section 65, two essential conditions are required to be satisfied:
 - (i) that the Corporate Insolvency Resolution Process or liquidation proceedings have been initiated; and
 - (ii) Such initiation should have been made with a fraudulent or malicious intention, i.e. for purposes other than insolvency resolution or liquidation of the corporate debtor.
4. The R1 had filed an application under Section 7 of the Code seeking initiation of the Corporate Insolvency Resolution Process ("**CIRP**") against the R2. For this purpose, R1 relied on the Loan Agreement dated 30.05.2020, and its own Ledger Account and Financial Statements for the FY 2019-20, 2020-21, 2021-22.

5. The primary document relied upon by R1 was the Loan Agreement dated 30.05.2020, wherein it is recorded that financial assistance was extended to R2 from time to time to meet its business commitments, with the understanding that such amounts would be repaid within 90 days from the end of each financial year along with interest at 12% per annum. The agreement further records an alleged outstanding amount of Rs. 4,79,63,303 as on 31.03.2020, along with a calculation sheet claiming a further sum of Rs. 2,09,09,372 as interest, thereby aggregating the total claim to Rs. 6,88,72,675.
6. On the perusal of the aforesaid Loan Agreement, it was observed that it did not disclose any particulars regarding the mode or manner of disbursement, bank account details, cheque numbers or any identifiable transaction trail. No supporting financial records or bank statements were produced to substantiate the actual transfer of funds.
7. The absence of any material evidence of disbursement of the alleged loan strikes at the root of the transaction, as the existence of a financial debt cannot be established merely on the basis of a written agreement without proof of actual flow of funds from the creditor to the debtor.
8. Further, the stamp paper used for the execution of the Loan Agreement was purchased on 20.06.2017, whereas the agreement itself is dated 30.05.2020, and no explanation has been provided for this anomaly, thereby casting serious doubt on the authenticity and contemporaneity of the document.
9. The Balance Sheet of the R1 for the year ending 31.03.2021 also did not reflect the alleged loan transaction. Although the subsequent Balance Sheet for 31.03.2022 recorded an unsecured loan, no corresponding interest income had been disclosed in either the Balance Sheet or the Profit and Loss Account for the relevant period.

10. On examining the records available on the MCA portal, it is seen that R1 and R2 share a common registered office address (11-1, CIEE, Gandhi Nagar, Balanagar, Hyderabad) and have a common Director Mr. Ashok Adityan. The existence of such a close nexus between the parties, coupled with the absence of credible financial documentation, indicated that the transaction was not an arm's length arrangement but one lacking independence and commercial genuineness.
11. The Hon'ble Supreme Court in **Swiss Ribbons Pvt. Ltd. v. Union of India**¹ has categorically held that the Code is intended for the resolution of insolvency and not as a substitute for recovery proceedings, and that safeguards such as Section 65 are incorporated to prevent misuse of the insolvency framework.
12. Further, in **Phoenix ARC Pvt. Ltd. v. Spade Financial Services Ltd**², it has been emphasised that the Adjudicating Authority is required to examine the real nature of transactions to ensure that the provisions of the Code are not invoked for ulterior purposes under the guise of financial debt.
13. Applying the aforesaid principles to the facts of the present case, the absence of disbursement, anomalies in documentation, lack of financial disclosure, and the close relationship between the parties, it is an inescapable conclusion that the proceedings were initiated for purposes other than insolvency resolution or liquidation of the corporate debtor.
14. The conduct of the parties, viewed in its totality, clearly demonstrates the collusive nature of the transaction and squarely attracts Section 65 of the Code, as the attempt for initiation of CIRP appears to be a deliberate one to misuse the insolvency process and abuse the

¹ (2019) ibclaw.in 03 SC

² (2021) ibclaw.in 03 SC

jurisdiction of this Tribunal, with an objective that was certainly no Insolvency Resolution.

15. The collusive nature of the present Company petition is further evident from the conduct of Respondent No. 2, as reflected in the vague and non-specific objections raised in its counter, coupled with its non-participation in the proceedings.
16. Accordingly, in exercise of powers under Section 65(1) of the Insolvency and Bankruptcy Code, 2016, a penalty of Rs. 25,00,000/- (Rupees Twenty-Five Lakhs only) each is imposed upon R1 and R2, which shall be paid within a period of 30 days from the date of this order, failing which appropriate steps shall be taken for recovery in accordance with law.

Sd/-

SANJAY PURI
MEMBER (TECHNICAL)

Sd/-

RAJEEV BHARDWAJ
MEMBER (JUDICIAL)