

NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH
COURT VI

Item No. P1.

C.P. (IB)/721(MB)2025

CORAM:

SHRI SAMEER KAKAR
HON'BLE MEMBER (TECHNICAL)

SHRI NILESH SHARMA
HON'BLE MEMBER (JUDICIAL)

ORDER SHEET OF HEARING (HYBRID) DATED 30.06.2026

NAME OF THE PARTIES IN: **IIFL Home Finance Limited**
Vs.
M/S. J-Seventy-One Properties
And Pictures Pvt. Ltd.

Section 7 of IBC

ORDER

1. The case is fixed for pronouncement of the order. The order is pronounced in the open court, *vide* separate order. Detailed order is being uploaded on the NCLT portal today.

Sd/-

NILESH SHARMA
MEMBER (JUDICIAL)
(frk)

Sd/-

SAMEER KAKAR
MEMBER (TECHNICAL)

IN THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH-VI

C.P. (IB)/721/MB/2025

*[Under Section 7 of the Insolvency and Bankruptcy Code,
2016 r/w Rule 4 of the Insolvency and Bankruptcy
(Application to Adjudicating Authority) Rules, 2016]*

IIFL Home Finance Limited (IIFL)

(formerly known as India Infoline Housing Finance Limited)

Having branch office (Pune), 1st Floor,
Sapphire Classic Complex, Chaphakar
Chowk, Chinchwad Goan, above Chandu Kaka,
Jewelers Pvt. Pune - 411033 and also at plot
No. 98, Udyog Vihar Phase IV, Sector 18, Gurgaon,
Haryana 122016 and also at IIFL House,
Sun Infortech Park, Road No. 16V, Plot No. B-23,
MIDC, Thane Industrial Area, Wagle Estate, Thane

...Financial Creditor

V/s

M/s. J-Seventy-One Properties and Pictures Pvt. Ltd.,

Having its registered office at B/104 1st Floor,
Shiv shivam Tower, Adarsh Nagar New Link Road,
Oshiwara, Jogeshwari West,
Mumbai, Maharashtra, India - 400102.

...Corporate Debtor

Pronounced: 30.06.2026

CORAM:

HON'BLE SHRI NILESH SHARMA, MEMBER (JUDICIAL)

HON'BLE SHRI SAMEER KAKAR, MEMBER (TECHNICAL)

Appearances: Hybrid

For Applicant: Adv. Mr. Aayush Kothari a/w Adv. Mr. Nikhil Rajani & Adv. Ms.

Mrunalini Deshpande i/b M/s v. Deshpande & Co.

For Respondent: Ex-Parte

ORDER

[PER: CORAM]

1. BACKGROUND

1.1. This is an Application filed under Section 7 of Insolvency and Bankruptcy Code, 2016 by **IIFL Home Finance Limited (IIFL)**(formerly known as **India Infoline Housing Finance Limited**), (hereinafter referred to as “the Financial Creditor”) against **M/s. J-Seventy-One Properties and Pictures Pvt. Ltd.**, (hereinafter referred to as “the Corporate Debtor”) seeking commencement of CIRP, appointment of IRP and declaration of moratorium upon the Respondent.

1.2. Perusal of the Part I of the Application reveals that the Applicant is **IIFL Home Finance Limited (IIFL)**(formerly known as **India Infoline Housing Finance Limited**), (hereinafter referred to as “the Financial Creditor”) “Having branch office (Pune), 1st Floor, Sapphire Classic

Complex, Chaphakar Chowk, Chinchwad Goan, above Chandu Kaka, Jewelers Pvt. Pune - 411033 and also at plot No. 98, Udyog Vihar Phase IV, Sector 18, Gurgaon, Haryana 122016 and also at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane, through its Authorised Officer **Mr. Anil Sahu, Zonal Manager Legal** of the Applicant, having office at Sun Infotech Park, Wagle industrial Estate, Road No. 16V, Thane, duly authorised in this regard.

1.3. Part II of the application reveals that the Corporate Debtor is one **M/s. J-Seventy-One Properties and Pictures Pvt. Ltd.** The Corporate Debtor is registered under CIN: U92110MH2003PTC142821 and was incorporated on 22.10.2003. The registered office of the Corporate Debtor is located at B/104 1st Floor, Shiv shivam Tower, Adarsh Nagar New Link Road, Oshiwara, Jogeshwari West, Mumbai, Maharashtra, India - 400102.

1.4. Perusal of the Part III reveals that the Applicant has named **Mr. Kamal Agarwal**, 487/27, School Road Near Peeragarhi Metro Station, New Delhi, National Capital Territory of Delhi, 110087 **Email ID: advocate.kamal.aggl@gmail.com** having IP Registration No **IBBI/IPA-001/IP-P00868/2017-2018/11466** as the proposed IRP. The proposed IRP has given his consent in Form No. 2, which is appended at Page No. 11 to 15. The AFA of the proposed IRP is valid till 30.06.2027.

1.5. As per Part IV of the Application, the amount claimed to be in default is Rs. 2,41,98,073.44 / - (Two Crore Forty-One Lack Ninety-Eight Thousand Seventy-Three Rupee and Forty-Four Paisa)

1.6. The date of default is **06.04.2021** as mentioned in Part IV of the Application.

2. CONTENTIONS OF APPLICANT (FC)

2.1. It is stated that the Corporate Debtor along with other Co-Applicants was initially sanctioned various limits by IIFL Home Finance Limited (IIFL) on 30.03.2017, under various letters of arrangements and sanction letters. Corporate Debtor a/w other Co-Applicants once again approached the Petitioner for Top up loan, which was granted by the petitioner on 23.10.2020 and 30.04.2021.

2.2. It is stated that subsequently, the credit facilities sanctioned to the corporate debtor fail to adhere the terms and conditions set forth in the sanction letters. Default firstly occurred on 06.04.2021.

2.3. It is stated that this Financial Creditor declared the account of Corporate Debtor as NPA. Pursuant to the account being declared as NPA, the Petitioner initiated the action under SARFAESI Act, 2002. The Financial Creditor *vide* its notice under Section 13(2) of SARFAESI Act, 2002 called upon the Corporate Debtor to pay the dues as on 12.04.2021.

2.4. It is stated that Financial Creditor issued a 30 days Public Auction/Sale Notice on 22.06.2023 putting both the assets on e-auction. The Financial Creditor filed an Application under Section 14 of SARFAESI Act, before

the Ld. CMM Mumbai, seeking physical possession of the mortgaged property, which was allowed on 26.10.2023

2.5. It is stated that the Corporate Debtor along with three others viz. Midcity Heights, Mr. Amarjeet Jitendra Shukla, Mrs. Rita Jitendra Shukla as Applicant/Co-Applicants approached the Financial Creditor with a request for sanction of Home Equity Balance Transfer Loan Facility.

2.6. It is stated that the in March, 2017, at the request of the Corporate Debtor and the Co-Applicants, Financial Creditor granted a loan of Rs. 3,41,00,000/- under its sanction letter issued on 30.03.2017 vide Loan Account/Prospect Number 784052 upon the terms and conditions therein mentioned and which were duly acknowledged by the Corporate Debtor and other Applicants/Co-Applicants.

2.7. It is stated that the repayment of the said aggregate loan amount of Rs. 3,41,00,000/- was to be repaid in 180 EMI of Rs.3,98,353/-. The last of EMI was due for payment on 28.02.2032, which is yet to be due for payment and the Corporate Debtor has an option either to pay the same in the 180 EMI as per the terms of sanction or before 28.02.2032 when the last instalment, which is yet due for payment.

2.8. It is stated that the in October, 2020, the Corporate Debtor along with other Co-Applicants has also been granted with loan of Rs. 64,38,500/- by the Financial Creditor under its sanction letter dated 23.10.2020 vide Loan Account/Prospect Number 940755 upon the terms and conditions therein mentioned and which were duly acknowledged by the Corporate Debtor and other Applicants/Co-Applicants.

- 2.9. It is stated that the repayment of the said loan amount of Rs. 64,38,500/- was to be repaid in 36 EMI of Rs. 2,20,053/-. The last of such EMI was due for payment on 24.10.2023.
- 2.10. It is stated that the in April, 2021, the Corporate Debtor along with Co-Applicants has also been granted loan of Rs. 36,00,000/- by the Financial Creditor under its Sanction Letter dated 30.04.2021 vide Loan Account/Prospect Number 952173 upon the terms and conditions therein mentioned and which were duly acknowledged by the Corporate Debtor and other Applicants/Co-Applicants.
- 2.11. The repayment of all the three loan facilities has been secured by mortgage of following properties:
- a. Flat No. B-104, 1st Floor, Shiv Shivam Oshiwara Adarsh Co-operative Housing Society Limited, Plot No. 01 to 180, Survey No. 41(Pt) and City Survey No.1 (Pt), Adarsh Nagar No.1, New Link Road, Village Oshiwara,,Jogeshwari (W), Mumbai 400102 which is subsequently sold under the provisions of SARFAESI Act, 2002 on 05.07.2024.
 - b. Flat No. 20/34, 3rd Floor, Building No. 20, Silversand Co-operative Housing Society Limited, Hig Complex, Babasaheb Devas Marg, New Infinity Mall, New Link Road, Opp. Raheja Classic Tower, Versova, Jogeshwari West, Mumbai 400102 which is subsequently sold under the provisions of SARFAESI Act, 2002 on 26.03.2024.
- Details of disbursement in respect of aforesaid facilities is as per Statement of Accounts of the Applicant / Financial Creditor annexed below.

- 2.12. It is stated that the amount of default under the said facilities firstly occurred on 06.04.2021 when the Financial Creditor had proceeded to classify the accounts of the Corporate Debtor and others under the aforesaid Home Loan facility availed, as Non-Performing Assets.
- 2.13. It is stated that the in furtherance to the classification of the account as Non-Performing Assets, the Financial Creditor, by invoking provisions of SARFAESI Act, 2002, by its notice dated 12.04.2021 issued under Section 13(2) of the said Act, called upon the Corporate Debtor and other Co-Applicants to pay sum of Rs. 69,70,618/- due and payable as on 07.04.2021 in respect of Loan Account / Prospect No. 940755 and Rs. 3,72,50,666/- due and payable as on 07.04.2021 in respect of Loan Account/Prospect No. 784052 along with further interest thereon at the contractual rate till payment and or realization within the period stipulated there under.
- 2.14. It is stated that the Corporate Debtor and three other Co-Applicants have however failed to comply with the demand as made under the aforesaid 13(2) Notice issued under the provisions of SARFAESI Act, 2002 within the period stipulated there under.
- 2.15. It is stated that despite receiving the said Demand Notice dated 12.04.2021, the Corporate Debtor failed to either make payment or provide a reply. Consequently, the Financial Creditor proceeded to issue a notice dated 11.04.2023 under Section 13(4) of the SARFAESI Act, procuring symbolic possession of the aforesaid mortgaged properties.

- 2.16. It is stated that further the Financial Creditor issued a 30 days' Public Auction/Sale Notice on 22.06.2023 putting both the secured assets on E-Auction.
- 2.17. It is stated that the subsequently, the Financial Creditor filed an application under Section 14 of the SARFAESI Act before the Ld. Chief Metropolitan Magistrate, at Esplanade, Mumbai seeking physical possession of the mortgaged property and authorization for its sale to recover the dues. An order dated 26.10.2023 was secured in favor of the Financial Creditor, authorizing the same.
- 2.18. It is stated that further the Financial Creditor issued a 15-days E Auction/Sale Notice on 27.02.2024 for selling the aforesaid secured assets in E-Auction. The said sale was successfully concluded on 26.03.2024 w.r.t Flat No, 20/34, 3rd Floor, Building No. 20, Silvers and Cooperative Housing Society Limited, HIG Complex, Babasaheb Devas Marg, New Infinity Mall, New Link Road, Opp. Raheja Classic Tower, Versova, Jogeshwari West, Mumbai 400102 on 26.03.2024. Thereafter Sale Certificate was also issued to the prospective successful bidder on 07.05.2024.
- 2.19. It is stated that further, the Financial Creditor issued a 15-days E-Auction/Sale Notice on 10.06.2024 for selling the remaining secured asset i.e. Flat No. B-104 1st Floor Shiv Shivam Oshiwara Adarsh Co-operative Housing Society Limited, plot No. 01 to 180, Survey No. 41(Pt) and City Survey No. 1(Pt), Adarsh Nagar No. 1 New Link Road, Village Oshiwara, Jogeshwari (W), Mumbai 400102. The said sale was

concluded on 05.07.2024. Subsequently Sale Certificate was issued to the successful bidder on 19.09.2024.

- 2.20. It is stated that despite aforesaid and as a default continued, the Financial Creditor vide its Legal Notice dated 13.02.2025 called upon the Corporate Debtor and three other Co-Applicants to pay jointly and or severally to the Financial Creditor an aggregate amount of Rs. 2,34,29,349.77/- due and payable as on 13.02.2025 as mentioned in the said notice and further interest and penal interest compounded monthly account wise, dates mentioned in the notice till payment and or realization.
- 2.21. It is stated that the default further arose when despite receipt of Legal Notice dated 13.02.2025, the Corporate Debtor and three other Co-Applicants continued to fail and neglected to pay the amount recalled.
- 2.22. It is stated that the repayment of the loan facility under the Loan Prospect No. 784052 is yet remains due for full payments as per the amortization schedule given and the last of such EMI will fall due for payment on 28.02.2032.
- 2.23. It is stated that the repayment of the loan facility under the Loan Prospect No. 940755 is yet remains to be due for full payments as per the amortization schedule given and the last of such EMI has fallen due for payment on 24.10.2023 and claim of the Financial Creditor is therefore well within the period of limitation.
- 2.24. It is stated that further, the repayment of the loan facility under the Loan Prospect No. 952173 is yet remains to be due for full payments as per the amortization schedule given and the last of such EMI has fallen due for

payment on and claim of the financial creditor is, therefore, well within the period of limitation.

2.25. The date of default is otherwise continuing default under both the facilities.

The working for computation of outstanding amount as on 29.05.2025 under the aforesaid Facilities is as follows: -

Limits	Account number	Balance Outstanding as on 29.05.2025
Home loan	784052	Rs. 1,53,61,647.97/-
	940755	Rs.67,68,808.60/-
	952173	Rs.20,67,616.93/-
Total		Rs.2,41,98,073.44/-

Total outstanding: Rs.2,41,98,073.44/- (Two Crore Forty One Lakh Ninety Eight Thousand Seventy Three Rupees and Forty Four Paisa)

Foreclosure letters dated 29.05.2025 in respect of each of the aforesaid facilities are annexed and marked as **Exhibit "B" (Colly)**.

3. The Applicant has relied upon the following documents:

- i. Copy of the Power of Attorney / Resolution dated 22.02.2024.
- ii. Copy of the statement of Account / Foreclosure letter dated 29.05.2025 in respect of said facility.
- iii. Copy of the Sanction letter dated 30.03.2017 in respect of prospect No.78405.
- iv. Copy of the Loan Agreement dated 30.03.2017 in respect of prospect No. 784052 for Rs. 3,41,00,000.

- v. Copy of the Declaration dated 30.03.2017.
- vi. Copy of the Demand promissory Note dated 30.03.2017.
- vii. Copy of the End Use Letter dated 30.03.2017.
- viii. Copy of the Cheque Submission form dated 30.03.2017
- ix. Copy of the Disbursal Request form dated 30.03.2017
- x. Copy of the Letter of Continuity dated 30.03.2017.
- xi. Copy of the Loan Agreement dated 24.10.2020 in respect of prospect No. 940755 for Rs. 64,38,500/-.
- xii. Copy of the Declaration dated 24.10.2020.
- xiii. Copy of the Demand promissory Note dated 24.10.2020.
- xiv. Copy of the End Use Letter dated 24.10.2020.
- xv. Copy of the Cheque Submission form dated 24.10.2020.
- xvi. Copy of the Disbursal Request Form dated 24.10.2020.
- xvii. Copy of the Letter of Continuity dated 24.10.2020.
- xviii. Copy of the Declaration Cum Undertaking by Borrower dated 24.10.2020
- xix. Copy of the Declaration Cum Undertaking by Borrower dated 24.10.2020.
- xx. Copy of the 13(2) Notice dated 12.04.2021.
- xxi. Copy of the legal Notice dated 13.02.2025.

4. ADDITIONAL AFFIDAVIT (FC) dated 20.11.2025

4.1. Additional Affidavit dated 20.11.2025 was filed by the Applicant through Mr Vinod Sonajkar, who is stated to be a Sr. Manager & Authorised officer of the Applicant.

4.2. It is stated that the Applicant has filed the above company petition ("the petition") in its capacity as a Financial creditor of the Corporate Debtor under section 7 of the Insolvency and Bankruptcy Code 2016, seeking initiation of the Corporate Insolvency Resolution Process in respect of the Respondent.

4.3. It is stated that the present Additional Affidavit is in compliance of the order dated 29.10.2025 passed by this Tribunal and for the limited purpose of placing the Loan Agreement and the CERSAI Report on record, which were, though referred to in the Petition, but inadvertently remained to be annexed.

4.4. It is stated that pursuant to order dated 29.10.2025, this Bench has directed the Financial Creditor to place on record –

A) Loan agreement in respect of loan account no.952173.

B) CERSAI registration in respect of charges created in favour of the Applicant.

4.5. It is stated that the Financial Creditor had granted, sanctioned and disbursed to the Corporate Debtor loan of Rs. 36,00,000/- under its sanction Letter dated 30.04.2021. In consideration of sanctioning the said loan, the Corporate Debtor and the other Co-Applicants had executed a Loan Agreement in respect of Loan Account Prospect Number 952173.

Annexed and marked as Exhibit 'A' is the copy of the Loan agreement in respect of loan account no. 952173.

4.6. It is stated that the aforesaid Loan was secured by mortgage of rights, title and interest of the Corporate Debtor in the immovable property viz: (i) Flat

No. B-104, 1st Floor, Shiv Shivam Oshiwara Adarsh Co-Operative Housing Society Limited, Plot No.01 to 180, Survey No. 41(Pt) and City Survey No. 1(Pt), Adarsh Nagar No.1, New Link Road, Village Oshiwara, Jogeshwari (W), Mumbai 400102, which is sold under the provisions of SARFAESI Act, 2002 on 05.07.2024 and (ii) Flat No. 20/34, 3rd Floor, Building No. 20, Silversand Co-operative Housing Society Limited, Hig Complex, Babasaheb Devas Marg, New Infinity Mall, New Link Road, Opp. Raheja Classic Tower, Versova, Jogeshwari West, Mumbai 400102, which is sold under the provisions of SARFAESI Act, 2002 on 26.03.2024.

4.7. It is stated that upon creation of the mortgage, the Petitioner had registered its charge with Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI). **Annexed and marked as Exhibit 'B' is the copy of the certificate issued by CERSAI evidencing registration of charge of the Petitioner in respect of the aforesaid mortgaged property.**

4.8. Ld. Counsel for the Applicant attached the copy of the loan agreement for prospect no. 952173 in **exhibit-A**.

4.9. Ld. Counsel for the Applicant attached the copy of the CERSAI Registration in **exhibit-B**.

5. ADDITIONAL AFFIDAVIT (FC) dated 13.03.2026

5.1. Additional Affidavit dated 13.03.2025 was filed by the Applicant through Mr. Rashmi Smit Divekar, who is stated to be an authorized officer of the Applicant.

5.2. It is stated that the Applicant has filed the above Company Petition ("the petition") in its Capacity as a Financial Creditor of the Corporate Debtor under Section 7 of the Insolvency and Bankruptcy Code 2016, seeking initiation of the Corporate Insolvency Resolution Process of the Respondent.

5.3. It is stated that I am filing the present Additional Affidavit in compliance of the order dated 19.02.2026 passed by this Hon'ble Tribunal and for the limited purpose of clarifying the disbursement of monies to the Corporate Debtor on 30.04.2027 and 05.05.2021 i.e. after issuing notice U/s. 13(2) on 12.04.2021 and as to when the said disbursement / Loan has been recalled.

5.4. It is stated that in view of Covid-19 pandemic, the operations of the Corporate Debtor were severely impacted and it was looking for some reliefs by way of an extension and grant of additional loan amount. Accordingly, the Corporate Debtor made an application for grant of an additional Loan Facility to meet the temporary liquidity mismatch arising from the pandemic.

5.5. It is stated that relying upon the representation made and as per the then prevailing policy, since the application made by the Corporate Debtor was within the policy parameters, the Applicant had granted, sanctioned and disbursed to the Corporate Debtor an additional loan of Rs. 36,00,000/- vide its sanction Letter dated 30.04.2021. In consideration of sanctioning the additional loan, the corporate Debtor and the other Co-Applicants had executed a Top-Up Loan Agreement bearing Loan Account Prospect

Number 952173. Annexed and marked as Exhibit 'A' is the copy of the Loan agreement in respect of loan account no. 952173.

5.6. It is stated that it is in pursuance of the said Top-Up Loan sanctioned by the Applicant qua the relief package to get over the impact of Covid-19 pandemic, the Applicant had disbursed the said Top-Up Loan in various tranches commencing from 30.04.2021.

5.7. It is stated that even after granting relief package, since the Corporate Debtor had committed default, the Applicant vide its Advocate's notice dated 13.02.2025 (Exhibit 'U' to the Petition) called upon the Corporate Debtor to repay the outstanding amounts payable under all the loan facilities including the Top-Up Loan.

5.8. Ld. Counsel for the Applicant attached the copy of the loan agreement in respect of the loan account no. 952173 in **exhibit-A**.

6. REPLY BY CORPORATE DEBTOR

6.1. Notice was issued to the Corporate Debtor by this Tribunal *vide* order dated 31.07.2025.

6.2. Interim order dated 25.08.2025 records as under: -

- i. The Applicant filed the affidavit of service dated 21.08.2025, along with which proof of email service dated 07.08.2025 has been attached on page no. 3.*
- ii. The notice along with a copy of the application has also been couriered to the Respondent, which has been delivered on 08.08.2025. The proof of which is attached at page no. 6. As such service upon the Respondent is complete.*

- iii. *None appears on behalf of the Respondent and there is no Vakalatnama filed on behalf of the Respondent.*
- iv. *In the interest of justice, a last opportunity was given to the Respondent to file its reply within a period of 7 days, failing which appropriate order will be passed.*

6.3. This Tribunal *vide* interim order dated 15.09.2025 records as under: -

- i. *That the service upon the Respondent complete and no one appeared on behalf of the Respondent on the said date and that in the interest of justice last opportunity was given to the Respondent to file its reply within a period of 7 days.*
- ii. *Today again no one has appeared on behalf of the Respondent and we have noticed from the order file that the Respondent has never appeared before this Bench in this matter since very beginning.*
- iii. *Considering that IBC proceedings are time bound proceedings and adequate time has been given to the Respondent, however, despite notice the Respondent has failed to file its reply or to appear.*
- iv. *In view of the above and as there is no reply or Vakalatnama reflecting on the DMS we set the Respondent as **ex-parte**.*
- v. *We direct the Applicant to file brief synopsis of his arguments within a period of 10 days from the date of this order.*

6.4. The CD never appeared, hence, *vide* Order dated 15.09.2025, the CD was set *ex-parte*.

7. WRITTEN SUBMISSIONS BY FINANCIAL CREDITOR

7.1. The Financial Creditor has reiterated the facts in the Written Submissions.

For the sake of brevity, the same are not repeated here.

8. ANALYSIS AND FINDINGS

8.1. We have perused the documents as placed before us and have heard the

Ld. Counsel for the Applicant. Our findings in the matter are as under:-

- i. Respondent herein has been set *ex-parte* vide an order 15.09.2025. Registry reports that no application has been received by them seeking recall of the said order. Perusal of the DMS reveals that no vakalatnama/reply or application seeking recall of the order dated 15.09.2025 has been filed by the respondent.
- ii. Applicant has filed this Application for claiming a financial debt of Rs. 2,41,98,073.44/-. Applicant has placed before us various documents evidencing that the said amounts were disbursed as loans and the respondent herein was a co-applicant.
- iii. The date of default has been mentioned as 06.04.2021 and as such this Application was filed within the limitation period considering that only through the recall notice dated 13.02.2025, the said loans were recalled and that the respondent failed to repay the loans.

iv. It is also seen that the applicant herein has sold some of the properties under the SARFAESI Act, which were held as security for the various loans.

8.2. It is observed that the Applicant had sanctioned various limits amounting to Rs. 3.41 crores to the Corporate Debtor on 30.03.2017 Vide Loan Account/ Prospect Number 784052 under various letters of arrangements and sanction letters. The Corporate Debtor again approached the Applicant for Top -Up loan of Rs. 64,38,500/- which was granted by the Applicant on 23.10.2020 Vide Loan Account/ Prospect Number 940755.

8.3. It is seen that the Corporate Debtor failed to adhere to the terms and conditions as set out in the sanction letter with regard to payment of EMI's i.e., 180 EMI of Rs. 3,98,353/-. Further, it is seen that the Corporate Debtor was granted other loan facilities which the Corporate Debtor failed to repay as per the terms and conditions of the sanction letters. Consequently, the account of the Corporate Debtor was declared as NPA on 06.04.2021.

8.4. Thereafter, the Financial Creditor issued notice dated 12.04.2021 under Section 13(2) of the SARFAESI Act, 2002, thereby calling upon the Corporate Debtor to pay the outstanding dues in respect of the Loan Account / Prospect No. 940755 and Loan Account / Prospect No. 784052. The Corporate Debtor failed to comply with the demand as made by the Applicant within the stipulated period under the Section 13(2) SARFAESI notice.

8.5. On 30.04.2021, another top-up loan of Rs. 36.00 Lakh was granted by the Applicant to the Corporate Debtor vide Loan Account/ Prospect Number 952173. The said loan was granted to the Corporate Debtor as the operations

of the Corporate Debtor had severely affected by the Covid-19 in spite of the fact that earlier loan accounts of the Corporate Debtor had become NPA on 06.04.2021.

- 8.6. Even after getting the pandemic relief package, the Corporate Debtor again defaulted in its repayment obligations in respect of the outstanding loans.
- 8.7. Considering the said defaults, the Financial Creditor issued a Legal Notice dated 13.02.2025 to the Corporate Debtor and other three Co-Applicant to pay jointly or severally to the Corporate Debtor an aggregate amount of Rs. 2,34,29,349.77/- due and payable as on 13.02.2025 and other interest. Despite this notice the Corporate Debtor failed to pay the outstanding dues.
- 8.8. In view of the above, the Applicant has successfully demonstrated the existence of a financial debt, as the transaction involves money borrowed against the payment of interest under section 5(8)(a) of IBC 2016, the occurrence of default, which is way above the threshold as stipulated under Section 4 of the Code, and continuing nature of such default supported by clear documentary evidence.
- 8.9. Further, this Tribunal has relied in the matter of Power Trust (Promoter of Hiranmaye Energy Ltd.) v. Bhuvan Madan, IRP of Hiranmaye Energy Ltd. and Ors. Civil Appeal No(s). 2211/2024 wherein the Hon'ble Supreme Court has *while examining the validity of the admission of the Corporate Debtor to CIRP has laid down as under: -*

B. Validity of CIRP Admission

28. The other aspect on which the Appellant has heavily relied is the acceptance of various sums of money paid by the Corporate Debtor purportedly under the 1st and 2nd restructuring proposals, which according to them amounts to deemed approval of such

proposal. As discussed earlier, such argument flies in the face of the fact that the 2nd Respondent had resolutely maintained and rightly so, that the restructuring proposals were underpinned on pre-implementation conditions which the Corporate Debtor had failed to fulfil. Under such circumstances, receipt of various sums of money would not amount to acceptance of the restructuring proposals, thereby novating the earlier loan agreement. Neither would such part payments constitute full satisfaction of the existing debt so as to render the Section 7 application inadmissible.

29. It has also been vociferously contended that the Corporate Debtor is an ongoing concern and does not lack the ability to repay the debt. It has a subsisting PPA for 25 years with WBSEDCL, and has raised bills of Rs. 906 crore from 01.11.2024 to 31.03.2025. It also has a continuous fuel supply arrangement with Mahanadi Coalfields Ltd. under the SHAKTI scheme and had earned EBIDTA of Rs. 20 crore per month during the CIRP. These facts though attractive at first blush, do not yield either legal or factual justification to rebut the admission of the Section 7 application.

30. On the legal score, one must bear in mind the scope and purpose for which IBC was promulgated. The main objective of its enactment was to create a complete code for easy, prompt and seamless resolution of insolvency process and thereby ensure that the net worth of the Corporate Debtor is not dissipated and the entity is salvaged from corporate death through a viable resolution plan accepted by its CoC. The Code prescribes whenever a Corporate Debtor defaults on a debt that is due and payable, an insolvency process may be initiated. Section 3(12) defines “default” as non payment of a debt which has become due and payable, and includes default in respect of a part or instalment thereof. Such insolvency process may be initiated either by the Corporate Debtor itself, or by its creditors who are classified as financial creditor or operational creditor. “Financial creditor” is defined as any person to whom a financial debt is owed and includes a person to whom such debt has been legally assigned.²⁶ A “financial debt” means a debt along with interest if any, which is disbursed against the consideration for time value of money and includes money borrowed against payment of interest.²⁷ “Operational creditor” is defined as a person to whom an operational debt is owed and includes any person to whom such debt has been legally assigned.²⁸ “Operational debt” is a claim in respect of the provision of goods or services including employment or a debt in respect of payment of dues arising under

any law for the time being in force and payable to the Central or State government, or any local authority.²⁹ 31. In *Swiss Ribbons (P) Ltd. v. Union of India* [(2019) ibclaw.in 03 SC],³⁰ such classification of creditors as financial creditors and operational creditors has been held to be constitutionally valid. The Bench underscored the essential differences between a financial creditor and operational creditor and held that financial creditors were mostly secured creditors like banks and financial institutions who extended finance to enable a Corporate Debtor to set up and/or operate its business. Such credit is extended to a Corporate Debtor under well-defined loan agreements having specified repayment schedules and reserving rights to recall the loan in case of default or restructure the same enabling a Corporate Debtor to tide over unforeseen financial stress. On the contrary, operational creditors are mostly unsecured creditors and their claims are relatable to supply of goods and services in the operation of the business. Ordinarily, operational debts are not based on admitted documents and the possibility of genuine disputes with regard to such debts is much higher compared to financial debts.

32. In light of such classification, the Code makes a distinction in the manner in which an insolvency process may be initiated by a financial creditor under Section 7, IBC in contradistinction to an operational creditor under Section 8 and 9, IBC. Unlike an operational creditor, a financial creditor may trigger an insolvency process under Section 7 in respect of default of any financial debt, whether owed to itself or to any other financial creditor. While the financial creditor may directly file an application under Section 7 setting out the particulars of the financial debt and evidence of default, the operational creditor, on the occurrence of a default, is to first deliver a demand notice of the unpaid debt to a Corporate Debtor and the latter may within 10 days of receipt of such demand notice bring to the notice of the operational creditor the existence of a dispute or record the pendency of a pre-existing suit or arbitration proceeding in respect of such debt. Once a Corporate Debtor demonstrates a dispute regarding the existence of the debt, the insolvency process stands aborted vis-à-vis the operational creditor. But when the financial creditor initiates the insolvency process for the purposes of admission, the Adjudicating Authority is only to ascertain the existence of a default from the records of the information utility or the evidence furnished by the financial creditor within fourteen days from the receipt of such application. At this stage, neither is a Corporate Debtor entitled nor is the Adjudicating Authority required to

examine any dispute regarding the existence of such debt. This significantly reduces the scope of enquiry at the stage of a time-bound admission of an insolvency process by a financial creditor which has been succinctly summed up in Innoventive (supra):

“30..... in the case of a Corporate Debtor who commits a default of a financial debt, the adjudicating authority has merely to see the records of the information utility or other evidence produced by the financial creditor to satisfy itself that a default has occurred. It is of no matter that the debt is disputed so long as the debt is “due” i.e. payable unless interdicted by some law or has not yet become due in the sense that it is payable at some future date. It is only when this is proved to the satisfaction of the adjudicating authority that the adjudicating authority may reject an application and not otherwise.”

33. Reiterating the ratio in Innoventive (supra), this Court in *ES Krishnamurthy v. Bharath Hi-Tech Builders (P) Ltd.* [(2021) ibclaw.in 173 SCJ32 held as follows: “34. The adjudicating authority has clearly acted outside the terms of its jurisdiction under Section 7(5) IBC. The adjudicating authority is empowered only to verify whether a default has occurred or if a default has not occurred. Based upon its decision, the adjudicating authority must then either admit or reject an application, respectively. These are the only two courses of action which are open to the adjudicating authority in accordance with Section 7(5). The adjudicating authority cannot compel a party to the proceedings before it to settle a dispute.”

34. In a similar vein, the Adjudicating Authority is not required to go into the inability of a Corporate Debtor to pay its debt. This is a clear departure from the scheme of winding up envisaged under Section 433(e) of the erstwhile Companies Act, 1956 which required the Adjudicating Authority to come to a finding with regard to the inability of the company to pay the debt and thereby arrive at a requisite satisfaction whether it is just and equitable to wind up the company.

The Code restricts the scope of enquiry for admission of an insolvency process by a financial creditor merely to the existence of default of a debt due and payable and nothing more. The legislative intent behind such prompt and summary intervention is “to ensure revival and continuation of the Corporate Debtor by protecting the Corporate Debtor from its own management and from a corporate death by liquidation.”

35. The Appellant has heavily relied on Vidarbha (supra) to argue that the Adjudicating Authority has ample discretion to apply its mind to relevant factors including the feasibility of initiation of insolvency process notwithstanding the existence of default on a debt due and payable by the Corporate Debtor. In Vidarbha (supra), this Court observed:-

“61. In our view, the Appellate Authority (NCLAT) erred in holding that the adjudicating authority (NCLT) was only required to see whether there had been a debt and the Corporate Debtor had defaulted in making repayment of the debt, and that these two aspects, if satisfied, would trigger the CIRP. The existence of a financial debt and default in payment thereof only gave the financial creditor the right to apply for initiation of CIRP. The adjudicating authority (NCLT) was required to apply its mind to relevant factors including the feasibility of initiation of CIRP, against an electricity generating company operated under statutory control, the impact of MERC’s appeal, pending in this Court, order of Aptel referred to above and the overall financial health and viability of the Corporate Debtor under its existing management.

.....
90. We are clearly of the view that the adjudicating authority (NCLT) as also the Appellate Tribunal (NCLAT) fell in error in holding that once it was found that a debt existed and a Corporate Debtor was in default in payment of the debt there would be no option to the adjudicating authority (NCLT) but to admit the petition under Section 7 IBC.”

36. However, in review, this Court clarified that observations made in Paragraph 90 are restricted to the facts of Vidarbha (supra):-

“6. The elucidation in para 90 and other paragraphs [of the judgment under review] were made in the context of the case at hand. It is well settled that judgments and observations in judgments are not to be read as provisions of statute. Judicial utterances and/or pronouncements are in the setting of the facts of a particular case.”

37. Finally, the apparent dichotomy between Innoventive (supra) and Vidarbha (supra) was set at rest in M. Suresh Kumar Reddy (supra), wherein this Court observed: “14. Thus, it was clarified by the order in review that the decision in Vidarbha Industries was in the setting of facts of the case before this Court. Hence, the decision in Vidarbha Industries cannot be read and understood

as taking a view which is contrary to the view taken in Innoventive Industries and E.S. Krishnamurthy. The view taken in Innoventive Industries still holds good.”

38. In light of the ratio in M. Suresh Kumar Reddy (supra) there is no cavil that the ratio in Innoventive (supra) lays down the correct proposition of law and the observations in Vidarbha (supra) were made in the facts of the case and do not operate as binding precedent.

39. Even otherwise on facts, Vidarbha (supra) does not come to the aid of the Appellant. In Vidarbha (supra), this Court had taken note of an award passed by APTEL in favour of the Corporate Debtor which far exceeded the claim of the financial creditor, and held in the setting of such facts, initiation of CIRP was unwarranted. In the present case, Appellant’s contention regarding Corporate Debtor’s viability is highly dubious. Though the Corporate Debtor strenuously demonstrates its commercial viability, the NCLAT has noted that the extent of outstanding liability as on 02.01.2024 was Rs. 3103.31 crore, which far exceeds the bills raised on WBSEDCL to the tune of Rs 906 crore and EBITDA of Rs. 20 crore per month during the CIRP.

40. For these reasons, we are of the opinion the admission of the Section 7 application was lawful and does not call for interference.”

(emphasis wherever required supplied)

- 8.10. Financial Creditor has also proposed the name of an Insolvency Professional (IP) i.e. **Kamal Agarwal**, having **Registration No. IBB/IPA-001/IP-P00868/2017-2018/11466** as the proposed IRP and as per the Form 2 attached along with the Application, no disciplinary proceedings are going on against the said IRP. Further, this Application is complete as all the required documents have been attached along with the Application. Accordingly, the present Application is fit for admission under Section 7 of the IBC, 2016.
- 8.11. We make it clear that at this stage we have not crystallised the amount as claimed in this Application; the same is left to be collated by the IRP.

ORDER

In view of the aforesaid findings, this Application bearing **C.P. (IB) 721/MB/2025** filed under Section 7 of IBC, 2016, by **IIFL Home Finance Limited (IIFL) (formerly known as India Infoline Housing Finance Limited)**, the Applicant (FC) for initiating CIRP in respect of **M/s. J-Seventy-One Properties and Pictures Pvt. Ltd.**, the Corporate Debtor, is **Admitted**.

We further declare a moratorium under Section 14 of IBC, 2016 with consequential directions as mentioned below:

I. We prohibit:

- a) the institution of suits or continuation of pending suits or proceedings against the Corporate Debtor, including the execution of any judgment, decree, or order in any court of law, tribunal, arbitration panel, or other authority;
- b) transferring, encumbering, alienating, or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein;
- c) any action to foreclose, recover, or enforce any security interest created by the Corporate Debtor in respect of its property, including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, and;

- d) the recovery of any property by an owner or lessor where such property is occupied by or in possession of the Corporate Debtor.
- II. That the supply of essential goods or services to the Corporate Debtor, if continuing, shall not be terminated or suspended or interrupted during the moratorium period.
- III. That the order of moratorium shall have effect from the date of this order till the completion of the CIRP or until this Tribunal approves the resolution plan under Section 31(1) of the IBC or passes an order for the liquidation of the Corporate Debtor under Section 33 thereof, as the case may be.
- IV. That the public announcement of the CIRP shall be made immediately as specified under Section 13 of the IBC read with Regulation 6 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 and other Rules and Regulations made thereunder.
- V. That this Bench hereby appoints, **Mr. Kamal Agarwal**, having **Registration No. IBBI/IPA-001/IP-P00868/2017-2018/11466** and e-mail address advocate.kamal.aggl@gmail.com having valid Authorisation for Assignment up to 30-06-2027 (as per IBBI site) as the IRP to carry out the functions under the IBC.
- VI. That the fee payable to IRP/RP shall be in accordance with such Regulations/Circulars/ Directions as may be issued by the IBBI.
- VII. That during the CIRP Period, the management of the Corporate Debtor shall vest in the IRP or, as the case may be, the RP in terms of Section 17 or Section 25, as the case may be, of the IBC. The officers and managers of the Corporate Debtor are directed to provide all assistance to the IRP

as and when he takes charge of the assets and management of the Corporate Debtor. Coercive steps will follow against them under the provisions of the IBC read with Rule 11 of the NCLT Rules for any violation of law.

VIII. That the IRP/IP shall submit to this Tribunal monthly reports with regard to the progress of the CIRP in respect of the Corporate Debtor.

IX. In exercise of the powers under Rule 11 of the NCLT Rules, 2016, the Financial Creditor is directed to deposit a sum of Rs. **6,00,000/-** (Six Lakh Rupees) with the IRP to meet the initial CIRP cost arising out of issuing public notice and inviting claims, etc. The amount so deposited shall be interim finance and paid back to the Financial Creditor on priority upon the funds becoming available with IRP/RP from the Committee of Creditors (CoC). The expenses incurred by IRP out of this fund are subject to approval by the CoC.

X. A copy of this Order be sent to the Registrar of Companies, Pune Maharashtra, for updating the Master Data of the Corporate Debtor.

XI. The IRP is directed to issue notice of Admission upon all the statutory authorities of Corporate Debtor without Fail

XII. A copy of the Order shall also be forwarded to the IBBI for record and dissemination on their website.

XIII. The Registry is directed to immediately communicate this Order to the Financial Creditor, the Corporate Debtor and the IRP by way of Speed Post, e-mail and WhatsApp.

XIV. It is observed that the Corporate Debtor is a real estate developer.

Accordingly, the Resolution Professional (RP) is directed to display Form A on a flex sheet of reasonable size at a conspicuous place, preferably at the main gate or another prominent location within the premises of the development project, so as to ensure adequate public notice.

XV. **Compliance report of the order by Designated Registrar is to be submitted today.**

Sd/-

NILESH SHARMA
MEMBER (JUDICIAL)
(frk)

Sd/-

SAMEER KAKAR
MEMBER (TECHNICAL)