

IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH

[Through Physical hearing/VC Mode (Hybrid)]

ITEM No.11

**IA. Nos. 356, 583, 586, 587, 689, 720, 735/2024,
161/2025, IA (IBC) (Plan) 03/2025,
929/2025, 163 & 295/2026 in
C.P. (IB) No. 32/BB/2023**

IN THE MATTER OF:

M/s. Religare Finvest Ltd. ... Petitioner

Vs.

M/s. Stelligence Pharmscience Ltd. ... Respondent

Petition under Section 7 of I&B Code, 2016

Order delivered on: 24.04.2026

CORAM:

**SHRI SUNIL KUMAR AGGARWAL
HON'BLE MEMBER (JUDICIAL)**

**SHRI RADHAKRISHNA SREEPADA
HON'BLE MEMBER (TECHNICAL)**

COUNSELS PRESENT:

For the RP : Shri Shashank Nagendran
The RP-in- Person : Shri Naveen Kumar

For the Respondent in
IA.163/2026 : Shri Janak Purohit *for Shri Sandeep Huligol*

For R-18 in IA.720/24 : Ms. Apoorva
For Respondent in
IA.161/2025 : Shri Hari Prasad, (New India Assurance Co. Ltd.)

For Respondents in
IA No.583/2024 : Shri Arjun Ajay
For the IA (Plan) 3/2025 : Shri Biwsajith Dubey

ORDER

IA.No.161/2025 **is dismissed** vide separate order.

IA. No. 583/2024 **is disposed of** vide separate order.

IA.No.356/2024 **is allowed** vide separate order.

I.A. (IBC) (Plan) No.3/2025:

1. It is informed that additional documents has been filed vide dy.no.2036 with compliance of last order requirements and Bank Guarantee has been extended till 29.04.2026, and has already heard arguments. Further submits that there are no objections and fully satisfied with the Plan.
2. List the matter **on 28.05.2026 for Clarification**, if any.

I.A.No.929/2025

1. This application has been filed by Ex-employees of the C.D. It is informed that pleadings are completed.
2. **For hearing, list the case on 28.05.2026.**

I.A.No.163/2026:

1. Ld Counsel for Respondent requested time to file objections. Two weeks is granted to file objections with supply of copy to other side. Another two weeks for Applicant to file rejoinder with direct exchange of copies.
2. **List the case on 28.05.2026.**

I.A.No.295/2026:

1. This application is for recalling order dated 09.12.2025 filed by Applicant.
2. In view of restoration of power supply to the Corporate Debtor upon payment, nothing survives for adjudication. **The Application is accordingly dismissed as infructuous.**

List the case on 28.05.2026.

-Sd/-

**RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)**

-Sd/-

**SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)**

BL

IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU
*(Exercising powers of Adjudicating Authority under
The Insolvency and Bankruptcy Code, 2016)*

I.A. No. 583/2024

in

C.P. (IB) No. 32/BB/2023
*(filed under Section 60 (5), Section 14 and Section 74 of the Insolvency and
Bankruptcy Code, 2016 read with Section 425 of the Companies Act, 2013
and Rule 11 of the NCLT Rules, 2016)*

IN THE MATTER OF:

Mr. Naveen Kumar Jain
Resolution Professional of
M/s Stelligence Pharmscience Pvt. Ltd
F-1, Milap Nagar, Uttam Nagar,
New Delhi - 110059

..... Applicant

Versus

The Chairman, Karnataka State Pollution Control Board
Karnataka State Pollution Control Board
Parisara Bhawana, 1st to 5th Floor, No. 49
Church Street, Bangalore - 560001

.... Respondent No.1

The Member Secretary, Karnataka State Pollution Control Board
Karnataka State Pollution Control Board
Parisara Bhawana, 1st to 5th Floor, No. 49
Church Street, Bangalore - 560001

.... Respondent No.2

The Senior Environmental Officer, Regional Office, Bengaluru South
Karnataka State Pollution Control Board
“Nisarga Bhavana”, 3rd Floor, Thimmaiah Road, 7th ‘D’ Main,
Shivanagar, Bengaluru - 560079

.... Respondent No.3

Mr. Ramachandran Radhakrishnan
B-1/1202, L & T South City Apartments, BG Road,
Arekere Mico Layout, Bannerghatta Road,
Bangalore, Karnataka - 560076

.... Respondent No.4

Mr. Akash Mathur

B1, 101, SNN Raj Etternia,
Silver Country Road, Parapanna Agrahara,
Bangalore - 560068

.... Respondent No.5

IN THE MAIN MATTER OF:

M/s. Religare Finvest Ltd.

Having its registered office at
1407, 14th Floor, Chiranjiv Tower, 43,
Nehru Place, New Delhi – 110019

...Petitioner / Financial Creditor

Versus

M/s. Stellence Pharmscience Pvt. Ltd.

Registered Office at: No.456, 1A & 1B,
Industrial Area, Jigani, Bangalore– 562 106.

... Respondent / Corporate Debtor

Order Delivered on: 24.04.2026

Coram: Shri Sunil Kumar Aggarwal, Hon'ble Member (Judicial)

Shri Radhakrishna Sreepada, Hon'ble Member (Technical)

Counsels Present:

For the Applicant : Shri Shashank Nagendran

For the Respondent : Shri A. Mahesh Choudhary

ORDER

1. This Application has been filed on 24.07.2024 under Section 60 (5), Section 14 and Section 74 of the Insolvency and Bankruptcy Code, 2016 read with Section 425 of the Companies Act, 2013 and Rule 11 of the National Company Law Tribunal Rules, 2016 by Shri **Naveen Kumar Jain** Resolution Professional of M/s. Stellence Pharmscience Pvt. Ltd. ("Corporate Debtor") for the following reliefs:

- a. *Allow the present Application*
- b. *Grant ex-prate-ad-interim Order against to stay the Operations of Order dated 30.01.2024 and Notices dated 21.03.2024, 27.03.2024 and 12.07.2024 and any consequential orders and measures by the Karnataka State Pollution Control Board.*

- c. *Declare Order dated 30.01.2024 and Notices dated 21.03.2024, 27.03.2024 and 12.07.2024 and any consequential orders and measures by the Karnataka State Pollution Control Board as null and void.*
- d. *Direct the Karnataka State Pollution Control Board to allow Operations of the Corporate Debtor in view of the Affidavit submitted by the Managing Director of the Corporate Debtor dated 09.10.2023 until completion of Corporate Insolvency Resolution Process period is completed.*
- e. *Pass necessary penal orders passed against the Respondent No. 1 to 3 in terms of Section 74 (2) of IBC 2016 for knowingly and willfully committing contravention in violation of moratorium imposed by this Hon'ble Adjudicating Authority vide its order dated 06.03.2024 and other provisions of Insolvency and Bankruptcy Code 2016.*
- f. *Direct the Respondent no. 1 to 3 to comply to the moratorium imposed by this Hon'ble Adjudicating Authority vide its order dated 06.03.2024 and not to pass any coercive order / penal order or recovery or any other order or action against the Corporate Debtor and Applicant in view of the same.*
- g. *Pass necessary penal orders passed against the Respondent No. 4 and 5 in terms of Section 72 of IBC 2016 for knowingly and willfully committing omission of this material information/ statement /records relating to the affairs of the corporate debtor from the Applicant.*
- h. *Pass any order such other or further order / order(s) as may be deemed fit and proper in the facts and circumstances of the instant case.*

2. Brief facts of the application are given hereunder:

- a. The Corporate Insolvency Resolution Process ("CIRP") of the Corporate Debtor was initiated by this Authority vide order dated 06.03.2024 in C.P. (IB) No. 32/BB/2023 filed by the Financial Creditor under Section 7 of the Code, 2016. By the said order, moratorium under Section 14 of the Code was declared and the Applicant herein was appointed as the Interim Resolution Professional.
- b. Pursuant thereto, the Applicant made a public announcement on 09.03.2024 in accordance with Regulation 6 of the CIRP Regulations, inviting claims from creditors, with the last date for submission of claims being 20.03.2024.
- c. The Respondent Nos. 1 to 3 are officials of the Karnataka State Pollution Control Board, a statutory body, and Respondent Nos. 4 and 5 are members of the suspended Board of Directors of the Corporate Debtor.
- d. It is stated that prior to initiation of CIRP, the Corporate Debtor had applied for Consent for its Operations, which was refused by the competent authority

vide order dated 30.01.2024, and environmental compensation amounting to **Rs. 13,36,05,000/-** was levied. The Corporate Debtor had also submitted an affidavit dated 09.10.2023 indicating compliance measures, including installation of Effluent Treatment Plant and disposal of treated effluents through approved facilities.

- e. The Applicant submits that after commencement of CIRP and imposition of moratorium on 06.03.2024, Respondent No. 1 issued a notice dated 27.03.2024 proposing directions against the Corporate Debtor, including closure of operations, disconnection of electricity supply, and seizure of the premises. It is further stated that a notice of personal hearing dated 12.07.2024 was issued, followed by communication of a virtual hearing link on 19.07.2024.
 - f. It is the case of the Applicant that despite being informed of the initiation of CIRP and the moratorium imposed under Section 14 of the Code, the Respondents continued proceedings against the Corporate Debtor. The Applicant contends that such actions are in the nature of recovery and enforcement measures and are in violation of the moratorium.
 - g. The Applicant further submits that he participated in the personal hearing and apprised the Respondents about the CIRP and moratorium; however, the Respondents allegedly continued their actions. It is also contended that the proceedings initiated by the Respondents were primarily for recovery of environmental compensation without filing claims in the CIRP process.
 - h. It is further submitted that the actions of the Respondents have adversely affected the functioning of the Corporate Debtor as a going concern, impacted the livelihood of its employees, and diminished the prospects of value maximization during the CIRP period.
3. The Respondents in their statement of objections have contended as under:
- a. The Respondents have denied all the averments, contentions and allegations made by the Applicant and submitted that the present application is

misconceived, not maintainable either in law or on facts, and liable to be dismissed in limine.

- b. The Applicant, by way of the present application, is seeking to challenge the refusal order dated 30.01.2024, notice of proposed directions dated 27.03.2024 and notice of personal hearing dated 12.07.2024, and is in effect seeking permission to operate the industrial unit without a valid consent, which would be in violation of the provisions of the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981.
- c. The Corporate Debtor is categorized as a “**red category**” industry and is mandatorily required to obtain consent to operate. The refusal of consent was issued under the statutory provisions due to non-compliance with environmental norms, and any challenge to such refusal order lies before the Appellate Authority under the relevant provisions of the Water Act and not before this Authority.
- d. The refusal order dated 30.01.2024 was passed prior to the commencement of CIRP on 06.03.2024, and therefore, the same cannot be said to be in violation of the moratorium under Section 14 of the Code. The Respondents contend that no legal proceedings have been initiated post-moratorium, and the actions taken are in exercise of statutory powers to regulate environmental compliance.
- e. The Applicant has attempted to mislead this Authority by suggesting that the refusal order was issued after commencement of CIRP. It is reiterated that without a valid consent to operate, the Corporate Debtor cannot carry on industrial operations, and permitting such operation would be contrary to environmental laws.
- f. The Corporate Debtor has a history of non-compliance, including failure to adhere to conditions of consent, improper handling of effluents, and failure to install required systems such as Zero Liquid Discharge (ZLD).

Environmental compensation amounting to Rs. 13,36,05,000/- was levied on account of such violations.

- g. Despite refusal of consent, the Corporate Debtor continued operations without obtaining valid consent, which is an offence under the Water Act and Air Act. Inspections revealed continued manufacturing activities and non-compliance with statutory requirements.
 - h. The notices dated 27.03.2024 and 12.07.2024 were issued in furtherance of statutory duties to ensure environmental protection and cannot be construed as recovery proceedings or actions barred by moratorium. The Respondents assert that the moratorium under Section 14 does not restrict regulatory or statutory actions undertaken to safeguard public health and environment.
 - i. Moreover, this Authority does not have jurisdiction to set aside or modify orders passed under the Water Act and Air Act, and the Applicant cannot seek shelter under Section 238 of the Code to override environmental laws in the facts of the present case.
 - j. It is therefore prayed that the present application be dismissed as the relief sought by the Applicant to permit operation without valid consent is legally untenable and contrary to statutory provisions governing environmental protection.
4. The applicant has filed a rejoinder rebutting the objections filed by the respondents stating:
- a. The contentions raised by the Respondents have been denied and their reply stated to be misconceived, factually incorrect and filed only to justify actions taken in violation of the moratorium declared under Section 14 of the Code.
 - b. It is submitted that the notices dated 27.03.2024 and 12.07.2024 were issued after commencement of CIRP on 06.03.2024 and, therefore, constitute continuation of proceedings against the Corporate Debtor during the

moratorium period. The Applicant contends that such actions are expressly barred under Section 14(1) (a) and 14(1) (c) of the Code.

- c. The Applicant has further submitted that the Respondents were duly informed about the initiation of CIRP and the moratorium through communications and despite having knowledge of the same, continued with the proceedings, including conducting personal hearing. According to the Applicant, such conduct amounts to willful violation of the moratorium.
 - d. It is contended that the actions of the Respondents, though sought to be justified as regulatory measures, are in substance coercive and recovery-oriented, particularly in relation to environmental compensation, and therefore fall within the scope of prohibition under Section 14 of the Code.
 - e. The Applicant has also submitted that any claim arising out of environmental compensation constitutes a “claim” within the meaning of the Code and ought to have been submitted before the Resolution Professional in accordance with the CIRP Regulations, rather than initiating parallel proceedings.
 - f. It is further contended that this Authority has jurisdiction under Section 60(5) of the Code to adjudicate issues arising out of or in relation to the CIRP, including alleged violation of moratorium, and therefore the objection of the Respondents regarding lack of jurisdiction is untenable.
 - g. The Applicant has reiterated that while regulatory oversight may continue, coercive actions such as closure directions, disconnection of power supply, and seizure of assets during the moratorium period are impermissible and adversely affect the CIRP process and value maximization of the Corporate Debtor.
5. We have heard arguments on behalf of the parties and perused the material on record.
 6. It is not in dispute that the Corporate Debtor was admitted into CIRP vide order dated 06.03.2024, whereby moratorium under Section 14 of the Code, 2016 came

into effect. It is also not in dispute that the refusal of consent to operate dated 30.01.2024 was issued prior to commencement of CIRP.

7. An issue for consideration is whether the actions of the Respondents in issuing notice dated 27.03.2024 proposing coercive directions and notice of personal hearing dated 12.07.2024, are in violation of the moratorium declared under Section 14 of the Code.
8. At the outset, it is pertinent to note that the Hon'ble Supreme Court in *Embassy Property Developments Pvt Ltd v State of Karnataka, (2020) ibclaw.in 12 SC* has held that statutory authorities exercising public law functions are not denuded of their powers merely because CIRP has been initiated, and that NCLT cannot assume the role of appellate authority over decisions taken under special statutes.
9. At the same time, the Hon'ble Supreme Court in *P Mohanraj v Shah Brothers Ispat Pvt Ltd (2021) ibclaw.in 24 SC* has clarified that the moratorium under Section 14 has a wide sweep and prohibits continuation of proceedings which have the effect of enforcing claims or recovering dues against the Corporate Debtor.
10. Further, the Hon'ble Supreme Court in *Innoventive Industries Ltd v ICICI Bank, (2017) ibclaw.in 02 SC* has emphasized that once moratorium is declared, all stakeholders are required to act within the framework of the Code and individual enforcement actions are to be halted.
11. In the present case, the refusal of consent to operate had been issued prior to the initiation of CIRP i.e. 30.01.2024 and therefore cannot appropriately be dealt with by this Authority particularly when there is a challenge mechanism provided in the relevant Environmental Law. It has been discerned that the subsequent notice or personal hearing although made a mention of Environmental Compensation yet were primarily concerned with compliance with the norms of prescribed environmental parameters, given their statement that the CD continued operating despite 'Consent Refusal Order' without meeting the environmental standards.
12. We are of a considered view that a distinction is required to be drawn between:

Regulatory actions undertaken in public interest to ensure environmental

compliance; and **Coercive / enforcement actions** which have the effect of recovery or adversely impact the assets and operations of the Corporate Debtor during CIRP. While the former cannot be completely interdicted in view of the law laid down in *Embassy Property (supra)*, the latter would fall within the mischief of Section 14 of the Code if they have the effect of defeating the CIRP or disturbing the asset base of the Corporate Debtor.

13. In the present case, the material on record indicates that the actions of the Respondents, though traceable to statutory powers, include directions which may result in closure of the Corporate Debtor and cessation of its operations. Such actions during the moratorium period directly impact the CIRP and value maximization process, which is the underlying objective of the Code. But simultaneously a polluting industry cannot be allowed to operate to achieve such objectives.
14. Balancing the competing concerns of environmental regulation and insolvency resolution, therefore, this Authority holds as under:
 - a. The refusal of consent to operate dated 30.01.2024, having been issued prior to commencement of CIRP, is not interfered with.
 - b. The Respondents are at liberty to exercise their regulatory powers under the applicable environmental laws to ensure compliance and safeguard public interest.
 - c. However, during the subsistence of moratorium under Section 14 of the Code, the Respondents shall not take any coercive steps including closure, disconnection of essential services, seizure of assets or any action which would have the effect of disrupting the Corporate Debtor as a going concern or defeating the CIRP process.
 - d. The Corporate Debtor may approach the Respondents for revoking the 'Consent Refusal Order' on their verifying that it has become environmental compliant, which may be positively considered without insisting on payment of Compensation aforesaid. Resolution Professional shall then ensure that the

Corporate Debtor complies with applicable environmental norms and statutory requirements while operating during the CIRP period.

15. In view of the foregoing, the Interlocutory Application No. 583/2024 is **disposed of** in the above terms.

-Sd/-

(RADHAKRISHNA SREEPADA)
MEMBER (TECHNICAL)

-Sd/-

(SUNIL KUMAR AGGARWAL)
MEMBER (JUDICIAL)