IN THE NATIONAL COMPANY LAW TRIBUNAL

ALLAHABAD BENCH, PRAYAGRAJ

IA No.631 of 2025 IN CP (IB) No.152 of 2024

(Application filed under Section 60(5) of the Insolvency and Bankruptcy Code, 2016, read with Rule 11 of NCLT Rules, 2016)

IN THE MATTER OF:

Deepak Kumar Garg

Interim Resolution Professional
For M.S.A. Steel & Alloys Private Limited
Address: 7A, Atma Ram House, Tolstoy Marg,
Barakhambha Road, New Delhi 110001
Email: cirp.msa@gmail.com

..... Applicant/IRP

Versus

Pashimanchal Vidyut Vitran Nigam Limited

Office of The Chief Engineer
Electricity Urban Distribution Division III 16-Tikait Vihar,
Parikarma Marg Muzaffarnagar, Uttar Pradesh 251001
Email: xenucivilline.mzn@pvvnl.org
eeitmrt@pvvnl.org
itdiv.mrt@pvvnl.org

….. Respondent

AND IN THE MATTER OF:

Mr. Shabaj Ali Proprietor of M/s Golden Steel

..... Operational Creditor

Versus

M.S.A. Steel & Alloys Private Limited

.....Corporate Debtor

Pronouncement on: 22.04.2026

Coram:

Mr. Praveen Gupta	:	Member (Judicial)
Mr. Ashish Verma	:	Member (Technical)

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Appearances:

Sh. Krishna Dev Vyas, Adv. : *For the Applicant/IRP*

None : *For the non-applicant/Respondent/PVVNL*

ORDER

1. This present application has been filed on 10.09.2025 under section 60(5) of the Insolvency and Bankruptcy Code, 2016 ("IBC/Code"), read with Rule 11 of the NCLT Rules, 2016 ("NCLT Rules"), by Interim Resolution Professional ("IRP/Applicant") of M.S.A STEEL AND ALLOYS Private Limited ("Corporate Debtor"), seeking inter alia the following reliefs:

> *"A. Direct the Respondent, to provide complete details of the electricity units consumed during the pre-CIRP period and during the CIRP period; and/or*
>
> *(b) Direct the Respondent to duly segregate the electricity charges pertaining to the pre-CIRP period and the during CIRP period, including fixed charges, demand charges, penalties (if any), and*
>
> *other components of the bill; and/or*
>
> *(c) Direct the Respondent to refund the payment made towards electricity dues pertaining to the pre-CIRP period, which was paid during the CIRP period; and/or*
>
> *(d)Restrain the Respondent from disconnecting the electricity connection and from taking any coercive action against the Corporate Debtor during the CIRP Period; and/or*

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(e) Pass such other order/ directions as this Hon'ble Adjudicating Authority may deem fit and proper in the facts and circumstances of the case."

2. The brief background of the case is that Corporate Insolvency Resolution Process (CIRP) has been initiated against the Corporate Debtor vide order dated 18.03.2025, passed by this Tribunal, and Mr. Ankit Agarwal has been appointed as the Interim Resolution Professional (IRP). Subsequently, as stated in the application that upon commencement of the CIRP, the IRP issued a public announcement on 21.03.2025in two newspapers, namely- Financial Express and Jansatta, inviting claims from creditors with the last date of submission being 01.04.2025.

3. As stated in the application, the Respondent No. 1 Pashimanchal Vidyut Vitran Nigam Limited Muzaffarnagar had raised electricity bill for the month of March 2025, amounting to Rs. 88,81,831/- (Rupees Eighty-Eight Lakh Eighty-One Thousand Eight Hundred and Thirty-one) and the same was paid by erstwhile IRP in full on 11.04.2025 and 15.04.2025.

4. The Applicant further avers that as the Corporate Debtor was admitted into the CIRP vide order dated 18.03.2025, passed by this Tribunal, the period from 01.03.2025 to 17.03.2025 falls under the pre-CIRP periods and claim for pre-CIRP dues cannot be unilaterally recovered during CIRP but must be routed through the claim filing mechanism under the Code. Respondent being an

operational creditor is required to file claim for pre-CIRP dues before the IRP as per provision of the IBC and CIRP Regulations.

5. That this tribunal vide its order dated 30.07.2025 appointed Mr. Deepak Kumar Garg, Insolvency Professional having IBBI Reg. No. IBBI/IPA-002/IPN00796/2019 -2020/12560 (Applicant herein) as IRP in place of Mr. Ankit Agrawal.

6. Applicant IRP submits that despite repeated communications, both through letter dated 20.08.2025 and subsequent emails dated 20.08.2025 and 03.09.2025, the Respondent has failed to take any cognizance of the Applicant's requests for providing information relating to segregation of units for Pre-CIRP period and CIRP Period and for refunding the amount paid against the Pre-CIRP dues. The Respondent has neither provided the required information regarding units consumed and segregation of charges, nor refunded the amount pertaining to the pre-CIRP period.

7. Applicant further submits that upon admission of an application for commencement of CIRP, any action towards transferring, encumbering, alienating or disposing off of any assets of the Corporate Debtor or any legal right or beneficial interest therein is prohibited by Section 14 of IBC.

8. In support of his argument, applicant placed reliance upon the judgement of Hon'ble NCLAT in **Uttarakhand Power Corporation Ltd. Vs. M/s Shirdi**

Industries Ltd. & Ors. Company Appeal (AT) (Insolvency) No. 799 of 2024 wherein Hon'ble NCLAT held that any payment made by the Corporate Debtor after the insolvency commencement date cannot be appropriated towards electricity charges which have arisen prior to or became due as on the insolvency commencement date and that such payment, if already made, must be appropriated only towards the dues which become payable during CIRP period on account of availing of services during CIRP period only. Hence, any amount, if paid, by the Corporate Debtor after insolvency commencement date shall only be adjusted against CIRP dues while pre-CIRP dues shall be paid in accordance with the approved resolution plan.

9. Applicant further submits that the Respondent has obligation to provide transparent records of electricity consumption, billing and payment received for the month of March 2025, comprising the period 01.03.2025 to 17.03.2025 i.e. for Pre-CIRP period and 18.03.2025 to 31.03.2025 for the period falling under CIRP which falls under moratorium and is governed in terms of the provision of the Section 14 of the Code. Applicant further submits that any pre-CIRP dues paid to the Respondent during the moratorium period are not permissible under section 14 of IBC and must be refunded to the Corporate Debtor. Payment for pre-CIRP period has to be made as per the provisions of the Code, any deviation from waterfall mechanism under Section 53 for pre-CIRP dues would defeat the

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object of the IBC and result in unlawful preference being given to Respondent over other creditors.

10. Respondent have also filed a counter affidavit vide e-filing no. 0902109011382025 on 20.01.2026 in which respondent Pashimanchal Vidyut Vitran Limited (PVVL) has made following contentions:

a. Respondent PVVL vehemently denies the contents of this application and submits that only on 20.08.2025 respondent came to know about initiation of CIRP and no dues were left to be claimed from Applicant/ Corporate Debtor as on 20.08.2025.

b. Respondent submits that Corporate Debtor continued to use the 3200KW of electricity power and bills were raised accordingly as per law of Electricity Act and electricity Supply Code, 2005.

c. Respondent also submits that electricity dues were paid voluntary by erstwhile IRP namely Ankit Aggarwal to the Respondent and no breach of Section 14 of IBC was made as no Resolution Plan was in existence.

d. Respondent submits that since no payment was received against the bill raised for the month of July 2025 amounting to Rs. 7,68,598/- electricity connection was disconnected as per rules and regulation specified in electricity supply code, 2005.

11. We have heard the Learned Counsel appearing on behalf of the Applicant and Respondent and perused the contents of the present application.

12. The present application primarily seeks direction to the Respondent to segregate the pre-CIRP dues and CIRP period due for the month of March 2025 already

paid by erstwhile RP of Corporate Debtor during CIRP period and to refund the payment towards the electricity dues pertaining to pre-CIRP period.

13. It is observed that this tribunal initiated CIRP of the Corporate Debtor M/s M.S.A Steel and alloys Private Limited and appointed Mr. Ankit Agarwal as interim resolution professional vide order dated 18.03.2025, who was subsequently replaced by Mr. Deepak Kumar Garg vide order dated 30.07.2025 of this tribunal. During the CIRP, erstwhile IRP of Corporate Debtor paid electricity dues amounting to Rs. 88,81,831 for the month of March 2025 in two instalments on 11.04.2025 and 15.04.2025 and a payment acknowledgement for the same was issued by Respondents. Meanwhile, Corporate Debtor made public announcement on 21.03.2025 in two newspapers to invite claims from creditors with last date of submissions being 01.04.2025.

14. It is further noted that the Applicant has sought segregation and refund of pre-CIRP dues i.e. payment made for electricity dues from 1.03.2025 to 17.03.2025 on the following grounds:

i. Creditor cannot unilaterally recover pre-CIRP dues during the CIRP period but must be routed through a claim filing mechanism.

ii. Section 14 of IBC prohibits any action towards transferring, encumbering, alienating or disposing off of any assets of the Corporate Debtor or any legal rights or beneficial interest therein.

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iii. Any amount paid by the Corporate Debtor after insolvency commencement date shall be adjusted against CIRP dues while pre-CIRP due must be paid in accordance with approved resolution plan.

iv. Object of IBC would be defeated if any deviation is made from waterfall mechanism under Section 53 for pre-CIRP dues.

15. It is not in dispute that the dues pertaining to the period 01.03.2025 to 17.03.2025 for the month of March 2025 (17 days) were paid by the Applicant on 11.04.2025 and 15.04.2025. This payment was made after the commencement of CIRP, i.e. 18.03.2025 by the Corporate Debtor. It is trite law that the outstanding dues of the Creditors as on commencement of Corporate Insolvency Date are to be settled in terms of the approved Resolution Plan. Accordingly, the payment of any dues pertaining to that period subsequent to the Insolvency Commencement date prior to approval of Resolution Plan is not permissible.

16. Now coming to the statutory framework of IBC, upon admission of an application for commencement of CIRP, any action towards transferring, encumbering, alienating or disposing off of any assets of the Corporate Debtor or any legal right or beneficial interest therein is prohibited. It may be useful to note the relevant provisions of Section 14 of the IBC relating to the provisions of moratorium which come into force on the commencement of insolvency which reads as under:

*"**14. Moratorium-** (1) Subject to provisions of sub-sections (2) and (3), on the insolvency commencement date, the Adjudicating Authority shall by*

order declare moratorium for prohibiting all of the following, namely: — (a).

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

(c) ..

(d) ..

***Explanation**.—For the purposes of this sub-section, it is hereby clarified that notwithstanding anything contained in any other law for the time being in force, a license, permit, registration, quota, concession, clearances or a similar grant or right given by the Central Government, State Government, local authority, sectoral regulator or any other authority constituted under any other law for the time being in force, shall not be suspended or terminated on the grounds of insolvency, subject to the condition that there is no default in payment of current dues arising for the use or continuation of the license, permit, registration, quota, concession, clearances or a similar grant or right during the moratorium period;*

(2) The supply of essential goods or services to the corporate debtor as may be specified shall not be terminated or suspended or interrupted during moratorium period.

(2-A) Where the interim resolution professional or resolution professional, as the case may be, considers the supply of goods or services critical to protect and preserve the value of the corporate debtor and manage the operations of such corporate debtor as a going concern, then the supply of such goods or services shall not be terminated, suspended or interrupted during the period of moratorium, except where such corporate debtor has not paid dues arising from such supply during the moratorium period or in such circumstances as may be specified;

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(3) .....

(4) The order of moratorium shall have effect from the date of such order till the completion of the corporate insolvency resolution process:"

17. Further, we take note of the decision in the matter of ***Uttarakhand Power Corporation Ltd. Vs. M/s Shirdi Industries Ltd. & Ors. Company Appeal (AT) (Insolvency) No. 799 of 2024*** vide order dated 19.09.2024, wherein it was held as follows:

"16. From a reading of the above provision, it becomes clear that a Corporate Debtor is prohibited from alienating in any manner any of its assets upon declaration of moratorium as the assets of the Corporate Debtor cannot be allowed to be diluted and disintegrated during the CIRP process. That being the case, once moratorium had been declared, it was not open to the Corporate Debtor to appropriate any amount from its account not even to clear pre-CIRP dues as it did not fall within the definition of the "insolvency resolution process costs" as defined under Section 5(13) of the IBC. Therefore, in the present facts of the case even if the electricity dues of the pre-CIRP period had been paid voluntarily by the Corporate Debtor, since the amount was paid after the commencement of the CIRP, Section 14 which provides for moratorium would have come into play and no pre-CIRP payments could have been made out of the assets of the Corporate Debtor during CIRP. Pre-CIRP dues was therefore required to be dealt in the manner provided in the resolution plan i.e. to be recovered in 8 instalments beginning from June 2022 to March 2024. Hence, treatment of the pre-CIRP dues as an asset of the Corporate Debtor, having been paid by the Respondent during May-June 2017 by which time insolvency

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proceedings had already commenced, and appropriation of the same by adjustment against current CIRP dues was a reasonable course of action. If the sum which had been paid voluntarily not been reappropriated towards assets of the Corporate Debtor, it would have amounted to preferential treatment to the Appellant and attracted Section 43 of the IBC vitiating the resolution process."

18. Accordingly, in view of the foregoing facts, circumstances, and judicial precedents, any voluntary payments made after CIRP commencement date by the Corporate Debtor cannot be appropriated towards the pre-CIRP dues outstanding as on such commencement date and the same has to be appropriated towards the dues becoming payable during the CIRP period on account of availment of services during CIRP period only. Hence, the amount, if any, paid by the Corporate debtor after CIRP commencement date shall only be adjusted against the dues payable during CIRP period and the pre-CIRP dues shall be claimed by creditors in prescribed form and manner and to be paid in accordance with the approved Resolution Plan.

19. Accordingly, the Respondents are directed to:

a. To compute the electricity units consumed during the pre-CIRP period i.e. 01.03.2025 to 17.03.2025 and the amounts to be charged against such consumption.

b. File the claim against the charges computed in (a) before IRP.

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c. The payments received by the Respondent from the Applicant against the above charges for the month of the bill of March 2025 is to be adjusted against the subsequent bill to be raised by Respondent during the continuance of CIRP period.

20. With respect to restraining Respondent from disconnecting the electricity connection, Respondent is directed not to cause any disconnection of electricity connection which is critical to protect and preserve the value of the corporate debtor and manage the operations of such corporate debtor as a going concern in terms of Section 14(2A) of IBC, 2016 if payment for electricity dues are made during the ongoing CIRP period.

21. With the above order, the instant **I.A. No.631 of 2025** stands disposed of accordingly, as directed above.

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(Ashish Verma)
Member (Technical)

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(Praveen Gupta)
Member (Judicial)

Date: 22.04.2025