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

ITEM No.302
C.P.(IB)/263(AHM)2026

Under Section 7 of IB Code, 2016

IN THE MATTER OF:

Small Industries Development Bank of India **.....Applicant**
V/s
Darsh Pharmachem Private Limited **.....Respondent**

Order delivered on: 08/10/2026

C O R A M:

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

O R D E R
(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

CP(IB)/263/7/AHM/2026

(An application under Section 7 of the Insolvency and Bankruptcy Code, 2016 read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016)

In the Matter of: Darsh Pharmachem Private Limited

Small Industries Development Bank of India
having its Head Office at:
SIDBI Tower, 15, Ashok Marg,
Lucknow, Uttar Pradesh – 226001
Regional Office at:
Navjeevan Amrit Jayanti Bhavan, 1st Floor,
Behind Gujarat Vidhyapith, Off Ashram Road,
Ahmedabad, Gujarat – 380014.

...Applicant/Financial Creditor

VERSUS

Darsh Pharmachem Private Limited
(CIN: U24309GJ2016PTC091721)
Registered Office at:
Plot No. 632/633, Mahemdabad-Nadiad Highway,
Village Varsola, Taluka Mahemdabad,
Kheda, Gujarat – 387130.

...Respondent/Corporate Debtor

Order Pronounced On: 08.10.2026

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 Applicant/FC : Mr. Harshil Patel, Advocate.
For the Respondent/CD : Mr. Visha Dave Advocate a.w.
Mr. Manoj K. Mishra, Advocate.

O R D E R
Per Bench

1. This Company Petition, registered on 31.08.2026, has been filed by Small Industries Development Bank of India (SIDBI) (hereinafter referred to as the **"**Financial Creditor") against Darsh Pharmachem Private Limited (hereinafter referred to as the "Corporate Debtor") under Section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as the "IBC, 2016") read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, seeking initiation of Corporate Insolvency Resolution Process (CIRP) against the Corporate Debtor on account of default in payment of financial debt amounting to **Rs.1,03,70,394.48ps.** as on 10.08.2026.

2. On perusal of Part-I of Form-1, it is revealed that the Financial Creditor, namely Small Industries Development Bank of India (SIDBI), is a corporation established under the Small Industries Development Bank of India Act, 1989, on 02.04.1990, having PAN AABCS3480N and its Head Office at SIDBI Tower, 15, Ashok Marg, Lucknow, Uttar Pradesh–226001. The Petition has been filed through Mr. Praveen Mithal, Deputy General Manager (Legal), having his office at Navjeevan Amrit Jayanti Bhavan, 1st Floor, Behind Gujarat Vidhyapith, Off Ashram Road, Ahmedabad–380014, who is stated to be authorised under Regulations 10 and 11 of the Small Industries Development Bank of India (General Regulations), 2000

and the applicable delegation of powers which is annexed with the Company Petition as Annexure-III.

3. On perusal of Part-II of Form-1, it is revealed that the Corporate Debtor is Darsh Pharmachem Private Limited, bearing CIN U24309GJ2016PTC091721, incorporated on 28.04.2016, having its registered office at Plot No. 632/633, Mahemdabad-Nadiad Highway, Village Varsola, Taluka Mahemdabad, Kheda, Gujarat–387130. As per the Master Data annexed with the Petition as Annexure-I-A, the authorised share capital of the Corporate Debtor is Rs.5,25,00,000/- and the paid-up share capital is Rs.4,90,00,000/-.

4. On perusal of Part-III of Form-1, it is revealed that the Financial Creditor has proposed Mr. Manish Kumar Bhagat, IP Registration No. IBBI/IPA-001/IP-P00856/2017-2018/11438, as the Interim Resolution Professional (IRP). His written communication dated 30.04.2026 in Form-2 under Rule 9(1) of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 is annexed with the Petition as Annexure-II. His Authorisation for Assignment (AFA) is valid up to 31.12.2026.

5. On perusal of Part-IV of Form-1, it is revealed that the Financial Creditor had sanctioned a Term Loan of Rs.3,00,00,000/- to the Corporate Debtor on 29.12.2021. The amount was disbursed in three tranches, namely Rs.1.94 Crores on 31.12.2021, Rs.56.54 Lakhs on

11.01.2022 and Rs.48.55 Lakhs on 27.01.2022. The Financial Creditor has claimed an amount of Rs.1,03,70,394.48/- as on 10.08.2026 as the amount in default. The date of default is stated to commence from 10.10.2024, on which date the Corporate Debtor committed default in payment of the principal instalments, and the default is stated to be continuing.

6. On perusal of Part-IV and Part-V of Form-1, it is revealed that the Financial Creditor has set out the facts of the case in the Petition in the following manner: -

6.1 It is submitted that the Applicant sanctioned a Term Loan of Rs.3,00,00,000/- to the Corporate Debtor under the Assistance to Re-Energize Capital Investments by SMEs (ARISE) Scheme vide Sanction Letter dated 29.12.2021, for expansion/modernisation and capital expenditure. The facility was Loan Account No. D0003J77.

6.2 The Corporate Debtor accepted the sanction and executed the Agreement for Term Loan-cum-Hypothecation dated 29.12.2021 and the General Conditions Rupee Loan-GC-2014 dated 29.12.2021. The Petition records disbursement of Rs.1.94 Crores on 31.12.2021, Rs.56.54 Lakhs on 11.01.2022 and Rs.48.55 Lakhs on 27.01.2022.

6.3 The loan was repayable in 78 monthly instalments, after a six-month moratorium, with interest payable monthly on the 10th day. The Petition states that

interest was initially 2.15% above Repo Rate, with an effective rate of 6.15% p.a., subsequently reset to 9.40% p.a. from 10.02.2025, besides penal interest of 2.00% p.a. on defaulted amounts.

6.4 The Corporate Debtor was required to repay the instalments and interest in accordance with the loan documents. The Applicant states that the first default occurred on 10.10.2024, when the instalment/interest falling due was not paid, and that the default continued thereafter. The account was classified as NPA on 08.01.2025.

6.5 The subsequent unpaid instalments are reflected in the statement of account, including the dues falling on 10.11.2024, 10.12.2024, 10.01.2025, 10.02.2025 and 10.03.2025, with the default continuing thereafter. Thus, according to the Applicant, the default commencing on 10.10.2024 remained subsisting when the Section 7 Application was filed.

6.6 Upon classification of the account as NPA on 08.01.2025, the Applicant issued a Recall Notice dated 13.03.2025, demanding Rs.2,06,13,827.52 as payable on 10.03.2025 with further interest. Upon non-payment, the lien-marked FDRs of Rs.1,20,06,780/- were liquidated and appropriated towards the outstanding dues on 28.03.2025.

6.7 Thereafter, the Applicant issued a Demand Notice dated 26.09.2025 under Section 13(2) of the SARFAESI Act, 2002, requiring payment of the

remaining outstanding dues. As payment was still not made, a Legal Notice dated 22.06.2026 was issued demanding Rs.1,01,09,555.48 as outstanding on 10.06.2026 and informing the Corporate Debtor of the proposed insolvency proceedings.

6.8 The Applicant states that, as on 10.08.2026, an amount of Rs.1,03,70,394.48/- was due, comprising Rs.80,28,545/- towards principal, Rs.15,67,389/- towards interest, Rs.1,57,256/- towards further interest, Rs.2,90,293/- towards penal interest and Rs.3,26,911.48/- towards costs and charges. The Applicant has claimed the aforesaid amount as outstanding in the Petition.

6.9 The debt is stated to constitute "financial debt" within the meaning of Section 5(8)(a) of the IBC, being money borrowed against payment of interest and disbursed against consideration for the time value of money. The loan was secured principally by hypothecation of the Corporate Debtor's movable project assets, with the charge stated to have been registered with the ROC on 29.12.2021 and with CERSAI on 31.12.2021.

6.10 The Financial Creditor has also filed Form-D being record of debt and default issued on 21.06.2026 by National E-Governance Services Limited ("NeSL") in which total outstanding amount as well as default amount is Rs.94,52,678/- and date of default is recorded as 08.01.2025 with status "Deemed to be

Authenticated" with authentication completed on 21.06.2026. A copy of the same is annexed with the Petition at page 166 as Annexure-I-F.

6.11 The Applicant relies upon Annexures-I-A to I-F, comprising the Corporate Debtor's Master Data, sanction and loan documents, security documents, Recall Notice, SARFAESI Demand Notice, Legal Notice, Statement of Account with Bankers' Books certificate and NeSL Form-D. The subsequent annexures contain the written communication of the proposed IRP, delegation documents, proof of service and intimation to the IBBI, as placed on record.

6.12 In view of the above facts, the Applicant seeks admission of the Section 7 Application and initiation of CIRP against the Corporate Debtor, with appointment of the proposed Interim Resolution Professional.

7. The Financial Creditor has relied upon the following documents: -

(a) Master Data of the Corporate Debtor, annexed as Annexure-I-A.

(b) Letter of Intent/Sanction Letter dated 29.12.2021 for Term Loan of Rs.3,00,00,000/- under the ARISE Scheme, annexed as part of Annexure-I-B (Colly.).

(c) Board Resolution dated 29.12.2021 of the Corporate Debtor accepting the sanctioned financial assistance and authorising execution of the loan documents, annexed as part of Annexure-I-B (Colly.).

(d) Agreement for Term Loan-cum-Hypothecation dated 29.12.2021, Loan Account No. D0003J77, annexed as part of Annexure-I-B (Colly.).

(e) General Conditions Rupee Loan-GC-2014 dated 29.12.2021, annexed as part of Annexure-I-B (Colly.).

(f) Repayment Schedule and Schedule of assets hypothecated under the Term Loan-cum-Hypothecation Agreement, annexed as part of Annexure-I-B (Colly.).

(g) Certificate/record evidencing registration of charge with the Registrar of Companies, annexed as part of Annexure-I-B (Colly.). The Petition states that the charge was registered on 29.12.2021.

(h) CERSAI Certificate/record of registration of charge, annexed as part of Annexure-I-B (Colly.). The Petition states that the charge was registered with CERSAI on 31.12.2021.

(i) Recall Notice dated 13.03.2025, demanding payment of the outstanding loan dues, annexed as part of Annexure-I-C (Colly.).

(j) Demand Notice dated 26.09.2025 issued under Section 13(2) of the SARFAESI Act, 2002, annexed as part of Annexure-I-C (Colly.).

(k) Documents relating to liquidation and appropriation of the lien-marked Fixed Deposit Receipts of Rs.1,20,06,780/- towards the outstanding loan dues on 28.03.2025, annexed with the Petition as part of the supporting record.

(l) Legal Notice dated 22.06.2026 calling upon the Corporate Debtor to pay the remaining outstanding amount, annexed as Annexure-I-D.

(m) Statement of Account of Term Loan Account No. D0003J77, reflecting the outstanding dues and transactions in the loan account, annexed as Annexure-I-E.

(n) Certificate under the Bankers' Books Evidence Act, 1891 accompanying the Statement of Account, annexed as Annexure-I-E.

(o) Record of Financial Information in Form-D dated 21.06.2026 issued by National E-Governance Services Limited (NeSL), annexed as Annexure-I-F.

(p) Written communication dated 30.04.2026 in Form-2 under the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, submitted by the proposed Interim Resolution Professional, Mr. Manish Kumar Bhagat, annexed as Annexure-II.

(q) Letter of Delegation authorising Mr. Praveen Mithal, together with the relevant SIDBI General Regulations, 2000, annexed as Annexure-III.

(r) Proof of service of copy of the Section 7 Application upon the Corporate Debtor by e-mail, annexed as Annexure-IV.

(s) Proof of intimation of the filing of the Application to the Insolvency and Bankruptcy Board of India (IBBI), annexed as Annexure-V.

8. That on issuance of the notice in the Company Petition, the Corporate Debtor has appeared and filed its reply on 11.09.2026 vide inward diary no. D-7733 denying various averments made in the Petition. The contentions of the Corporate Debtor are mentioned hereunder: -

8.1 The Respondent/Corporate Debtor denies the averments of the Petitioner and submits that the Petition is defective, premature and incomplete.

8.2 The Respondent submits that the Petition does not satisfy the minimum default amount of Rs. 1,00,00,000 under Section 4 of the Code. It relies upon the Master Ledger showing Rs. 80,28,545 as principal, Rs. 97,53,190 including interest and the Record of Default showing Rs. 94,52,678.

8.3 The Respondent submits that penal interest and damages cannot form part of financial debt and states that the Petitioner has included penal interest in the amount claimed. The Respondent states that it reserves reliance upon relevant judgments and citations at the time of arguments.

8.4 The Respondent relies upon Clause 3(A)(i) of the Agreement for Term Loan cum Hypothecation dated 29.12.2021 and submits that the interest rate was 6.15% and any reset required 30 days' prior intimation. It disputes the charging of interest at 9.40% without such intimation.

8.5 The Respondent relies upon Clause 20.1(d) and (s) of the Agreement and submits that 30 days' written notice was required before recovery measures. It states that no such notice was issued after the alleged default dated 10.10.2024 and therefore the Section 7 Petition was premature.

8.6 The Respondent disputes the alleged date of default of 10.10.2024 and submits that the Petition does not contain computation or justification establishing such date. It further submits that the Record of Default generated by NeSL records 08.01.2025 as the date of default.

8.7 The Respondent submits that the Record of Default records 28.03.2025 as the date of last repayment, which according to the Respondent is subsequent to both alleged dates of default. On this basis, it

disputes the existence and determination of the alleged default.

8.8 The Respondent submits that the Petition contains inconsistencies concerning the amount of debt, date of default, last repayment, penal interest and the interest rate under the Agreement. It also submits that the NCLT is not a debt recovery forum and disputes the Petition on the ground that it has been filed for recovery.

8.9 The Respondent seeks dismissal of C.P. (IB) No. 263/AHM/2026, costs and such other orders as may be considered appropriate.

9. The Financial Creditor has not filed any rejoinder to contentions raised by the Corporate Debtor in its reply. However, on 16.09.2026 the Financial Creditor filed an additional affidavit of compliance with Order dated 11.09.2026 vide inward diary no. D-7907. The contents of the affidavit of compliance are reproduced as follows: -

9.1 The Applicant/Financial Creditor, Small Industries Development Bank of India, has filed the additional affidavit in compliance with the Order dated 11.09.2026 to place the computation of the amount claimed after adjustment and appropriation of lien-marked FDRs, based on Master Ledger Account No. D0003J77 and the banker's book certificate.

9.2 The Applicant has stated that as on 10.08.2026, the claim comprises principal of Rs. 80,28,545.00,

interest of Rs. 15,67,389.00, further interest of Rs. 1,57,256.00, penal charges of Rs. 2,90,293.00 and costs and expenses of Rs. 3,26,911.48, aggregating to Rs. 1,03,70,394.48.

9.3 The Applicant has referred to Clause 3(A)(i) of the Agreement dated 29.12.2021 and stated that interest was linked to the Repo Rate with monthly rests, with provision for review and reset. It has stated that the rate changed 11 times and was thereafter linked to MCLR with the stated spread and concession.

9.4 The Applicant has placed the month-wise interest entries from 10.01.2025 to 10.08.2026 and stated that interest of Rs. 15,67,389.00 was applied to the unpaid principal or instalments. It has also relied on Clause 3(A)(ii) for further interest on unpaid amounts, stated at Rs. 1,57,256.00.

9.5 The Applicant has referred to Clause 9 of the Agreement and stated that penal interest was charged at 2% per annum. It has stated that before recall it was charged on delayed instalments and after recall on the outstanding loan balance, and that penal interest was not capitalized. The stated amount is Rs. 2,90,293.00.

9.6 The Applicant has referred to Clauses 13 and 20.5 of the Agreement for costs and expenses. It has stated expenses of Rs. 2,77,042.48 and GST of Rs. 49,869.00, aggregating to Rs. 3,26,911.48,

comprising insurance, visit, valuation, DRT, legal and other charges.

9.7 The Applicant has stated that the expenses are reflected in Account No. D0003J77 and that copies of the invoices for the expenses are annexed collectively as Annexure-A. The annexed documents include records for insurance, visit expenses, valuation, DRT court fee, symbolic possession, IRP consent, DRT filing, insurance and legal charges.

9.8 The Applicant has stated that the facts in the affidavit are based on the records maintained by the Bank in the course of business.

9.9 The Applicant has also stated that the loan recall notice was issued on 13.03.2025 and that the Fixed Deposit Receipts were adjusted on 28.03.2025. The affidavit places the computation, interest entries, penal charges and expenses before the Tribunal in compliance with the Order dated 11.09.2026.

9.10 In view of the above facts, the Applicant/Financial Creditor has sought that the computation of the amount claimed after adjustment and appropriation of the lien-marked FDRs, together with the supporting invoices and records annexed as Annexure-A, be taken on record for consideration in the Section 7 petition.

10. The Respondent/Corporate Debtor filed its **Reply to the Additional Affidavit** of the Financial Creditor on

22.09.2026 vide Inward No. D-8164. The material contentions raised therein are summarised as follows: -

10.1 The Respondent denies the contents of the Additional Affidavit and states that no statement therein is admitted for want of specific traverse.

10.2 With respect to the adjustment of FDRs, the Respondent states that two FDRs of Rs. 80,00,000 and Rs. 40,00,000, totalling Rs. 1,20,00,000, were under lien with the Petitioner and were adjusted for Rs. 1,15,76,453. The Respondent disputes the computation and states that the Petitioner has not furnished details explaining the adjustment.

10.3 The Respondent disputes the computation of the amount stated in the Additional Affidavit and states that the interest rate was changed on 11 occasions from the agreed repo rate plus 2.15% p.a. It further states that the sanction letter required 30 days' prior intimation of each reset and that such intimation was not given.

10.4 The Respondent further refers to the change dated 31.12.2023 to MCLR of 8.20% p.a. plus 0.90% p.a., with concession of 0.25%, and disputes the same for want of prior intimation. It states that the FDR adjustment and interest-rate changes affected the computation of outstanding dues and that the interest requires recalculation.

10.5 The Respondent states that, on the basis of its computation, the amount disbursed by SIDBI was Rs. 2,99,99,998, total repayment including FDR adjustment was Rs. 2,33,35,761 and the balance as on 28.03.2025 was Rs. 76,04,998. The Reply contains alternative computations based on MCLR at 8.20% p.a., MCLR at 9.40% p.a. and the original repo-rate-linked terms.

10.6 The Respondent states that the consequential penal interest and further interest claimed in the Additional Affidavit are not payable as the underlying outstanding itself is disputed on account of the FDR adjustment and interest-rate computation. It further states that the additional interest has no basis under the sanction terms and was not communicated to the Respondent.

10.7 With respect to the expenses claimed by the Petitioner, the Respondent states that such expenses do not constitute Financial Debt under Section 5(8) of the Insolvency and Bankruptcy Code, 2016. The Respondent relies upon a judgment of the Hon'ble NCLAT, Principal Bench, stating the distinction between liquidated damages or penal interest for default and the Financial Debt per se; however, no case name or complete citation is stated in the Reply.

10.8 The Respondent accordingly submits that, after excluding the disputed FDR adjustment, interest, penal interest and expenses, the amount does not

meet the threshold of Rs. 1,00,00,000 prescribed under Section 4 of the Code. It therefore contends that the Petitioner has added the disputed amounts to meet the threshold for filing the Section 7 Petition.

10.9 The Respondent relies upon the documents and calculations referred to in the Reply, including the sanction terms, FDR particulars and the tabulated computation of dues.

11. Thereafter, the Financial Creditor filed its **Rebuttal Affidavit dated 29.09.2026** pursuant to the directions of this Tribunal, which was taken on record on 30.09.2026 vide Inward Diary No. D-8442. The material submissions made therein are summarised as follows: -

11.1 The Applicant/Financial Creditor, Small Industries Development Bank of India, has filed the Rebuttal Affidavit dated 29.09.2026 through its authorised signatory, pursuant to the directions of this Tribunal, to place on record the calculation, chronology and appropriation of the two FDRs aggregating to Rs. 1.20 Crores, together with accrued interest.

11.2 The Applicant submits that the Corporate Debtor had alleged that the FDRs were wrongfully adjusted for only Rs. 1,15,76,453/- and ought to have accumulated to about Rs. 1.50 Crores. The Applicant disputes this calculation and states that it ignores earlier adjustments towards interest and overdue liabilities.

11.3 The Applicant states that the Corporate Debtor had originally placed two FDRs, namely Rs. 80 Lakhs, FDR No. ODVFD14350, deposited on 30.12.2021, and Rs. 40 Lakhs, FDR No. ODVFD14370. The Rs. 80-Lakh FDR was pre-closed on 28.03.2025 for Rs. 92,10,658/-.

11.4 Regarding the Rs. 40-Lakh FDR, the Applicant states that, upon the Corporate Debtor's request dated 06.09.2024, it was pre-closed for Rs. 44,15,243/- due to overdue instalments. Of this, Rs. 5,59,243/- was adjusted on 06.09.2024 and the balance was placed in three FDRs.

11.5 The Applicant further states that Rs. 5,53,000/- from FDR No. ODVFD18800 was adjusted on 07.10.2024, and Rs. 5,58,000/- from FDR No. ODVFD18780 was adjusted on 06.11.2024 towards principal, interest and further interest relating to earlier overdue instalments.

11.6 The remaining FDR No. ODVFD18810 of Rs. 27,45,000/- was retained until the final recall and, after accrual of interest, was pre-closed on 28.03.2025 for Rs. 27,96,122/-. The Applicant states that the Master Ledger supports the date-wise appropriation of these amounts.

11.7 The Applicant's tabulated calculation shows total FDR proceeds of Rs. 1,36,77,023/-, comprising Rs. 5,59,243/-, Rs. 5,53,000/-, Rs. 5,58,000/-, Rs. 92,10,658/- and Rs. 27,96,122/-, which, according

to the Applicant, were credited towards the Corporate Debtor's outstanding liabilities.

11.8 The Applicant explains that the figure of Rs. 1,15,76,453/- relied upon by the Corporate Debtor represents only the principal component of the final adjustment. It states that Rs. 4,30,327/- towards overdue interest and penal charges and earlier adjustments aggregating to Rs. 16,70,243/- were excluded from that calculation.

11.9 On the issue of variation in interest rates, the Applicant states that the loan carried floating rates linked to external benchmarks and that Clause 3(A)(i) of the Loan Agreement provided for waiver of separate notice of variation, with the rate reflected through the specified modes including demand advices.

11.10 The Applicant states that automated Demand Advices were issued to the Corporate Debtor, including those dated 09.12.2022, 09.01.2023, 02.12.2023, 02.01.2024, 02.01.2025 and 02.02.2025, and relies upon them to demonstrate communication of the applicable interest rates and dues. These documents are collectively marked Annexure-D.

11.11 The Rebuttal Affidavit annexes Annexure-A, statement of the Rs. 80-Lakh FDR; Annexure-B, Corporate Debtor's request dated 06.09.2024 for adjustment of the FDR; Annexure-C, statements of the remaining FDRs; Annexure-D, the aforesaid

Demand Advices; and Annexure-E, CA Certificate dated 29.09.2026.

11.12 By Annexure-E, the Applicant relies upon the CA Certificate stating that, after considering the Master Ledger and FDR adjustments, Rs. 1,03,70,394.48 remained outstanding, which according to the Applicant exceeds the Rs. 1-Crore threshold referred to under Section 4 of the Code.

12. Thereafter, the Respondent/Corporate Debtor filed a Counter-Rebuttal Affidavit to the Rebuttal additional affidavit of the Applicant by e-mode on 04.10.2026 and physically on 05.10.2026 vide Inward No. D-8552 (39 pages), followed by another Counter-Rebuttal Affidavit by e-mode on 06.10.2026 and physically on 07.10.2026 vide Inward No. D-8645 (40 pages). Ld. Counsel submitted that the earlier Counter-Rebuttal Affidavit be treated as not pressed and the subsequent Counter-Rebuttal Affidavit be taken on record. The contents of the **subsequent Counter-Rebuttal Affidavit** are reproduced as follows: -

12.1 The Corporate Debtor, through its Counter Rebuttal affidavit filed on 06.10.2026, denies the averments in the Financial Creditor's Rebuttal and disputes the computation and appropriation of the Fixed Deposits. It relies upon the records available with it.

12.2 The Corporate Debtor points out an alleged inconsistency in the date of default, contending that the Petition mentions 10.10.2024, whereas the Rebuttal refers to defaults from June 2024 to

September 2024. It submits that the latter dates were introduced to justify the FDR appropriation.

12.3 On the interest reset, the Corporate Debtor relies upon the first unnumbered sub-clause of Clause 3(A)(i), requiring thirty days' prior intimation before each reset. It disputes the Financial Creditor's contention that this requirement stood waived.

12.4 The Corporate Debtor contends that the later unnumbered sub-clause concerning waiver of notice cannot override the earlier provision requiring thirty days' advance notice. It therefore submits that the contractual interest-reset requirement remained applicable.

12.5 In support of the above contractual interpretation, the Corporate Debtor relies upon ***Bharat Sher Singh Kalsia v. State of Bihar & Anr***., Criminal Appeal No.523 of 2024, decided on 31.01.2024, (2024) 4 SCC 318, and submits that where contractual clauses are irreconcilable, the earlier provision may prevail over the later repugnant provision.

12.6 The said judgment is annexed with the Counter-Rebuttal as Exhibit-B. The Corporate Debtor accordingly maintains that the Financial Creditor was required to comply with the thirty-day notice provision contained in the earlier sub-clause.

12.7 The Corporate Debtor disputes the evidentiary value of the Monthly Demand Advices annexed by the Financial Creditor as Annexure-D to its Rebuttal. It submits that no proof of their service or delivery to the Corporate Debtor has been produced.

12.8 It specifically denies having received the said Monthly Demand Advices and states that it became aware of them only upon perusal of the Rebuttal affidavit. It therefore disputes reliance upon such advices for computation of the dues.

12.9 With regard to the statutory threshold, the Corporate Debtor disputes the CA Certificate relied upon by the Financial Creditor as Annexure-E. It submits that the principal amount reflected therein is below Rs.1 Crore and disputes addition of the charged interest to cross the threshold.

12.10 The Corporate Debtor disputes the EMI Schedule and states that the alleged MCLR spread of 0.90% per annum was never agreed under the Loan Agreement. It consequently disputes the consequential computation based upon such rate.

12.11 It further questions the treatment of the Rs.92 lakh FDR, stating that an effective interest rate of 7% is reflected but corresponding credit has allegedly not been given. It also points out an alleged inconsistency between the 7% and 5.25% rates appearing in the Rebuttal.

12.12 The Corporate Debtor disputes the insurance expense charged by the Financial Creditor, stating that insurance of the factory premises had already been undertaken by it. It therefore questions the necessity of separate insurance obtained and charged by the Financial Creditor.

12.13 The Corporate Debtor disputes the interest rate of 9.15% reflected in the Demand Advices, contending that no prior intimation was given to it. It consequently submits that such interest is not maintainable and should be reversed.

12.14 The Corporate Debtor further disputes the levy of "further interest", particularly the entry described as further interest on further interest, contending that no contractual provision authorising such charge has been identified. It submits that the same is contrary to the Loan Agreement.

12.15 The Corporate Debtor also disputes the increase in penal charges reflected in the Rebuttal, stating that the monthly charges increased from about Rs.4,000–Rs.5,000 to Rs.14,000–Rs.15,000. It relies upon this discrepancy in disputing the Financial Creditor's computation.

12.16 On the aforesaid grounds, the Corporate Debtor reiterates that the Financial Creditor has failed to establish the minimum default threshold of Rs.1 Crore. It therefore seeks dismissal of the Company Petition in limine.

12.17 Thus, the Counter-Rebuttal principally contests the appropriation of FDRs, the dates of default, the contractual notice requirement for interest-rate reset, the service of Monthly Demand Advices and satisfaction of the statutory threshold. It relies upon *Bharat Sher Singh Kalsia* (supra) and refers to the Tribunal's order dated 30.09.2026 and the said Supreme Court judgment annexed as Exhibits-A and B, respectively.

13. We have heard the Learned Counsel for the Financial Creditor and the Corporate Debtor and have perused the Company Petition, Reply, Compliance Affidavit, Reply to the Additional Affidavit, Rebuttal to additional affidavit, Counter Rebuttal affidavit to the Rebuttal additional affidavit and the documents placed on record. The material documents and pleadings have been considered in their entirety.

14. The Financial Creditor has established that a Term Loan of **Rs.3,00,00,000/-** was sanctioned and disbursed to the Corporate Debtor under the ARISE Scheme pursuant to the Sanction Letter dated 29.12.2021, Agreement for Term Loan-cum-Hypothecation dated 29.12.2021 and General Conditions Rupee Loan-GC-2014. The disbursement was made in three tranches on 31.12.2021, 11.01.2022 and 27.01.2022.

15. The aforesaid documents, together with the repayment schedule, hypothecation documents and ROC and CERSAI charge records, form part of Annexure-I-B (Colly.) to the

Petition. The transaction constitutes money borrowed against payment of interest and disbursed against consideration for the time value of money and, therefore, constitutes "financial debt" under Section 5(8)(a) of the IBC, while SIDBI is a "financial creditor" under Section 5(7).

16. The Hon'ble Supreme Court in ***Innoventive Industries Limited Vs. ICICI Bank Limited & Anr.*** (2017) ibclaw.in 02 SC decided on 31.08.2017, held that, while considering an application under Section 7, the Adjudicating Authority is required to ascertain the existence of financial debt and default. The same principle was reiterated in ***E.S. Krishnamurthy & Ors. v. M/s Bharath Hi-Tech Builders Pvt. Ltd.,*** *(2021) ibclaw.in 173 SC*, wherein it was held that the Adjudicating Authority cannot substitute the statutory process by directing the parties to settle their claims.

17. In ***M. Suresh Kumar Reddy v. Canara Bank & Ors.,*** *(2023) ibclaw.in 67 SC*, the Hon'ble Supreme Court reiterated the principle in ***Innoventive*** that, once financial debt and default are established, admission follows subject to the statutory requirements. The earlier decision in ***Vidarbha Industries Power Ltd. v. Axis Bank Ltd.,*** (2022) ibclaw.in 91 SC, concerning the discretionary expression "may" in Section 7(5)(a), must now be read in the light of the substitution of Section 7(5) by the **Insolvency and Bankruptcy Code (Amendment) Act, 2026**, effective from 26.05.2026.

18. In ***B. Prashanth Hegde v. State Bank of India & Anr.***, (2026) ibclaw.in 86 SC, decided on 12.02.2026, the Hon'ble Supreme Court held, inter alia, that a Section 7 application is not liable to fail on account of minor procedural defects where the essential requirements concerning financial debt and default are substantially established. The Court also recognised that relevant material may be placed on record before the final order.

19. In ***Power Trust (Promoter of Hiranmaye Energy Ltd.) v. Bhuvan Madan, IRP of Hiranmaye Energy Ltd. & Ors.,*** (2026) ibclaw.in 87 SC decided on 18.02.2026, the Hon'ble Supreme Court held that the existence of a subsisting default is material for admission under Section 7 and that subsequent restructuring proposals or part-payments do not, by themselves, extinguish an existing debt or render the Section 7 application inadmissible.

20. In ***Catalyst Trusteeship Ltd. v. Ecstasy Realty Pvt. Ltd.,*** (2026) ibclaw.in 104 SC decided on 24.02.2026, the Hon'ble Supreme Court reiterated that, in a Section 7 proceeding, the Adjudicating Authority is required to examine the existence of financial debt and default and that the concept of "pre-existing dispute", which is relevant to proceedings under Section 9, has no application to a Section 7 proceeding.

21. Further, Insolvency and Bankruptcy Code Act, 2016 as amended on **26.05.2026** now provides as under: -

Section 7(5)(a) & (b);

(5) The Adjudicating Authority **shall,** within fourteen days of the receipt of the application under sub-section (2), by an order—

(a) **admit** the application, if it is satisfied that a default has occurred and the application under sub-section (2) is complete, and there is no disciplinary proceeding pending against the proposed resolution professional; or

Therefore, in view of the Insolvency and Bankruptcy Code (Amendment) Act, 2026, which came into force on **26.05.2026**, the amended **Section 7(5)(a)** now provides that the Adjudicating Authority **"shall" admit** where default has occurred, the application is complete, and no disciplinary proceeding is pending against the proposed Resolution Professional. The present company petition having been filed after the said amendment came into force, the amended statutory regime governs the present adjudication.

22. The Corporate Debtor has not denied the sanction, execution or disbursement of the Term Loan. Its principal objections concern the quantum after adjustment of FDRs, the rate of interest, notice of interest-rate reset, penal interest, expenses and the statutory threshold. These objections do not negate the underlying borrowing or the existence of liability arising from the loan transaction.

23. The Financial Creditor has relied upon the Recall Notice dated 13.03.2025, Demand Notice dated 26.09.2025 under Section 13(2) of the SARFAESI Act, 2002, Legal Notice dated 22.06.2026, Statement of Account and

Bankers' Books certificate forming part of Annexures-I-C to I-E. These contemporaneous records establish non-payment of the contractual instalments and continuing default.

24. The Financial Creditor has pleaded 10.10.2024 as the date of commencement of default, while the NeSL Form-D records 08.01.2025 as the date of default. The subsequent reference to earlier overdue instalments relates to the chronology of the FDR appropriations. The difference between the dates does not negate the occurrence of default, which is independently supported by the Statement of Account and the NeSL record, and in any event the default had occurred prior to the filing of the present Application.

25. The Corporate Debtor's contention that the FDR adjustment dated 28.03.2025 constitutes repayment so as to defeat the earlier default is untenable at this stage. The FDRs constituted security for the loan and their subsequent appropriation towards outstanding dues does not retrospectively efface the default which had already occurred. The FDRs were adjusted against the outstanding amount and due credit has been given in the computation of amount in default.

26. The Financial Creditor has, pursuant to the directions of this Tribunal, furnished a detailed computation in the Affidavit of Compliance dated 16.09.2026, referring to Master Ledger Account No. D0003J77. It has disclosed principal of Rs.80,28,545/-, interest of Rs.15,67,389/-,



further interest of Rs.1,57,256/-, penal charges of Rs.2,90,293/- and costs and expenses of Rs.3,26,911.48/-, aggregating to Rs.1,03,70,394.48/- as on 10.08.2026.

27. As regards the FDRs, the Rebuttal Affidavit dated 29.09.2026, together with Annexures-A to E, gives a transaction-wise explanation. It records realization of Rs.92,10,658/- from the Rs.80-Lakh FDR and further appropriations arising from the Rs.40-Lakh FDR, culminating in aggregate FDR proceeds of Rs.1,36,77,023/-.

28. The Corporate Debtor, in its Reply dated 22.09.2026 and Counter-Rebuttal dated 06.10.2026, disputes the aforesaid computation and asserts that only Rs.1,15,76,453/- was adjusted from the FDRs. The Financial Creditor has explained that this figure represents only the principal component of the final adjustment and excludes earlier appropriations towards overdue interest and other liabilities. The dispute is essentially regarding reconciliation and appropriation of the FDR proceeds and does not dispute the underlying Term Loan transaction.

29. The Corporate Debtor further disputes the rate revisions on the ground that Clause 3(A)(i) required thirty days' prior notice. The Financial Creditor relies upon the contractual provisions relating to floating-rate reset and the Monthly Demand Advices dated 09.12.2022, 09.01.2023, 02.12.2023, 02.01.2024, 02.01.2025 and

02.02.2025, collectively marked as Annexure-D to the Rebuttal Affidavit.

30. The reliance placed by the Corporate Debtor upon ***Bharat Sher Singh Kalsia v. State of Bihar & Anr.*, (2024) 4 SCC 318**, is noted. The said decision concerned interpretation of clauses in a Power of Attorney and is not a decision under the IBC. The contractual provisions of Clause 3(A)(i) of the present Loan Agreement have to be construed on their own terms. At the admission stage, the Tribunal is required to ascertain the existence of financial debt and default and need not finally adjudicate every disputed aspect of contractual accounting where the underlying debt and default are otherwise established.

31. The denial of receipt of the Monthly Demand Advices also does not demolish the Financial Creditor's case at the admission stage. The documents have been produced with the Rebuttal Affidavit and their evidentiary effect, including proof of transmission or receipt, is a matter of evidentiary appreciation; the admitted loan transaction and non-payment of dues remain unaffected.

32. The Corporate Debtor's objection regarding the statutory threshold under Section 4 of the IBC also cannot be accepted. Even excluding the separately claimed costs and expenses of Rs.3,26,911.48/-, the principal, interest, further interest and contractual penal interest aggregate to **Rs.1,00,43,483/-,** which is above the statutory threshold of Rs.1,00,00,000/-. Thus, the application does not fail

merely because costs and expenses are excluded from consideration.

33. The Corporate Debtor disputes the inclusion of Rs.2,90,293/- towards penal interest. The Financial Creditor states that the amount is levied under Clause 9 of the Loan Agreement at 2% per annum and has not been capitalised. The principle in ***Central Bank of India v. Ravindra,*** (2002) 1 SCC 367, that penal interest is distinct from ordinary interest and cannot be capitalised, is therefore relevant to the manner of computation. However, the mere description of the contractual levy as penal interest does not, at the admission stage, require exclusion of the amount where it arises from the financing transaction and is claimed separately without capitalisation. The amount is therefore considered for the limited purpose of examining the statutory threshold, subject to verification and reconciliation of the claim during CIRP.

34. The Financial Creditor, in its Rebuttal Affidavit dated 29.09.2026, relies upon Annexure-A containing the statement of the Rs.80-Lakh FDR, Annexure-B being the Corporate Debtor's request dated 06.09.2024 for adjustment, Annexure-C comprising statements of the remaining FDRs, Annexure-D comprising the Monthly Demand Advices and Annexure-E being the Chartered Accountant's Certificate dated 29.09.2026. The supporting invoices relating to the expenses form part of the Compliance Affidavit.

35. Considering that, the amount computed in default was very near to the threshold amount of Rs. one crore, the Financial Creditor submitted a Chartered Accountant Certificate [JDH & Associates] (Pages 39 to 42 of the Rebuttal Affidavit of 29.09.2026) that shows that total amount adjusted in loan account from FDR proceeds was Rs 1,36,77,023. A total of Rs 1,03,70,394.48 was due and payable by the Corporate Debtor. These documents collectively support the computation placed before this Tribunal.

36. The Petition is supported by Annexures-I-A to I-F, comprising the Master Data, sanction and security documents, Recall Notice, SARFAESI Demand Notice, Legal Notice, Statement of Account with Bankers' Books certificate and NeSL Form-D. Annexure-II contains the Form-2 communication of the proposed IRP, while the subsequent annexures contain the delegation documents, proof of service and intimation to the IBBI. The written communication of the proposed IRP is dated 30.04.2026 and his AFA is valid up to 31.12.2026.

37. The Corporate Debtor's Reply and Counter-Rebuttal do not dispute the existence of the underlying Term Loan transaction or the receipt of the disbursed funds. The documents relied upon by the Corporate Debtor, including the order dated 01.09.2026 and Board Resolution annexed with its Reply and the order dated 30.09.2026 and judgment of the Hon'ble Supreme Court annexed with the Counter-Rebuttal as Exhibits-A and B, have been

considered. None of them establishes that the financial debt or default has ceased to exist.

38. In ***Milind Kashiram Jadhav v. State Bank of India & Anr.,*** 2024 ibclaw.in 273 (NCLAT), the Hon'ble NCLAT recognised the evidentiary significance of a Record of Default generated through an Information Utility and held that admission cannot be refused merely because other documents are alleged to be absent when the Record of Default is duly placed on record. The said principle supports the evidentiary value of the NeSL record in the present case.

39. The NeSL Form-D, authenticated on 21.06.2026, records the default amount as Rs.94,52,678/- with the date of default as 08.01.2025 and status "Deemed to be Authenticated". Although the amount recorded therein is below the threshold under Section 4, the Financial Creditor has placed on record the Statement of Account and subsequent computation showing accrual of contractual interest and other amounts up to 10.08.2026, prior to the registration of the present Petition. On the basis of the material on record, and for the reasons recorded hereinabove, the amount in default, excluding separately claimed costs and expenses but including the contractual interest components considered in Para 33 above, is Rs.1,00,43,483/-, which exceeds the statutory threshold.

40. In view of the foregoing, we are satisfied that the Financial Creditor has established the existence of a financial debt

and occurrence of default exceeding the statutory threshold under Section 4 of the Code. The application is complete in material particulars and the proposed Interim Resolution Professional has furnished the requisite Form-2 communication and disclosures. The requirements of Section 7(5)(a) of the Code are therefore satisfied.

41. Accordingly, in light of the above facts and circumstances, it is, **hereby ordered** as under: -

(i) The Company Petition bearing CP (IB) No.263/7/AHM/2026 is hereby **admitted** under Section 7(5)(a) of the Insolvency and Bankruptcy Code, 2016, and the Corporate Insolvency Resolution Process is initiated against the Corporate Debtor, **Darsh Pharmachem Private Limited**.

(ii) As a consequence thereof, a moratorium under Section 14 of the Insolvency and Bankruptcy Code, 2016 is declared for prohibiting all of the following in terms of Section 14(1) of the Code.

a. The institution or continuation of suits or proceedings against the Corporate Debtor, including 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 SARFAESI Act, 2002; and

d. Recovery of any property by an owner or lessor where such property is occupied by or in possession of the Corporate Debtor.

(iii) The provisions of Section 14(1) shall not apply to the transactions, agreements or arrangements specified in Section 14(3) of the Code, including the exception under Section 14(3)(b) in respect of a surety in a contract of guarantee to the Corporate Debtor.

(iv) The moratorium shall come into effect from the date of this order and shall continue in accordance with Section 14(4) of the Code, until completion of the CIRP or until the Adjudicating Authority approves a Resolution Plan under Section 31(1) or passes an order for liquidation of the Corporate Debtor under Section 33, as the case may be.

(v) However, the supply of essential goods or services to the Corporate Debtor shall not be terminated, suspended or interrupted during the moratorium period, except in accordance with Sections 14(2), 14(2A) and other applicable provisions of the Code.

(vi) Accordingly, in terms of Section 16(2) of the Code read with Section 7(3)(b) and the applicable Rules, and upon perusal of his Form-2 and the disclosures placed on record, and there being no disciplinary proceeding pending against him brought to our notice, we appoint **Mr. Manish**

Kumar Bhagat, having IP Registration No. IBBI/IPA-001/IP-P00856/2017-2018/11438 (**e-mail:** mbhagat2003@gmail.com) to act as Interim Resolution Professional **(IRP).** He shall conduct the Corporate Insolvency Process as per the Insolvency and Bankruptcy Code, 2016 r.w. Regulations made thereunder.

(vii) The Interim Resolution Professional shall make the public announcement forthwith and, in any event, within three days of his appointment, in accordance with Section 15 of the Code read with Regulation 6 of the CIRP Regulations, 2016, and invite claims from the creditors in the prescribed manner.

(viii) The Interim Resolution Professional shall take over the management and affairs of the Corporate Debtor in terms of Section 17 of the Code and perform the duties prescribed under Sections 18 and 20 thereof, including taking control and custody of the assets, records and information relating to the Corporate Debtor.

(ix) The personnel of the Corporate Debtor, its promoters and all persons associated with its management shall extend every assistance and cooperation to the Interim Resolution Professional, as required under Section 19 of the Code. In the event of non-cooperation, the Interim Resolution

Professional shall be at liberty to seek appropriate directions from this Adjudicating Authority.

(x) The Financial Creditor shall deposit **Rs.5,00,000/- (Rupees Five Lakh Only)** with the Interim Resolution Professional within **seven days** towards the initial expenses of the CIRP. Such amount shall be dealt with in accordance with Regulation 33 of the CIRP Regulations, 2016 and shall be subject to ratification by the Committee of Creditors in accordance with law.

(xi) The IRP/RP shall take into consideration the books of account, bank statements and other records of the Corporate Debtor as well as take note of the material and circumstances emerging from the record, including the sequence of Board Resolutions, source and movement of funds, transactions between the parties and the financial particulars placed on record, while conducting the CIRP in accordance with the provisions of the Code.

(xii) The Interim Resolution Professional shall take custody and control of the assets, books of account and records of the Corporate Debtor in accordance with Section 18 of the Code and the applicable Regulations and shall comply with all statutory requirements relating to commencement and conduct of the CIRP.

(xiii) The commencement of the Corporate Insolvency Resolution Process shall be effective from the date of this order.

42. Accordingly, this Company Petition being **CP(IB)/263/7/AHM/2026** is hereby **admitted.**

43. The Registry shall communicate a certified copy of this order to the Financial Creditor, the Corporate Debtor, the Interim Resolution Professional, the concerned Registrar of Companies and the IBBI forthwith for necessary compliance.

-SD- **-SD-**

SANJEEV SHARMA
MEMBER (TECHNICAL)

SHAMMI KHAN
MEMBER (JUDICIAL)