IN THE NATIONAL COMPANY LAW TRIBUNAL
COURT-V, NEW DELHI

CP IB NO. 203/(ND)/2025

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:

BEACON TRUSTEESHIP LIMITED
5W, 5th Floor, The Metropolitan Building, E-Block, Bandra Kurla Complex (BKC), Bandra (East), Mumbai- 400051

...Applicant/Financial Creditor

Versus

VATIKA IT PARKS PRIVATE LIMITED
Flat No. 224A, 2nd Floor, Devika Tower, 6, Nehru Place, South Delhi, New Delhi (110019)

...Respondent/Corporate Debtor

Order Delivered on: 09.10.2026

CORAM:

SHRI MANNI SANKARIAH SHANMUGA SUNDARAM,
HON'BLE MEMBER (JUDICIAL)

MS. REENA SINHA PURI,
HON'BLE MEMBER (TECHNICAL)

APPEARANCES:

For the Applicant : Sr. Adv. Sudhir K Makkar, Mr. Gaurav Mitra, Ms. Meghna Mishra, Mr. Nikhil Ratti Kapoor, Ms. Yashodhara Gupta, Mr. Kevin Chadha, Advs.

For the Respondent : Sr. Adv. Virender Ganda, Adv. Vishal Ganda, Adv. Ayandeb Mitra, Adv. Riya Palnitkar, Adv. Pulkit Goyal

ORDER

1. This Petition has been filed by Beacon Trusteeship Ltd., the Financial Creditor, under Section 7 of the IBC[1] read with Rule 4 of the Insolvency and Bankruptcy Rules[2], seeking initiation of CIRP[3] against Vatika IT Parks Pvt. Ltd., the Corporate Debtor for default of Rs. 233,75,19,372/-.

2. The Financial Creditor is acting in its capacity as a debenture trustee for the benefit and on behalf of Asset Reconstruction Company (India) Ltd., the Debenture Holder (formerly Sammaan Capital Limited)[4].

3. The Applicant submits that Corporate Debtor decided to raise funds by issuance and allotment of 12,50,000 OCDs[5] of face value of Rs. 1,000 each, aggregating to a total issue value of Rs. 125,00,00,000. To comply with the relevant provisions of the Companies Act, 2013, the Corporate Debtor appointed the Applicant as the debenture trustee by way of the Debenture Trusteeship Agreement dated 01.07.2019. Thereafter, a DTD[6] dated 29.07.2019 was executed between the Corporate Debtor, Applicant, Mr. Anil Bhalla, and Mr. Gautam Bhalla (Promoters), and Vatika Ltd. Also, a hypothecation deed dated 29.07.2019 was executed in favour of the Applicant creating a first ranking charge of the receivables of the Corporate Debtor.

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[1] Insolvency and Bankruptcy Code, 2016.
[2] Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016.
[3] Corporate Insolvency Resolution Process.
[4] As per Assignment Agreement dated 30.03.2026 annexed as Annexure A to the Affidavit on behalf of the Applicant
[5] Optionally Convertible Debentures
[6] Debenture Trust Deed

4. Eventually, the OCDs aggregating to Rs. 125,00,00,000 were issued by the Corporate Debtor to the Debenture Holder against disbursal of said amount from the Debenture Holder. Subsequently, two amendments were made in the DTD in 2020 and 2024.

5. It has further been stated that Clause 10 of the DTD provided the Debenture Holder with Put Option right to exit any time upon the expiry of 60 months from the date of allotment of the OCDs, by redeeming the OCDs. Accordingly, on 07.01.2025, the Financial Creditor on the instructions of the Debenture Holder, issued a notice for exercise of put option, calling upon the Corporate Debtor to redeem the OCDs by remitting the entire outstanding amount of Rs. 233,75,19,372/- within 7 days of the date of such notice.

6. However, the Corporate Debtor issued a reply on 24.01.2025 to the said put option notice, stating that the put option cannot be exercised by the Debenture Holder till the right to convert OCDs into equity shares/CCDs[7] does not expire. The Financial Creditor thus, argues that the put option was validly exercised in terms of Clause 10 of the DTD as there was no change or extension of time period w.r.t. the put option right available to the Debenture Holder; and that the Corporate Debtor has failed to remit the outstanding amount within 7 days of receipt of put option notice.

7. In view of this, it is contended that default has occurred by the Corporate Debtor, thereby triggering Clause 11 of the DTD, which grants the

[7] Compulsorily Convertible Debenture

Financial Creditor a right to enforce the security created pursuant to the security documents towards the repayment of the outstanding amounts. Thus, the present Petition has been filed by the Debenture Trustee against the Corporate Debtor for initiation of CIRP.

REPLY OF CORPORATE DEBTOR

8. The Corporate Debtor in its reply dated 27.08.2025 stated that the Debenture Holder exercised the conversion option vide notices dated 06.01.2021 and 05.01.2024, calling upon the Corporate Debtor to convert the entire 12,50,000 OCDs into equity shares or CCDs within 36 months and 54 months respectively. It is further stated that in terms of Clause 6 of Schedule I of the DTD, the debenture holder was deemed to be equity holders w.e.f. the date of first conversion notice i.e., 06.01.2021.

9. Subsequently, the Corporate Debtor converted the OCDs into CCDs vide Board Resolution and Shareholder's Resolution dated 28.12.2024, thereby making debenture holders an equity participant. To bring on record such conversion, MGT-14 was also filed by the Corporate Debtor with the ROC.

10. Despite such conversion, the Debenture Trustee exercised the put option right, and so the Corporate Debtor had strongly disputed the exercise of such right. As stated in reply, the Debenture Holder was not co-operating and coming forward to activate the ISIN.

11. In view of this, the Corporate Debtor has contended that upon such conversion, no liability to repay any debt exists in terms of the provisions

of the IBC. Also, it is stated that the Applicant is barred by the doctrine of estoppel from exercising the put option right because the Debenture Trust Deed doesn't envisage the exercising of such right after exercising the option for conversion.

12. Further, it is stated that the present Petition lacks basis for claiming Rs. 233,75,19,372. The Corporate Debtor accordingly prays for dismissal of the present Petition.

REJOINDER BY APPLICANT

13. It is stated that the OCDs stood converted into CCDs is misconceived in law as a lawful conversion requires completion of a series of mandatory statutory and depository actions like activation or re-activation of ISIN. However, the ISIN assigned to the subject OCDs expired on 02.07.2024 and the Corporate Debtor failed to seek prior approval of the Debenture Holder for the reactivation of the ISIN in a timely manner which led to non-conversion of OCDs into CCDs.

14. Further, it is contended that the conversion must be accompanied by fulfilment of statutory procedural requirements including allotment of converted securities and crediting of such securities in demat account of the debenture holders, along with filing of PAS-3 with the ROC. However, the Corporate Debtor has failed to demonstrate compliance with such procedural requirements. In view of this, it is argued that the OCDs retain the character of debt instruments and accordingly, constitute a financial debt within Section 5(8) of the IBC.

15. It is also stated that the doctrine of estoppel is inapplicable in the present matter as the Applicant never received equity or acquired any voting or dividend rights associated with the shareholding. Additionally, it is stated that the amount of default has been computed in terms of the DTD and its first amendment; and further the Corporate Debtor has failed to convert the quantum of debt with any alternative calculation. Based on this, the Applicant denies the contention of the Corporate Debtor that the amount claimed lacks justification.

ANALYSIS AND FINDINGS

16. We have heard the counsels for the Applicant and Corporate Debtor; and have pursued the documents on record.

17. The present Petition has been filed by the Applicant on account of failure of the Corporate Debtor to redeem the debentures issued to the Debenture Holder, when the put option right was exercised by the Debenture Holder.

18. However, contention has been raised by the Corporate Debtor that put option right ceased to exist with the Debenture Holder, after it issued a notice for conversion of OCDs to CCDs. The idea behind this contention is that the debt was converted into equity upon issuance of such notice, and so no financial debt exists on part of the Corporate Debtor. The Applicant has further opposed this contention.

19. This brings before us for consideration, the salient issue of whether issuance of notice of conversion by the Debenture Holder amounts to conversion of OCDs into CCDs/equity shares.

20. We place reliance on Section 29 of the Companies Act, 2013 read with Rule 9B of the Companies (PAS) Rules[8] which provides that private limited companies must issue and hold securities in a dematerialized (electronic) form. The law therefore, bars physical holding of securities and mandates it to be held in an electronic form, for which ISIN[9] number is a pre-requisite as it acts as a digital footprint for a particular class of security.

21. Admittedly, in the present matter, the ISIN of the Debenture Holder expired on 02.07.2024. Further, as a settled a position, it is the issuing company that initiates the process for application of ISIN. The same has been acknowledged by the Corporate Debtor in its reply[10] to the notice for exercise of put option by the Debenture Holder. The relevant extract of its reply is hereinunder:

> *"In addition to the above, the Company could not have converted the said OCDs to Equity Shares/CCDs without an active ISIN Number which has expired on 02.07.2024. It is imperative to mention that the ISIN can be reactivated/ renewed only after the approval of the Debenture Holder. However, despite repeated requests and reminders, the Debenture Holder has not granted the requisite approval to enable the Company to convert the said OCDs to Equity Shares/ CCDs."*

22. It is thus, clear that the Corporate Debtor is the issuing company in the present matter which failed to renew the ISIN of the Debenture Holder. Furthermore, the argument of the Corporate Debtor that failure of the ISIN was attributed to the neglect of the Debenture Holder to grant approval for

[8] Companies (Prospectus and Allotment of Securities) Rules, 2014
[9] International Securities Identification Number
[10] Reply dated 24.01.2025 at Annexure-R10, Page 174 of the Reply to Petition

renewal of ISIN, doesn't hold merit in the instant matter. This is because the instant matter is limited to the status of conversion of OCDs into CCDs, which vividly is not the case here.

23. During the course of proceedings, the Applicant placed reliance on the decision passed by Bench-II of NCLT, New Delhi in a matter concerning the same issue filed by the Applicant itself in *Beacon Trusteeship Limited vs. Arcturus Developers Pvt. Ltd.*[11], wherein it was held that the right to issue put notice is not lost where ISIN is not active, even if right of conversion has been exercised by the Debenture Holder. The decision attained finality in appeal before the Hon'ble NCLAT[12] and Supreme Court[13].

24. In view of the legal provisions and the decisions referred above, we are also inclined towards the view that mere issuance of notice for conversion of OCDs into CCDs does not amount to conversion. Fulfillment of procedural requirements like existence of an active ISIN is a mandatory pre-requisite. In absence of the same, the securities retain its inherent nature. Therefore, the OCDs in the present case, retained the nature of debenture and did not convert into equity share.

[11] CP (IB) No. 209/ND/2025
[12] Arvind Kumar (Suspended Director of Arcturus Developers Pvt. Ltd.) vs. Beacon Trusteeship Ltd. & Ors., Company Appeal (AT) (Insolvency) No. 171 of 2026
[13] Arvind Kumar vs. Beacon Trusteeship Ltd. & Anr., Civil Appeal No. 4200/2026

25. Since, the main issue before us stands settled, it is now imperative to examine if debt exists in terms of provisions of IBC and whether default has occurred to trigger invocation of Section 7 IBC.

26. The definition of 'financial debt' is provided in Section 5(8) of the IBC, thus, it is pertinent to place reliance on Section 5(8)(c) of the IBC, which provides that any amount raised pursuant to any debentures constitute financial debt. The said provides reads as follows:

> *"(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument"*

27. The Clause 11 of the DTD further provides for 'events of defaults and remedies'. It envisages non-redemption of debentures pursuant to the exercise of put option right, as one of the events to trigger default in terms of the DTD. The relevant extract of the Clause 11 is reproduced hereinunder:

> *"1 1.1* ***Events of Default***
> *The occurrence of any one of the following events shall constitute an* ***Event of Default****".*
>
> *i. Breach of any of the representations and warranties or covenants of the Obligors as contained in this Deed or the Definitive Agreements.*
>
> ***ii. The Company fails to redeem the Debentures pursuant to exercise of Put Option, as envisaged in this Deed.***
>
> *iii. The Company utilizes the Subscription Amount for purposes other than the Purpose."*

28. In view of above, the non-redemption of debentures upon the issuance of put notice constitutes default in terms of Clause 11 of the DTD. Since, the debt and default stands established in the present matter, we are inclined towards admitting the present Petition.

29. Accordingly, **CP IB No. 203/(ND)/2025** filed by Beacon Trusteeship Ltd., the Financial Creditor under Section 7 of the IBC read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 for initiating CIRP against Vatika IT Parks Pvt. Ltd., the Corporate Debtor, stands admitted.

30. The Financial Creditor has recommended the name of Ms. Megha Agrawal to be appointed as the Interim Resolution Professional (IRP), having IBBI Registration No. IBBI/IPA-001/IP-P01456/2018-2019/12272. Accordingly, this Adjudicating Authority appoints Ms. Megha Agrawal, IBBI Registration No. IBBI/IPA-001/IP-P01456/2018-2019/12272, Email: ip.meghaagrawal@gmail.com as the IRP. The IRP is directed to file Authorization for Assignment within three days from the date of this order.

31. We direct the Applicant to deposit a sum of Rs. 2 lakhs with the IRP, namely Ms. Megha Agrawal, to meet out the expense to perform the functions assigned to her in accordance with Regulation 6 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Person) Regulations, 2016. The needful shall be done within one week from the date of receipt of this order by the Financial Creditor. The amount, however, be subject to adjustment by the Committee of

Creditors, as accounted for by IRP, and shall be paid back to the Financial Creditor.

32. The IRP is directed to take charge of the management of the Corporate Debtor, immediately. She is also directed to cause public announcement as prescribed under Section 15 of the Code, 2016, within three days from the date of receipt of this order, and call for submissions of claims in the manner as prescribed.

33. Moratorium is, hereby, declared and shall have effect from the date of this order till the completion of the CIRP, for the purposes referred to in Section 14 of the IBC. It is hereby ordered that all of the following are prohibited:

    a. The institution of suits or continuation of pending suits or proceedings against the Corporate Debtor including execution of any judgment, decree or order in any court or 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 rights 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 (54 of 2002);

d. The recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate debtor.

34. 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, concessions, clearances or a similar grant or right during the moratorium period.

35. The supply of essential goods or services to the Corporate Debtor shall not be terminated, suspended or interrupted during the moratorium period. Further, if the IRP considers supply of any 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.

36. Furthermore, the provisions of Sub-section (1) of Section 14 of the IBC shall not apply to such transactions, agreements or other arrangement as may be notified by the Central Government in consultation with any

financial sector regulator or any other authority; and to a surety in a contract of guarantee to a corporate debtor.

37. The IRP shall comply with the provisions of Sections 13(2), 15, 17 & 18 of the IBC. The Directors, Promoters or any other person associated with the management of Corporate Debtor are directed to extend all assistance and cooperation to the IRP as stipulated under Section 19 of the IBC for discharging his functions under Section 20 of the IBC.

38. In case there is any violation committed by the ex-management or any tainted/illegal transaction by ex-directors or anyone else, the Interim Resolution Professional would be at liberty to make appropriate application to this Tribunal with a prayer for passing an appropriate order. The Interim Resolution Professional shall be under duty to protect and preserve the value of the property of the 'Corporate Debtor' as a part of its obligation imposed by Section 20 of the Code and perform all his functions strictly in accordance with the provisions of the Code, Rules and Regulations.

39. The Corporate Debtor as well as the Registry is directed to send the copy of this Order to the IRP, to enable her to take charge of the assets etc. of the Corporate Debtor and comply with this order as per the provisions of the IBC.

40. The Registry is directed to communicate this Order to the Corporate Applicant.

41. The Registry shall also communicate this Order to the Registrar of Companies, for updating the status of the Corporate Debtor on the website of the Ministry of Corporate Affairs.

Accordingly, this Company Petition (IB)-203/ND/2025 is allowed.

SD/-	**SD/-**
(REENA SINHA PURI)	**(MANNI SANKARIAH SHANMUGA SUNDARAM)**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**