

NATIONAL COMPANY LAW TRIBUNAL KOCHI BENCH

CORAM:
SHRI VINAY GOEL, HON'BLE MEMBER (JUDICIAL)
SHRI RAVICHANDRAN RAMASAMY, HON'BLE MEMBER (TECHNICAL)

PETITION No./IA No.	CP(IBC)/7/KOB/2026
SECTION	SEC.7 IBC
NAME OF PARTIES	M/S SC SHAH CORPORATION REPRESENTED BY ITS PARTNER Mr. SURESH KUMAR JAIN AND 7 OTHERS V/S M/S NCS AUTOCARS PRIVATE LIMITED
PETITIONERS ADVOCATE/ PROFESSIONAL	M/S SRENIK S JAIN, A VIKASH
RESPONDENTS ADVOCATE/ PROFESSIONAL	K APARNA DEVI

10 JUNE 2026

O R D E R

CP(IBC)/7/KOB/2026

1. This is an Application filed jointly by eight individual Financial Creditors under Section 7 of the Insolvency and Bankruptcy Code, 2016 against the Corporate Debtor for initiation of the insolvency process. The total amount of default as claimed is Rs. 2,55,00,000/- (Rupees Two Crores Fifty-Five Lakhs Only) as principal and Rs. 1,27,08,988/- (Rupees One Crore Twenty-Seven Lakhs Eight Thousand Nine Hundred and Eighty-Eight Only) on account of interest against the Corporate Debtor.
2. It is the case of the Petitioners that the individual Financial Creditors advanced a total amount of Rs. 4,00,00,000/- (Rupees Four crores only) to the Corporate Debtor on 29.09.2023 and on 11.12.2023 and that the Corporate Debtor returned an amount of Rs. 1,45,00,000/- (Rupees one crore forty-five lakhs only) to the Petitioners.
 - 2.1. It is a fact that, despite service of notice, the Corporate Debtor did not appear before this Adjudicating Authority and, therefore, has been proceeded against ex parte.

- 2.2. It is further a fact that the Petitioners have failed to place on record any NeSL data regarding the alleged individual defaults.
- 2.3. It is also a fact that the Petitioners have failed to place on record any financial data or Balance Sheet of the Corporate Debtor to substantiate the alleged liability in the account books of the Corporate Debtor.
- 2.4. It is a fact that there is no written agreement between the Parties regarding the alleged loans.
- 2.5. The Petitioners are relying upon demand promissory notes allegedly executed on behalf of the Corporate Debtor.
- 2.6. It is a fact that the Petitioners have failed to place on record any resolution passed by the Corporate Debtor authorising the obtaining of such loans and empowering the alleged signatory to execute the demand promissory notes on behalf of the Company.
- 2.7. It is further a fact that, as per the allegations and averments made in this Petition, the Petitioners advanced large sums of money as loans to the Corporate Debtor, despite not holding any banking licence.
- 2.8. It is also stated that the Petitioners have filed many Section 7 petitions against different entities across India before various Benches of the NCLT, invoking the provisions of the Insolvency and Bankruptcy Code, 2016.
3. Considering the aforesaid facts and circumstances, vide order dated 05.05.2026, the Petitioners were directed to furnish certain information and documents. The relevant extract of the order dated 05.05.2026 is reproduced below:

“CP(IBC)/7/KOB/2026

This case was reserved for orders, but at the time of dictation, this Adjudicating Authority came to the conclusion that the matter requires certain clarifications, so it is posted today.

The present petition filed under Section 7 of the IBC, 2016, has been instituted by Eight Financial Creditors, arising out of various individual loan transactions wherein the Corporate Debtor is stated to have availed an aggregate sum of Rs. 4,00,00,000/- under Loan-1 dated 29.09.2023 and Loan-2 dated 11.12.2023, supported by respective promissory notes, with a repayment period of five months. It is the case of the Petitioners that, after partial repayments aggregating to Rs. 1,45,00,000/-, a sum of Rs. 2,55,00,000/- towards principal and Rs. 1,27,08,988/- towards interest remains outstanding, with the alleged dates of default being 29.01.2024 (Loan-1) and 11.01.2024 (Loan-2).

However, the Petitioners have not placed on record any report of default from an Information Utility as contemplated under Section 7(3)(a) of the Code, nor have their relevant financial documents, such as balance sheets or income tax returns, been produced, nor have they produced any such financial documents of the Corporate Debtor. The production of such documents is essential for establishing the existence of a financial debt, the occurrence of default, and for demonstrating whether the alleged liability is duly reflected in the books of accounts. In the absence of such material particulars, this Adjudicating Authority is unable to arrive at the requisite satisfaction under Section 7 of the Code.

Accordingly, the Petitioners are directed to place on record the Information Utility report, along with the balance sheets or income tax returns of individual Petitioners, and any relevant financial documents pertaining to the Corporate Debtor in their possession, to substantiate their claim and enable proper adjudication of the present petition.

Ld. Counsel Mr. Srenik S. Jain appeared on behalf of the Petitioners through virtual mode. Respondent has already been set ex-parte.

Counsel for the Petitioners is directed to comply with this order within two days. At this stage, Counsel for the Petitioner submitted that some more time may be granted. At his request, such 10 days' time is granted.

Accordingly, this case is de-reserved.

However, due to summer vacation, this case is adjourned to 26.05.2026.”

4. The Petitioners, in compliance with the said Order, produced certain documents. However, for further clarification, this Adjudicating Authority directed the Petitioners to produce their Balance Sheets and Income Tax records wherein the alleged transactions had been duly reflected and disclosed to the concerned authorities. The Petitioners failed to produce such records in the letter and spirit of the order passed by this Adjudicating Authority.
5. Consequently, on 01.01.2026, this Adjudicating Authority passed the following order:

“CP(IBC)/7/KOB/2026

Ld. Counsel Mr. Srenik S. Jain appeared on behalf of the Petitioners through virtual mode.

Learned Counsel for the Petitioners submitted that, in compliance with the earlier order, certain documents have already been filed and that the hard copies are presently in transit. He further submitted that the same are likely to reach the Registry of this Tribunal during the course of the day or by tomorrow.

This Adjudicating Authority put a specific query to the learned Counsel for the Petitioners as to the number of applications filed under Section 7 of the Insolvency and Bankruptcy Code, 2016, by the Petitioners, either individually or jointly or with other Financial Creditors, against different Corporate Debtors before various Benches of the NCLT. This Adjudicating Authority also sought clarification as to whether the Petitioners hold any licence for carrying on financial lending activities.

In response, Counsel for the Petitioners initially submitted that the Petitioners do not hold any such licence. However, he subsequently sought time to obtain specific instructions from his clients and verify the correct factual position regarding the existence of any such licence. He also sought time to furnish details of the Section 7 applications filed by the Petitioners before various Benches of NCLT across different jurisdictions.

Accordingly, the Counsel for the Petitioners is directed to furnish full particulars of all applications or cases previously filed, disposed of, or currently pending before various Benches or jurisdictions of the NCLT, whether instituted individually by the Petitioners or jointly with other Financial Creditors and to answer other query.

At his request, case is adjourned to 02.06.2026.”

6. Despite the aforesaid Order, the Petitioners have failed to comply with the directions of this Adjudicating Authority in their true spirit. Further, the data allegedly produced by some of the Petitioners is not in consonance with the facts of the case and the transactions as reflected in the pleadings of this Company Petition filed under Section 7 of the Code.
7. The Insolvency and Bankruptcy Code is a special law, and the consequences of admission of a Petition thereunder are in rem, affecting not only the Corporate Debtor but also other financial and operational creditors dealing with it. Under the given circumstances, and upon perusal of the documents on record, this Adjudicating Authority is of the opinion that the Petitioners are under an obligation to produce all documents and information sought by this Adjudicating Authority for a fair adjudication of the matter. In the event they omit to produce such documents and information, this Adjudicating Authority may draw adverse inferences in accordance with law.
8. During the course of the hearing, learned Counsel for the Petitioners submitted that there are certain case laws and, in the light of those judgments, they have furnished

information pertaining to a few Petitioners, which, according to them, would be sufficient to adjudicate the matter on merits.

9. Having considered the submissions made on behalf of the Petitioners, we are of the opinion that the Petitioners are obliged to comply with the directions of the Court in their letter and spirit. They have no right to exercise any discretion in furnishing only partial information. If there is any case law in support of their contention, they shall be at liberty to cite the same at the time of final hearing. However, they cannot be permitted to withhold any information or documents on such an excuse.
10. Accordingly, one last and final opportunity is required to be given to the Petitioners to do the needful. It is made clear that, in case the Petitioners fail to provide the requisite information sought in respect of any applicant, this Adjudicating Authority shall take an appropriate decision as to whether the claim of such applicant should be considered for the purpose of calculating the threshold requirement under Section 4 of the Insolvency and Bankruptcy Code.
11. Ld. Counsel Ms. Aparna Devi appears on behalf of the Petitioners through virtual mode, submitted that the case may be posted to comply with the earlier orders in letter and spirit.
12. The aforesaid information has not been produced by the Petitioners despite being granted sufficient time. It is rather strange that the Petitioners are unable to furnish information pertaining to themselves. Counsel for the Petitioners, during the course of the hearing, submitted that she can furnish information regarding all the cases filed under the Insolvency and Bankruptcy Code, 2016 before each Bench of the NCLT in which she is appearing on behalf of the Petitioners, but there is some difficulty in collecting information about other cases. This Adjudicating Authority apprised Counsel

for the Petitioners that the directions were given to the Petitioners themselves, not to her or the earlier counsel, and it is the duty of the Petitioners to furnish all requisite information in terms of the earlier orders. If the Petitioners are not furnishing any such information or are not cooperating with her, she is required to bring all such facts to the notice of this Adjudicating Authority so that appropriate orders may be passed. This gives rise to a degree of suspicion as to why such information is being concealed.

13. In view thereof, the case is adjourned to tomorrow. At this stage, Counsel for the Petitioners submitted that it would not be possible for her to furnish all information within such a short time. This Adjudicating Authority reminded the learned Counsel for the Petitioners that the Petitioners have been seeking adjournments for a long time to furnish such information. Further, she submitted that the case may be posted in the next two weeks, and she will furnish the requisite information by that time. At her request, and on the assurance given at the Bar, such time is granted. Accordingly, the case is adjourned to **17.06.2026**.

14. It is further clarified that no observations made herein above shall have any bearing on the merits of the case.

15. It is made clear that if the Petitioners fails to comply with the earlier order, the Petitioners would be liable to pay costs of Rs. 1,00,000/- (Rupees One Lakh only), to be deposited in the National Defence Fund. At this stage, Counsel for the Petitioners submitted that cost may not be imposed. The Ld. Counsel has been duly informed that the cost is imposed to ensure adherence to the timeline and is not punitive in nature.

16. It is further reminded to the Counsel for the Petitioners that a Petition under Section 7 is required to be adjudicated within the prescribed timeline under the IBC. The Petitioners, by their own acts and conduct, are breaching the prescribed timeline and delaying the adjudication of this matter.

At her undertaking and assurance, Petition is adjourned to **17.06.2026**.

Sd/-
RAVICHANDRAN RAMASAMY
MEMBER (TECHNICAL)

Sd/-
VINAY GOEL
MEMBER (JUDICIAL)