

IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD
COURT – 2

ITEM No.301
TP(IBC)/2(AHM)2026

Proceedings under Section 7 IBC

IN THE MATTER OF:

Krishkan Investment Private Limited.
V/s
M/s.Utkal Steels Limited

.....Applicant

.....Respondent

Order delivered on: 17/06/2026

Coram:

Mrs. Chitra Hankare, Hon'ble Member(J)
Dr. Velamur G Venkata Chalapathy, Hon'ble Member(T)

ORDER

This case is fixed for pronouncement of order

The order is pronounced in open court vide separate sheet.

Sd/-

DR. V. G. VENKATA CHALAPATHY
MEMBER (TECHNICAL)

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CHITRA HANKARE
MEMBER (JUDICIAL)

**IN THE NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD (COURT - II)**

TP (IBC)/2(AHM)/2026

*(Filed under Section 7 of the Insolvency and Bankruptcy Code, 2016
r/w Rule 4 of Insolvency and Bankruptcy Application to Adjudicating
Authority Rules 2016)*

IN THE MATTER OF:

Krishkan Investment Private Limited.

(Through its authorised Representative
Mr. Arvind A Vitekar)

Registered office at
7/1A Grant Lane 2nd floor,
Chambers room No.2,
Kolkata, West Bengal, India, 700012

Corporate Office at:

C-101, Mangalya Premises co-operative
society limited, off Marol Maroshi Road,
Andheri East, Mumbai-400059

...Applicant/
Financial Creditor

Versus

M/s. Utkal Steels Limited

a company incorporated under the
Companies Act, 1956

having its registered address at
Udit Nagar Shree Complex,
Rourkela, Orissa, India-769012.

...Respondent/
Corporate Debtor

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Order pronounced on 17.06.2026

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Coram:

MRS. CHITRA HANKARE, MEMBER (JUDICIAL)
MR. V G VENKATA CHALAPATHY, MEMBER (TECHNICAL)

Present:

For the Applicant : Mr. Saumitra Chaturvedi, Adv.
For the Respondent : Mr. Haripad Mohanty, Adv., K. Sattar,
Adv. and M. Faradish

J U D G E M E N T

(Heard Through Hybrid Mode)

1. The present petition has been filed before Cuttack Bench, NCLT bearing CP (IB) 24 of 2025 under Section 7 of Insolvency and Bankruptcy Code, 2016 by Krishkan Investment Private Limited, (hereinafter referred as "Financial Creditor") seeking initiation of Corporate Insolvency Resolution Process against M/s. Utkal Steels Limited (hereinafter referred as "Corporate Debtor").
2. The corporate debtor is a corporate guarantor of another company named M/s. Cubatics Pprocessors India Private Limited (hereinafter referred as "Principal Borrower") which is under CIRP initiated under section 9 by this Bench vide order dated 25.03.2025 in CP(IB)246/AHM/ 2024. Therefore, in view of the provisions of Section 60(2) and (3), the matter was transferred from the Cuttack Bench, NCLT

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to this Bench by the order of Principle Bench, NCLT, New Delhi.

Brief facts of the case:

3. It is averred that the Financial Creditor is a company incorporated under the Companies Act, 1956 and registered as a Non-Banking Financial Company pursuant to 45-IA of the RBI Act, 1934. The Corporate Debtor was incorporated on 16.12.1970 with CIN No. U27109OR1970PLC000546 and having its registered office at Udit Nagar Shreecomplex, Rourkela, Orissa, India-769012. The corporate debtor is engaged in the business of steel. As per Part IV of the application, the total outstanding debt is Rs.4,16,51,899/- including interest at the rate of 12% per annum (fixed) and penal interest at 3% per annum and the Date of Default is shown as 04.03.2025. The applicant stated that it had sanctioned an MSME Business Loan Facility of Rs. 4,00,00,000/- to the Principle Borrower vide Sanction Letter No. KIPL-000199 dated 02.09.2024 to expand its business. It is submitted that the Corporate Debtor alongwith two other Corporate Guarantors executed a Deed of Guarantee dated

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02.09.2024 in favour of the Applicant and stood as a Corporate Guarantor to the said facilities. It is submitted that the Principal Borrower gave charge of its Windmill 2.10 MW Wind Energy based power project and executed a Deed of Hypothecation in favour of the Applicant to secure the aforesaid facilities. It is submitted that the Principal Borrower initially serviced the loan account by making a few instalment payments in terms of the repayment schedule. However, thereafter, no further payments were made by either the Principal Borrower or the Corporate Debtor, which had executed a deed of guarantee in favour of the Applicant. It is submitted that principle debtor vide letter dated 13.01.2025 shown its disability to repay of Loan Account no. KIPL-000199. It is submitted that despite repeated follow-ups through notices, telephonic communications, personal visits and reminder email dated 07.02.2025, the Principal Borrower and the guarantors failed to discharge their obligations. Consequently, the Applicant issued a Recall Notice dated 26.02.2025 to the Principal Borrower, the Corporate Debtor and other guarantors, calling upon them to clear the outstanding

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dues within seven days. As no payment was received within the stipulated period, the Applicant has stated the date of default as 04.03.2025. It is further submitted that the amount in default, as on 15.04.2025, stood at Rs.4,16,51,899/- along with interest at the rate of 12% per annum and penal interest at 3% per annum.

4. The Financial Creditor has proposed Insolvency Professional, Mr. Pankaj Bhattad having IBBI Registration No.: IBBI/IPA-001/IP-P-02841/2023- 2024/14362 to act as a Resolution Professional.
5. The Respondent/Corporate Debtor has filed its reply opposing the petition and submitted that the corporate debtor is engaged in the business of operating a steel re-rolling mill and trading in steel and minerals. The Corporate Debtor submitted that the debt claimed by the Applicant arises from a Corporate Guarantee furnished in respect of an MSME Business Loan Facility availed by the Principal Borrower. It is stated that the said guarantee was executed jointly with Artex Textile Private Limited and Cubatics Industries Private Limited under a Deed of Guarantee. The Corporate Debtor has further contended

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that the Corporate Debtor was not a party to the credit facility sanction letter dated 02.09.2024 executed between the applicant and the principle borrower. It is submitted that the sanction letter reflects loan tenure of sixty months from the date of sanction. According to the Corporate Debtor, despite the aforesaid tenure, the Financial Creditor sought to foreclose and recall the loan upon two consecutive defaults in payment of EMIs and, instead of proceeding against the Principal Borrower, invoked the Corporate Guarantee furnished by the Corporate Debtor. It is further contended that the Financial Creditor failed to consider that, apart from the Corporate Debtor, Artex Textiles Private Limited had also furnished a Corporate Guarantee for the same loan facility and that the primary security, namely the windmill over which the first and exclusive charge had been created, was itself valued at approximately Rs. 7 Crores. The Corporate Debtor has submitted that the entire amount claimed could be realized by enforcement of the said security and, therefore, there was no necessity to proceed against the Corporate Debtor.

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6. The Corporate Debtor has submitted that it is facing financial distress due to defaults by its clients, resulting in a substantial disruption of cash flows and compelling it to make a slump sale of its assets, including its mill. It is submitted that, owing to its present financial condition, corporate debtor is unable to discharge the liability arising under the Corporate Guarantee, though efforts are being made to arrange funds, revive the business, and repay its creditors, including the Financial Creditor. The Corporate Debtor sought additional time from the Financial Creditor to regularize the dues, and submitted that it is a going concern and intends to repay the entire outstanding amount.
7. We have heard the learned Counsels for both the parties and perused the documents on record along with written submissions of the parties.
8. It is noted that the loan facility of Rs. 4,00,00,000/- was sanctioned to the Principal Borrower and the Respondent/Corporate Debtor had executed a Deed of Guarantee dated 02.09.2024 in favour of the Applicant. The material placed on record, including the sanction

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letter, deed of guarantee dated 02.09.2024, recall notice dated 26.02.2025 and statement of account, demonstrates that the loan account was recalled and an amount of Rs.4,16,51,899/- remained due and payable as on 15.04.2025. The date of default has been shown as 04.03.2025. The Corporate Debtor has not disputed the execution of the guarantee nor the outstanding liability. Therefore, we observe that the Applicant has established the existence of a financial debt and the occurrence of default.

9. The defence of the corporate debtor that the applicant ought to have first proceeded against the primary security given by the Principal Borrower, and the value of such security is sufficient to satisfy the outstanding debt is untenable as we observe that the primary security belongs to the Principal Borrower, which is already undergoing CIRP pursuant to the order dated 25.03.2025 passed by this Tribunal. The realization of the assets of the principal borrower are matters to be dealt with within the CIRP of the principal borrower and cannot be made a precondition for initiation of insolvency proceedings against the

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Corporate Guarantor. Further, in terms of Section 128 of the Indian Contract Act, 1872, the liability of a guarantor is co-extensive with that of the principal borrower.

10. We also note that the Corporate Debtor, in its reply as well as during the proceedings recorded in the order dated 03.06.2026, admitted the liability under the Corporate Guarantee. It submitted its inability to repay the outstanding debt due to financial difficulties. Such submissions amount to an acknowledgment of the liability.
11. Accordingly, we are satisfied that a financial debt is due and payable by the Corporate Debtor and that default has occurred. The present application being filed within limitation and default amount above the threshold limit of Rs.1 crore, we are inclined to admit the present petition. Hence, we pass the following orders:

ORDER

- I. TP (IBC)/2 (AHM)/2026 is allowed.
- II. The CIRP is ordered to be initiated against the corporate debtor - Utkal Steels Limited.
- III. We hereby appoint Mr. Pankaj Bhattad having IBBI Registration No.: IBBI/IPA-001/IP-P-02841/2023-

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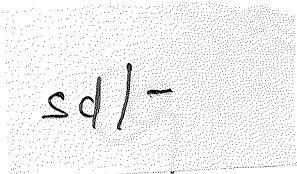
2024/14362 email id- rppankajbhattad@gmail.com to act as IRP. The IRP is directed to take charge of the Corporate Debtor's management immediately. The IRP is also directed to cause public announcement as prescribed under Section 15 of the IBC, 2016 within three days from the date the copy of this order is received, and call for submissions of claim by the creditors in the manner as prescribed under Regulation 6 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

- IV. We direct the Applicant/Financial Creditor to deposit a sum of Rs. 2.00 lacs (Rupees two lacs only) with the IRP to meet the expenses for performing functions assigned to him 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.

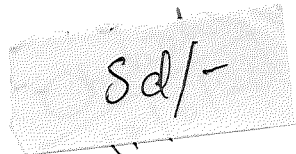
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- V. As a consequence of the application being admitted in terms of Section 7(5) of IBC, 2016, moratorium as envisaged under the provisions of Section 14 (1) shall follow in relation to the Corporate Debtor, prohibiting actions as per clauses (a) to (d) of Section 14 (1) of the Code. However, during the pendency of the moratorium period, terms of Section 14(2) to 14(4) of the Code shall remain in force.
- VI. The Registry is directed to communicate this order to the applicant, IRP and the corporate debtor. In addition, a copy of the order shall also be forwarded to IBBI for its records and to take steps for updating the Master Data of the corporate debtor in the MCA portal and shall forward the compliance report to the Registrar, NCLT.

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DR. V. G. VENKATA CHALAPATHY
MEMBER (TECHNICAL)

sd/-

CHITRA HANKARE
MEMBER (JUDICIAL)

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