

**NATIONAL COMPANY LAW TRIBUNAL
GUWAHATI BENCH
GUWAHATI**

ORDER SHEET OF THE HEARING ON 19th MAY 2026

**IA (IBC)/39/GB/2025
CP (IB)/17/GB/2024**

**Present: 1. Hon'ble Member (Judicial), Shri Rammurti Kushawaha
2. Hon'ble Member (Technical), Shri Yogendra Kumar Singh**

In the Matter of	PAN India Network Limited Vs EGT Entertainment Private Limited
Under Section	U/s 7 of IBC, 2016

Appearances (via video conferencing/physically)

IA(IBC)/39/GB/2025

For Petitioner (s) : Mr. Amit Pareek, RP

For Respondent (s) : Ms. Sonu Gupta, Liquidator, R-1
: Mr. Sidharth Singh for R- 2 &R-3

ORDER

Order pronounced in open court *vide* separate sheets.

**Sd/-
Yogendra Kumar Singh
Member (Technical)**

**Sd/-
Rammurti Kushawaha
Member (Judicial)**

**IN THE NATIONAL COMPANY LAW TRIBUNAL
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IA (IBC)/39/GB/2025
Connected with
CP (IB)/17/GB/2024**

An Application under Section 65 of the Insolvency and Bankruptcy Code, 2016 read with Rule 11 of the NCLT rules, 2016.

In the matter of:

Mr. Amit Pareek Interim Resolution Professional of **EGT ENTERTAINMENT PRIVATE LIMITED** 4th Floor, Ram Prasad Complex, Chatribari, Guwahati, 781001 Email: cirpegt@gmail.com/amitpareek99@yahoo.com Phone No: 9864031935/7002502711

.....IRP/ Applicant

Vs

Ms. Sonu Gupta ,At 42/1201, 11th Floor, N.R.I. Complex, Seawoods Estates, Nerul, Navi Mumbai, Maharashtra-400706, Email ID: rpsonugupta@gmail.com/officeofsonugupta@gmail.com, liquidator.pinl@gmail.com

..... Liquidator / Original Applicant/ R-1

Mr. Dinesh Jayeshwar, resident of Mariamma Nagar, 42-A Block, Room no. M-125, S.R. A No.170, Dr. A.B. road, Worli , Mumbai, Maharashtra 400018. -

..... Suspended Director of CD/ R-2

Mr. Mukesh Singh, Resident of House No. 195, 0.7, Bhalubasa, Agreco JSR, Gangtok, Sikkim-737101.

..... Suspended Director of CD / R-3

And

In the matter of:

PAN India Network Limited (In Liquidation), having its registered office at 135, Continental Building, Dr. A. B. Road, Worli, Mumbai, Maharashtra- 400 018

Vs

...Financial Creditor

EGT Entertainment Private Limited, Having its Regd. Office at House No CH-4-1, Near District Court, BasiKothi, Upper Sichey, Gangtok, Sikkim-737 101

..... Corporate Debtor

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Coram:

Shri Rammurti Kushawaha : Member (Judicial)

Shri Yogendra Kumar Singh : Member (Technical)

Appearances (through video conferencing):

For Petitioner : Mr. Amit Pareek, RP

For Respondent : Ms. Sonu Gupta, Liquidator, R-1
Mr. Sidharth Singh for R- 2 &R-3
Mr. R. S. Singh, Adv

Order pronounced on: 19.05.2026

JUDGMENT

1. The present Interlocutory Application is filed before this Hon'ble Tribunal under the provisions of Section 65 of the Insolvency and Bankruptcy Code, 2016 ("Code") read with Rule 11 of the NCLT rules, 2016. The Applicant, in his capacity as the Interim Resolution Professional ("Applicant") of **EGT ENTERTAINMENT PRIVATE LIMITED** ("Corporate Debtor"), seeks the following substantive reliefs:
 - a) *May be pleased to allow the present application;*
 - b) *May be please to pass order to terminate the CIRP initiated against the Corporate Debtor;*
 - c) *May be please to direct the payment of all CIRP cost on actual basis including IRP fees as notified by IBBI on 13-09-2022 in Schedule II the minimum fees under regulation 34B of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations 2016;*
 - d) *May be pleased to pass other and further consequential orders including in relation to the discharge of the applicant as Interim Resolution Professional;*
 - e) *Pass such other and further order(s) as this Hon'ble Tribunal may deem fit, just, and proper in the facts and circumstances of the present case.*

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2. The Hon'ble National Company Law Tribunal, Guwahati Bench ("NCLT"), vide order dated 07.04.2025 in CP (IB) No. 17/GB/2024, admitted an application under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("IBC") filed by PAN India Network Limited (in liquidation) ("Financial Creditor") against EGT Entertainment Private Limited ("Corporate Debtor") and appointed the Applicant as Interim Resolution Professional ("IRP").
3. Submissions made on behalf of the IRP who is petitioner in the present case are as follows:
 - 3.1 The Corporate Debtor is a private limited company incorporated under the Registration of Companies (Sikkim) Act, 1961. Post repeal of the said Act under Section 465 of the Companies Act, 2013, its records are not available on the MCA portal.
 - 3.2 Upon perusal of the Section 7 application, it is evident that the petition has been filed by the holding company, PAN India Network Pvt. Ltd. (in liquidation), holding 99.99% shares in the Corporate Debtor, through its Liquidator, who also proposed herself as the Interim Resolution Professional despite being ineligible under Regulation 3(1)(b) of the IBBI Regulations as a related party under Sections 5(24)(i) and (j) of the IBC. However, the Hon'ble Bench appointed Mr. Amit Pareek as IRP. (Copy of Shareholder List received from the Corporate Debtor is annexed as Annexure-B.)
(Copy of Annexure-G to the Section 7 application containing the consent of Respondent No.1 to act as IRP is annexed herewith as Annexure-C.)
 - 3.3 The demand notice relied upon in the Section 7 application was allegedly served at a Mumbai office, whereas the Corporate Debtor has averred that it has no office in Mumbai. Upon perusal of the Section 7 application, it is noted that Respondent No.1 claims to have issued demand notices to the Corporate Debtor dated 15.07.2024 and 28.07.2024, supported by acknowledgment and postal tracking records.
 - 3.4 The first demand notice dated 15.07.2027 was addressed to the registered office of the Corporate Debtor in Sikkim; however, the acknowledgment records receipt at a purported Mumbai office on 16.07.2024, bearing only the seal of the Corporate Debtor

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and no signature. Further, personnel of the Corporate Debtor informed the IRP vide email dated 15.04.2025 that, since no business operations were carried on from 2020, the Corporate Debtor had neither a registered nor branch office. In these circumstances, service of the notice at Mumbai, where the Financial Creditor is also registered, raises serious concerns regarding its genuineness and suggests collusion between Respondent No.1 and the suspended Board of Directors of the Corporate Debtor.

(Copy of Annexures B and C of the Section 7 application, email dated 15.04.2025, and master data of Respondent No.1 are annexed as Annexure-D colly.)

- 3.5 As regards the second demand notice dated 28.07.2024, though Respondent No.1 claims dispatch through registered post, the postal tracking record annexed to the Section 7 application indicates that the notice was not delivered and was returned to the sender. (Copy of track record forms part of Annexure-D above.)
- 3.6 Neither the Financial Creditor nor the suspended Board furnished any documentary proof of disbursement or due date of the alleged debt. Though an amount of Rs. 2.42 crore is claimed to have been disbursed, no supporting records or bank statements have been furnished. Despite repeated reminders by the IRP, the Corporate Debtor's personnel have also failed to provide bank statements reflecting receipt of the said amount. Significantly, Respondent No.1 has itself stated in the Section 7 application that, as it is under liquidation, details of the exact disbursement or existence of any agreement are not ascertainable.
- 3.7 No proof of service of the Section 7 application upon the Corporate Debtor was annexed, and even upon subsequent request by the IRP to R-1 to furnish a copy of the Section 7 application along with annexures and reply, which was provided vide email dated 10.04.2025. On perusal thereof, it was found that no proof of service evidencing dispatch or service of the Section 7 application upon the Corporate Debtor was annexed thereto.
- 3.8 The authorization in favour of counsel for the Corporate Debtor was issued by Respondent No.2 *vide* Board Resolution dated 12.12.2024 (annexed as Annexure-E to

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- the petition). However, when the IRP sought details of the suspended Board, the Corporate Debtor's personnel, instead of furnishing the requested particulars, intimated vide email dated 29.04.2025 that the suspended Board had been trying to resign from the company for the past few years. (Copy of emails dated 27.04.2025 and 29.04.2025 annexed as Annexure-F to the petition.).
- 3.9 The counsel for the Corporate Debtor raised no objection, admitted the debt, and declined to file any reply & submitted that *"he does not want to file any reply in this matter"* Which is evident from the order dated 12-12-2024 *vide* para no.2.
(Copy of order dated 12.12.2024 annexed as Annexure-G to the petition.)
- 3.10 The IRP submitted that he made a public announcement in Form-A in compliance with Regulation 6 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, which was published in *Sikkim Express* and *Himali Bela* on 11.04.2025 and uploaded on the IBBI portal. The last date for submission of claims was 23.04.2025. (Copy of the Public Announcement dated 11- 04-2025 is attached herewith as Annexure-H to the petition).
- 3.11 Being the applicant under Section 7, Respondent No.1 was requested by emails dated 20.04.2025 and 23.04.2025 to submit its claim in terms of the public announcement. Though Respondent No.1 acknowledged the announcement and raised queries regarding CIRP costs and the financial position of the Corporate Debtor, it did not submit any claim despite being asked by the IRP vide email dated 24.04.2025 to do so within the prescribed time.
(Copy of E-mail dated 20-04-2025, 23-04- 2025 & 24-04-2025 exchanged between the R-1 & IRP related to submission of Claim is annexed herewith as Annexure I)
- 3.12 It is submitted that while Respondent No.1 sought information regarding the financial status of the Corporate Debtor, it had itself shared the CD'S financial statements for FY 2021–22 and 2022–23 with the IRP vide email dated 10.04.2025, rendering such queries inconsistent.
(Copy of E-mail dated 10-04-2025 is attached to the petition as Annexure-J)

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- 3.13 Till the date of filing of this petition, no claim has been received from R-1, resulting in non-constitution of the Committee of Creditors (COC) and stalling the CIRP. This conduct reflects lack of interest on the part of R-1 in pursuing the CIRP and suggests that the Section 7 application was filed for a purpose other than insolvency resolution. In the circumstances, the CIRP deserves to be terminated and the IRP discharged upon payment of CIRP costs and fees.
- 3.14 The conduct of Respondent Nos.2 and 3 demonstrates non-cooperation and lack of interest in the CIRP of the Corporate Debtor, indicating that the process appears to have been initiated for purposes other than resolution of the Corporate Debtor.
- 3.15 Upon receipt of the order dated 07.04.2025, the IRP addressed emails dated 10.04.2025 and subsequent reminders to the suspended Board and Respondent No.1, seeking particulars and contact details of Respondent Nos.2 and 3, including email IDs and contact numbers.
(Copy of E-mail dated 10-04- 2025, 11-04-2025, 13-04-2025, 14-04-2025, 18- 04-2025, 24-04-2025, 27-04-2025, 29-04-2025 sent by IRP to CD for seeking contact details of BOD including other details is attached herewith as Annexure-K Colly)
- 3.16 In response, the Corporate Debtor's personnel vide email dated 29.04.2025 stated that the directors had been trying to resign for several years, but such resignations had not been recorded due to filing difficulties, and sought further time to provide the requested information.
(Copy of E-mail dated 29-04- 2025 received from CD is attached herewith as Annexure-F in this Application)
- 3.17 Despite repeated reminders, the contact details of Respondent Nos.2 and 3 were not provided, compelling the IRP to obtain their email addresses independently from MCA records through their DIN particulars.
- 3.18 In response to the IRP's email dated 14.04.2025 seeking records of the Corporate Debtor, the statutory auditor and other personnel of the Corporate Debtor indicated through emails dated 15.05.2025 that different individuals were available to provide accounts, banking, secretarial and taxation-related information. This is contradictory

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to the CD's subsequent assertion in its email dated 18.04.2025 that there was no manpower and no assets in the company. Further, though certain information was shared "piecemeal", the role and authority of such persons in relation to the Corporate Debtor were never clarified

(Copy of E-mail 15-04-2025 received from Auditor AND E-mail dated 18-04-2025 wherein CD's Personnel commented that there is no manpower in CD attached herewith as Annexure L Colly).

- 3.19 Upon being called upon to furnish details of the registered and branch offices, the Corporate Debtor's personnel stated vide email dated 14.04.2025 that no office was being maintained since 2020. On that IRP requested for the last address of CD along with the rent agreement, the CD's personnel provided the last address as 'Light of Sikkim Building, M.G. Marg, Gangtok, Sikkim - 737101'. However, the rent agreement remains unprovided. Notably, the Section 7 application mentioned a different address: 'House No. CH-4-1, Near District Court, Basi Kothi, Upper Sichey, Gangtok East, Sikkim 737101. Further as per ICICI Bank statement provided by the CD the address of CD mentioned as ... Old Kye-Dye Khang Sehl Bldg. Kashi Raj, Pradhan Marg, Namnang, Gangtok, Sikkim-737101.

(Bank statement of ICICI Bank is attached herewith as Annexure-M)

- 3.20 The above stand is further contradicted by the acknowledgment annexed with the Section 7 application showing receipt of the demand notice at a purported Mumbai office of the Corporate Debtor on 16.07.2024, despite the Corporate Debtor's assertion that no office was being maintained.

(Copy of Acknowledgment of demand notice at Mumbai office by CD attached with section 7 application is attached herewith above as Annexure-D with this Application)

- 3.21 In view of these contradictions, the IRP personally visited Gangtok on 21.04.2025 to take custody of records and assets and to verify the addresses provided. However, no office premises, personnel, or fixed assets of the Corporate Debtor were found at any of the three addresses disclosed.

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3.22 The Corporate Debtor's personnel informed the IRP vide email dated 18.04.2025 that the Corporate Debtor had no assets. However, the audited financial statements of the Corporate Debtor reflect fixed assets with a book value of Rs. 7.65 crore and WDV of Rs. 3.77 crore as on 31.03.2024. But all the fixed assets having WDV Rs. 3.77 Crores has been shown as impaired in the Audited financial statement of the CD for the year ended 31-03-2024.

3.23 Further, the audited financial statements disclose substantial investments of the Corporate Debtor in debentures, including investments in *PAN India Utilities Distribution Co. Ltd.* (PIUDCL) and *Creative Gaming Solutions Pvt. Ltd.* Since the substantial amount of the CD are invested in the Fixed assets and Investment in Debenture but no details of information and or claim status related to the PIUDCL provided till date. In view of the substantial value reflected in fixed assets and investments, the non-disclosure of their location, status, and supporting particulars raises serious concerns and impedes effective conduct of CIRP aimed at value maximisation.

(Copy of Audited financial statement for the year ended 31-03-2024 & E-mail dated 18-05-2025 attached herewith Marked as AnnexureN)

3.24 It is pertinent to note that CD has provided the Copy of the Board Resolution dated 05-04-2025 signed by the director Mr. Mukesh Singh. The Resolution passed as under:

"Resolved that the consent of the Board of Directors be and is hereby accorded for Impairment of fixed assets of the Company standing in the Books of Accounts and Register at Rs. 37, 785.85 in thousand"

"Resolved further that the necessary entries be made in the books of accounts of the Company for the year ended 31-03-2024 in this regard"

(Copy of the Board Resolution dated 05th April, 2024 is attached herewith as Annexure O).

3.25 The continued non-disclosure regarding the location and status of fixed assets with substantial book value of Rs. 3.77 Crores, the basis for their impairment, and the

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absence of particulars relating to investments in debentures of significant value remain serious matters of concern and materially hamper the effective conduct of CIRP.

3.26 It is submitted that the Section 7 application was filed on 17.09.2024, whereas substantial assets of the Corporate Debtor were impaired in FY 2023–24 pursuant to the Board Resolution dated 05.04.2024.

3.27 The IRP sought details of the authorized signatories of the CD's bank accounts vide email dated 10.04.2025. In response, the CD stated on 19.04.2025 that the signatories were old personnel who had left the organization. However, this stand is contradicted by the fact that the suspended Board of Directors signed the audited financial statements for FY 2023–24 on 25.06.2024 and also executed the Board Resolution dated 12.12.2024 authorizing counsel in the Section 7 proceedings.

3.28 Despite repeated requests by the IRP, the Corporate Debtor's personnel failed to furnish minutes and attendance records of shareholders' and board meetings, including minutes relating to the Board Resolutions dated 05.04.2024. The CD's Personnel stated that:

"There is no mandate of law to maintain minutes as per Sikkim Companies Act, 1961 as the Law is silent on the same. Kindly refer to the link of the bare act of Sikkim Companies Act, 1961. However, we have maintained the minutes of the last few years only."

It is, however, pertinent to note that Clause 30 of the Articles of Association of the Company (CD) expressly stipulates that "The Board shall meet together at least once in every three months for the transaction of business and may adjourn and otherwise regulate its meetings and proceedings ... " In view of the foregoing, it is incumbent upon the officers and personnel of the CD to comply strictly with the provisions set forth in Clauses 30, 31, and 32 of the Articles of Association.

(Copy of AOA of the CD is attached and marked as Annexure-P)

3.29 The persistent non-cooperation and obstructive conduct of the Corporate Debtor's personnel have stalled the CIRP, compelling the IRP to seek termination of CIRP, payment of CIRP costs, and appropriate action against Respondent No.1 for filing the

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petition in a collusive and fraudulent manner with Respondent Nos.2 and 3 for a purpose other than insolvency resolution of the Corporate Debtor.

3.30 The cumulative conduct of Respondent Nos.1, 2, and 3 reflects lack of transparency, mala fide intent, and misuse of the insolvency process for extraneous purposes, thereby frustrating the objectives of the IBC and warranting appropriate intervention by this Hon'ble Tribunal.

4. In rebuttal to the aforesaid contentions, Respondent No.1 has filed the present reply in compliance with the directions issued by this Hon'ble Tribunal vide Order dated 16.05.2025. Respondent No.1 states that it is well acquainted with the facts and circumstances of the present case based on the records available and submits as under:

4.1 At the outset, all contentions, averment and statements in IA 39/2025 except those expressly admitted herein are denied. The application is based on misrepresentation, incorrect facts, and erroneous interpretation. It is also submitted that the present Interlocutory Application filed on the suspicious ground of the Interim Resolution Professional without having any concrete evidence or documents leading to proving the collusion or malaise intent of the present respondent.

It is submitted that the present Respondent has always acted in accordance with the provisions of law and at no occasion, the present respondent has violated any provisions of law.

4.2 The application is not maintainable against the Answering Respondent, being based on false, irrelevant, and extraneous grounds, and fails to satisfy the requirements of Section 65 of the IBC. It is liable to be dismissed with exemplary costs for abuse of process.

4.3 Now dealing para wise response with reference to facts mentioned in Part-IV which is operative part of the application where para 1 and 2 are formal in nature and thus being on record do not require any comments from the present respondent.

4.4 With reference to contentions raised under para 3.1 regarding collusion with R-2 & R-3 and proposal of R-1 herself as IRP in section 7 petition, the same is nothing but misrepresentation and twisting of facts and legal position.

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The allegation of collusion with Respondent Nos.2 and 3 is baseless and unsupported by any material. In this regard, the present respondent brings correct facts before this tribunal to deal with allegation of the IRP / Applicant by producing following factual aspects:

- A. That liquidation order in the matter of PAN India Network Limited was passed on 21.12.2021, in C.P.(IB)-3493(MB)/2019, NCLT Mumbai, where the present respondent was appointed as liquidator of the financial creditor in fiduciary capacity to run the liquidation process as per the IB Code.
- B. That during the liquidation process, an application was filed before Hon'ble NCLT, Mumbai bearing IA 2315/2023 seeking permission to initiate insolvency proceedings against wholly owned subsidiaries of the Corporate Debtor i.e. M/s. EGT Entertainment Private Limited, M/s. Fortuity Gaming Solutions Private Limited and M/s. Aurangabad Jal Construction Private Limited. The said IA 2315/2023 was duly allowed by the Hon'ble NCLT, Mumbai on 07.06.2023. Copy of the said order is attached as Annexure-1.
- C. Subsequent to the issuance of the said order, the matter was discussed in the meeting of the Stakeholders Consultation Committee ("SCC") convened by the Financial Creditor, wherein the SCC members unanimously resolved to proceed with initiating appropriate legal proceedings and authorized the Liquidator to take all necessary steps in this regard.
- D. That additionally, present respondent is otherwise duly authorized under Regulation 39 of the IBBI (Liquidation Process) Regulations 2016 which provides as follows:

"The liquidator shall endeavor to recover and realize all assets of and dues to the corporate debtor in a time-bound manner for maximization of value for the stakeholders."

In light of the above, and considering that the legal process has been duly followed by the present Respondent/ Original Liquidator, in initiating proceedings under Section 7 of the Insolvency and Bankruptcy Code, 2016 against the Corporate Debtor, the allegation

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made by the IRP / Applicant is baseless, devoid of merit and lacks any substantive foundation.

4.5 The allegation that the Respondent was ineligible or a related party is incorrect. The Respondent acts in an independent fiduciary capacity as Liquidator and has no personal or monetary relationship with the Financial Creditor or Corporate Debtor. The Section 7 application itself clarifies that the Respondent proposed her name only to reduce costs, while leaving it open to the Tribunal to appoint any IRP the relevant para i.e, para 8 is reproduced as below:

8. The applicant has proposed name of Ms. Sonu Gupta having IBBI Reg No: IBBI/IPA-001/IP-P-02261/2021-2022/13534 as Interim Resolution Professional. Or This tribunal may appoint Interim Resolution Professional from panel maintained by the tribunal as per “Insolvency Professionals to act as Interim Resolution Professionals, Liquidators, Resolution Professionals and Bankruptcy Trustees (Recommendation) Guidelines, 2024” as may deem fit.

The above para is further supported with the subsequent para-11. Content of the same is reproduced as:

11. That I say and submit that in view of applicant financial creditor into liquidation process and to avoid additional burden of cost, I myself proposed as Interim Resolution Professional. I also say and submit that I am not relative of Financial Creditor or Corporate Debtor as per the relationships defined in IBBI circular dated 16.01.2018 (Ref: No. IP/005/2018). However, Hon’ble Tribunal may appoint any other Interim Resolution Professional from the panel maintained by the Tribunal if it deems fit.

(Copy of the affidavit filed with Company Petition is marked and attached as Annexure-2.)

4.6 The Applicant has failed to consider settled judicial precedents and the CBIRC-II Report on Group Insolvency, which recognize appointment of a common resolution professional for group companies, as upheld in “*Edelweiss Asset Reconstruction Co. Ltd. v. Sachet Infrastructure Pvt. Ltd.*” Similar approaches have been adopted in large group insolvencies such as Videocon and Lanco.

In any event, this Hon’ble Tribunal has appointed Mr. Amit Pareek as the IRP; therefore, the allegations raised by the Applicant are self-contradictory and contrary to the record.

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- 4.7 With reference to contentions raised under para 3.2 of the petition regarding demand notice served at Mumbai office I would like to state and submit that I have duly issued demand notice dated 28.07.2024 at the registered office of the corporate debtor, which was returned undelivered. Upon identifying GST records (GST No. 27AACCE5452H1ZO) showing a Mumbai address, the notice was delivered at Mumbai where it was acknowledged by a group representative. It is noteworthy that while the Applicant readily accepts information from employees of group companies, it simultaneously questions the acknowledgment of the demand notice received at the Mumbai office, reflecting an inconsistent stand.
- 4.8 The Respondent submits that the Applicant is misleading this Hon'ble Tribunal by misstating facts, as the alleged date of demand notice (15.07.2027) is erroneous and impossible. However, with the said allegation, it is clear that applicant has no concrete material to prove any malafide intent of the present respondent.
- 4.9 With reference to the contentions raised under paragraph 3.3 of the petition regarding the alleged debt disbursement, the present Respondent submits that the debt is duly reflected in audited financial statements of both the Corporate Debtor and Financial Creditor. Such audited records cannot be questioned without basis. The present respondent further state and submits that since the financial creditor is undergoing liquidation process, no material record or detailed investment documents are available with the liquidator and the said fact was clearly cited at Part-IV of CP 17/2024.
- 4.10 With reference to contentions raised under para 3.4 of the petition regarding proof of service, the said contention of the present applicant is baseless. The present respondent duly served copy of petition to the Corporate Debtor on 23.10.2024 and 04.12.2024. Even Affidavit of service was also filed before this tribunal and hence contention of the present applicant proves false and frivolous attempt to create misleading facts.
(Copy of the service emails dated 23.10.2024 and 04.12.2024 along with Affidavit of Service is attached as Annexure-3.)

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4.11 With reference to the statements/averments made under para 3.5 of the petition, the same does not pertain to present respondent and hence no comments required from the present respondent.

4.12 With reference to para 4 regarding filing of claim, it is submitted that the present Respondent, being the Liquidator of PAN India Network Limited (in liquidation pursuant to order dated 21.12.2021 in C.P.(IB)-3493(MB)/2019, NCLT Mumbai), acts under the guidance and decisions of the Stakeholders' Consultation Committee (SCC) in terms of Regulation 31A of the IBBI (Liquidation Process) Regulations 2016 and cannot act unilaterally.

The Applicant has misrepresented facts by suppressing the Respondent's email dated 23.04.2025, wherein clarification was sought to enable effective consultation with the SCC. Instead of providing relevant information, the Applicant responded on 24.04.2025 in a manner that effectively compelled filing of claim. The IRP has failed to place the complete communication on record and is instead indulging in baseless and unfounded accusations. It is further submitted that Stakeholders Consultation Committee of Pan India Network Limited, in its 15th meeting held on 15.05.2025, resolved not to file any claim in the CIRP of the EGT Entertainment Private Limited. Moreover, the Hon'ble Supreme Court in "*Greater Noida Industrial Development Authority v. Prabhjit Singh Soni & Anr*". (2023) has held that filing of claim is directory and not mandatory; accordingly, the Applicant's contention on this ground is untenable.

4.13 Regarding contention and allegation of the present applicant at para 4.4, the R-1 submits that she is well within her rights to take necessary steps for recovery under Reg 39 of IBBI (Liquidation Process) Regulations 2016 and detailed legal facts as cited at para-6 of the affidavit including but not limited to order dated 07.06.2023 passed by Hon'ble NCLT, Mumbai.

4.14 The Respondent submits that the present application is filed merely to delay proceedings, as no substantive CIRP process has been carried out, the Applicant could have directly sought termination instead of filing the present application seeking his discharge.

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- 4.15 With reference to the statements/averments made under para 4.1 to 4.3 of the petition, the same are repetitive in nature and already dealt in detailed in affidavit filed in IA 36/2025 and hence not dealt herein for the sake of avoidance of repetition.
- 4.16 With reference to the statements/averments made under para 5 to 7 of the petition, which does not pertain to present respondent and hence no comments required from the present respondent.
- 4.17 With reference to the statements/averments made under para 8 of the petition, the same is repetitive in nature and is already dealt in various paras and hence not addressed to avoid further repetition.
- 4.18 The Applicant has failed to establish any collusion or intent under Section 65 of the Code, and the application is based on baseless issues while disregarding the lawful process followed by Respondent No.1.
- 4.19 It is respectfully submitted that the Respondent has no objection to termination of CIRP; however, in the absence of any substantial CIRP process and in view of the filing of the present application on trivial grounds, the claim for IRP fees is opposed. The actual expenses may be placed before this Hon'ble Tribunal, and any surplus amount deposited by the original applicant be refunded.
- 4.20 It is respectfully submitted that the Respondent has placed the true facts before this Hon'ble Tribunal, and the application may be disposed of accordingly in light of the above submissions.
5. Submissions made on behalf of the R2 and R3 are mentioned herein below:
- 5.1 The Respondent Nos.2 and 3 have perused the Interim Application filed by the Resolution Professional of EGT Entertainment Pvt. Ltd. under Section 65 of the Insolvency and Bankruptcy Code, 2016 read with applicable regulations and rules, and are filing the present Affidavit in Reply opposing the same, while reserving the right to file additional pleadings or documents, if required. The said Application has been filed on the alleged ground of non-cooperation by the suspended Board of Director.
- 5.2 At the outset, all allegations and contentions made in the Application are denied as false, incorrect, misleading, and without merit. The Application is based on a

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misconceived understanding of facts and law and contains unsubstantiated allegations against Respondent No.2 and 3, which are nothing but conjectures and devoid of any supporting material. It is further submitted that the Application suffers from suppression of material facts (*suppressio veri*) and misrepresentation (*suggestio falsi*), and is therefore not maintainable before this Hon'ble Tribunal.

5.3 It is submitted that the ex-management of the Corporate Debtor, namely Mr. Anil Salvi, Mr. Ankit Shah, and Mr. Mahadev Bhatwalkar, were in continuous communication with the IRP and had provided relevant documents and information through various email correspondences. Despite such cooperation and assistance, the IRP has filed the present Application in a casual and lackadaisical manner without properly considering the material already furnished. (Copies of email correspondences annexed as Exhibit-A.)

5.4 The para wise reply of respondent 2 and 3 is submitted as follows:

- a) The contents of paras 1, 2, 3.1, 3.1.1, 3.1.2, 3.2.3 and 3.4 of the Application are matters of record and hence require no comment.
- b) The allegations in para 3 of the Application regarding collusion are emphatically denied as false and baseless. There is no collusion between Respondent Nos. 1, 2 and 3, and the Applicant has made such allegations without any supporting material. It is evident that the Applicant is only trying to extort money from the Respondents in the name of CIRP fees and other charges.
- c) With respect to paras 3.2 to 3.2.2 of the Application, it is stated that the Corporate Debtor has had no business operations since 2020 and is not maintaining any registered or branch office. The demand notice issued to the registered office on 05.08.2024 was returned undelivered with the remark "addressee cannot be located" on 12.08.2024. However, the earlier notice dated 15.07.2024 was received at the Mumbai office of a related party of the Corporate Debtor. The Corporate Debtor itself has no office in Mumbai. The allegation of collusion on this basis is denied.

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- d) The contents of paras 3.3 and 3.3.1 of the Application are denied. It is submitted that an amount of ₹2,42,60,191/- was duly disbursed through banking channels, as evidenced by ledger accounts of Pan India in EGT (annexed as Exhibit-B to the reply by Respondent 2 and 3).
- e) With respect to paras 3.5.1 and 3.5.2 of the Application, it is submitted that Respondent No. 2 had duly passed a Board Resolution dated 12.12.2024 appointing counsel. The counsel, acting on instructions of the directors, admitted the liability and stated that no reply was required.
- f) Paras 4 to 4.4 of the Application pertain to Respondent No. 1 and therefore require no reply from Respondent Nos. 2 and 3.
- g) The contents of paras 5 to 5.4.5 of the Application are denied. It is reiterated that the Corporate Debtor has ceased operations since 2020 and has no workforce or operational office. However, certain individuals, namely Mr. Mahadev Bhatwalkar, Mr. Anil Salvi and Mr. Ankit Shah, who are associated with related parties, have been assisting in providing available information and documents to the Applicant. All information in possession of the Corporate Debtor has been shared. The demand notice was received at a related party's Mumbai office. Allegations to the contrary are incorrect.
- h) With respect to para 6 of the Application, it is reiterated that as informed vide email dated 19.04.2025, the bank signatories are very old and there is no business transaction in Company so we are unable to know that now who has the signatory in bank.
- i) The contents of para 7 of the Application are admitted by Respondent No.2 and No.3 in which it is stated that "*CD's Personnel claiming that there is no mandate of law to maintain minutes as per Sikkim Companies Act, 1961*"
- j) The contents of paras 8 and 9 are denied as false, misconceived and baseless. It is submitted that Respondent Nos. 2 and 3 have cooperated and provided all available information. There is no collusion with Respondent No. 1. The Application is devoid of merit and has been filed with mala fide intent.

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k) In view of the above, it is respectfully prayed that the present Application be dismissed.

6. In rebuttal to the replies filed by Respondent Nos. 1, 2, and 3, the Applicant has filed the present Rejoinder in compliance with the directions issued by this Hon'ble Tribunal vide Order dated 08.08.2025, the contents whereof are stated hereinbelow:

6.1 **Preliminary objections**

a) **Collusion and Fraudulent Intent:** The Applicant submitted that the present Corporate Insolvency Resolution Process (CIRP) had been initiated by the Financial Creditor, PAN India Network Limited, under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC) in active collusion with the CD with a fraudulent intent to misuse the process of law.

b) **Non service of Demand Notice to CD and its Directors:** He further submitted that the first demand notice was never served to the registered office or any of the offices of the CD and director. The first demand notice dated July 15, 2024 was addressed to a residence in Sikkim but mysteriously bears an acknowledgment with the CD's seal that states "Received at Mumbai office 16.07.2024" even though it did not have any signature or address of the Mumbai Office.

6.2 **Violation of Statutory Rules in serving of Section 7 application:** The Applicant submitted that the creditor's failure to serve a copy of the application initiating CIRP to the registered office of the CD was a blunted violation of Rule 4(3) of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules 2016, which mandates serving of all requisite documents to the Registered office of CD and to the Board before filing Section 7 application under IBC

6.3 **Deliberate Deviation in Service of Section 7 application by R-1:**

a) In this regard, it is submitted that the last registered office of the Corporate Debtor, as per statutory records and board resolutions produced by Respondent Nos. 2 and 3 (Suspended Board), is at: "Light of Sikkim Building, M.G. Marg, Gangtok, Sikkim 737101" and the registered email id of the CD as provided by R-2 & R-3 is

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Egtentertainmentpvtltd@gmail.com, and the email id of R-2 is dineshj057(@gmail.com and R-3 is singhm@playwin.esselgroup.com.

- b) The application was filed on 17.09.2024 without serving any copy to the CD and its directors. No service affidavit had been attached with the application before it was filed.
- c) Based on the direction issued by the Bench, R-1 filed a Service Affidavit stating that the notice was served at the registered office and corporate office of the CD. The applicant argued that the Service Affidavit filed by R-1 is false on the grounds:
- i. Contrary to the submission of R-2 and R-3 where they stated the last known registered office address of the CD was “Light of Sikkim Building, M.G. Marg, Gangtok, Sikkim – 737101”, R-1 claimed the registered office of the CD was “House No. CH-4-1, Near District Court, Basi Kothi, Upper Sichey, Gangtok East, Sikkim – 737101”.
 - ii. There was no postal track report submitted with the Service Affidavit to prove notice was served at registered office of CD.
 - iii. Contrary to the submission of R-2 and R-3 where they stated the CD has no corporate office in Mumbai, R-1 claimed in service affidavit that notice has been served at the corporate office of the CD was “135 continental building Dr A B Road, Worli Mumbai 400018”.
 - iv. The email proof attached with the Service Affidavit showed it was addressed to emails that belonged to neither the CD nor to any of its directors. Hence, the notice was not served properly as per Rule 4(3) of the IBC Rules by R-1. A copy of email dated 04.12.2024 & 23.10.2024 is annexed herewith as “Annexure G”.
 - v. The applicant submitted that the aforementioned irregularities, coupled with the dubious and misleading manner in which statutory notices and the Section 7 application were served, clearly established that the initiation of CIRP was not bona fide, nor in consonance with the objectives of the IBC. He argues that the false submission of Service Affidavit attracted the punishment u/s 75 of IBC 2016, as in the instant matter the R-1 is holding 99.99% shares in CD and

is the liquidator of applicant CD since 21-12-2021, hence should have had complete details of the CD.

6.4 Suppression of material information of related party by R-1:

- a. The Applicant argues that R-1 suppressed material facts, particularly that it is a related party holding 99.99% shares in the Corporate Debtor and also acting as liquidator of the holding company. Despite this, R-1 proposed itself as IRP, which is legally impermissible under Regulation 3(l)(b) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, as she qualifies as a 'related party' as per Section 5(24) (i) & (j) of the IBC. The submission made by R-1 in her Affidavit dated 19-08-2024 in Para 11 that she is not the relative of F.C. or CD as per relationship defined in IBBI circular dated 16-01-2018 (Ref: no. IP /005/2018) is misconceived and false as the said circular only relates to the disclosures of relationship by IP, the said circular does not permit the related party can propose himself/herself as RP/IRP.
- b. The Applicant further alleges collusion during admission of CIRP, including suspicious conduct of the suspended directors and failure of R-1 to submit its claim despite initiating CIRP.
 - i. Despite non-service of notice to the CD and its directors, R-2 and R-3, who were then appointed as directors of CD, suspiciously knew about the Section 7 application and authorized a legal counsel. This counsel did not file a reply against the application and admitted R-1's claim.
 - ii. After the CIRP application was admitted on 07.04.2025, the Applicant sought last 3 years audited financial statements of the CD from R-1, who responded on 10.04.2025. But when the Applicant sent a request to submit the claim form on 20.04.2025 and 23.04.2025, R-1 responded to the mail enquiring about the financial position of the CD even after submitting the statements herself. CD is a wholly owned subsidiary of the applicant in the original Company Petition, the Applicant R-1 contradictory conduct to show malicious intent.

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Financial data is cited to show the Corporate Debtor has substantial assets as on FY 2023-24, Some of these investments include Rs. 12.99 crores in Compulsorily Convertible Debentures (CCDs) of Pan India Utilities Distribution Limited, Rs. 15.63 crores in Optionally Convertible Debentures (OCDs) of acquired company Creative Gaming Solutions Pvt. Ltd, Rs. 66.58 lakhs with Govt. authorities and fixed assets with written-down value of Rs. 3.77 crores. Even the Statutory Auditor's remarks in his Audit Report for FY 2023-24 were cited mentioning the company had "*adequate financial support*" from its promoters to "*ensure smooth running of operations*".

The books of the CD of FY 2023-24 also revealed written back trade payable and adjusted with the receivable upto Rs. 12 lakhs, written off loans and advance amounting to Rs. 19.91 lakhs, Sum of Rs. 15.55 Crores receivables including bank balance of Rs. 14.91 Crores has been adjusted, Various liabilities amounting to Rs. 75.78 Lakhs including statutory dues has been adjusted. and written off advances upto Rs. 10.49 lakhs. The CD has Unsecured loans from Associates amounting to Rs. 37.52 Crores.

The BoD had also opined in the Audited Financial Statement for FY 2022-23 that the current assets, loans and advances have a value on realization in ordinary course of business at an amount equal to that stated in the Balance Sheet. Copies of this Audited Financial Statement for 2023-24 and other details have been annexed as Annexure K to the rejoinder.

- iii. The Applicant also alleged the Respondents were deliberately concealing vital information needed to conduct the CIRP. He asked R-2 and R-3 for Tally data for the period 01.04.2018 to 31.03.2020 to which they initially falsely contended it had already been provided in an email dated 11.07.2025 but later denied all access citing excuses like no proper handover of password-protected documents after mass-exit of employees during COVID-19. This was largely because the existent Tally backup was password-protected and could not be accessed despite repeated attempts by the technical maintenance staff of Tally Solutions

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and even enquiring the ex-staff. However, the Applicant alleges that these contentions are completely contradictory to their own conduct and accuses them of “selective disclosure” as they are withholding information. Prior to the said email, the R-2 & 3 had previously disclosed ledger account of Pan India Network Ltd. with CD for the period 29.11.2010 to 25.07.2019 along with loan agreement executed on plain paper dated 29-01-2015 in reply filed by R-2 & 3 of IA/39/2025 with a sole to support R-1’s claim.

Furthermore, when an order dated 11.06.2025 directed all Respondents to provide additional documents to the IRP, the Respondents suspiciously disclosed certain Board Resolutions to the IRP that they had initially failed to produce when requested. The Applicant alleges this conduct was aimed at obstructing the IRP and frustrating the CIRP process.

6.5 It is asserted that valuable investments of Rs. 15 .63 Crores in OCD is in CD’s Book of Accounts, the said investment was purchased by CD from its group/related Party namely Ecool gaming Solutions Pvt. Ltd. on 31-03-2018 having the Regd. Office at 613/A, 6th Floor, Kohinoor City, Kiroi Marg, Kurla Mumbai-400070. It is pertinent to mention that the seller party of the OCD is the same address as claimed by R-1 as group Companies address and the registered email Id belongs to R-2. The said investment was concealed by the Respondents. R-2 & 3 has even submitted that CD does not have any assets or liabilities except due to the applicant of main CP, which clearly demonstrates false submission and attract punishment under section 70 & 75 of IBC and malicious intent to initiate CIRP against the CD which attract section 65 of the IBC. As per Term of Issue vide Clause 2(e) of OCD, the CD had the option to redeem this OCD within 10 years by sending a prior notice of intention of redemption. Copies of Board Resolution dated 31-03-2018, OCD Certificate and its terms, and Master Data of Creative gaming Solutions Pvt. Ltd. attached and marked as Annexure M to the rejoinder.

6.6 **Maintainability of Section 65 Application filed in the matter of IA/39/GB/2025:** Section 65 of the Insolvency and Bankruptcy Code, 2016 provides that where any

person initiates CIRP or liquidation proceedings fraudulently or with malicious intent for purposes other than insolvency resolution, the Adjudicating Authority may impose a penalty ranging from ₹1 lakh to ₹1 crore. In the present case, the foregoing facts sufficiently demonstrate that the CIRP of the Corporate Debtor has been initiated with such fraudulent and malicious intent.

6.7 **Locus Standi of IRP to Move the Present Application:** The IRP defends his locus standi, stating that he is duty-bound to protect the Corporate Debtor's assets and bring fraudulent conduct to the Tribunal's notice. In The Matter of "*Manish Kumar Bhagat /RP vs Pankaj Events and Celebrations Pvt. Ltd*" it was held that that CIRP can be terminated where proceedings are malicious.

6.8 **Rejoinder to the Para-wise Reply of R-1**

Para wise Reply to Preliminary Submission of R-1

- i. Save and except matters of record, all averments are denied. The Respondent has made vague allegations of "misrepresentation" and "falsehood" without any supporting material, whereas the Application is based on documentary evidence and discharge of statutory duties under the IBC.
- ii. With reference to the para 3-5 of the reply, Applicant states that the contention of the respondent that the Application is based on "suspicious grounds" or is not maintainable is incorrect. The Application is supported by emails, personal visit to Gangtok, and financial data, evidencing non-cooperation and irregularities. Issues such as non-service of notice, non-filing of claim, contradictions, and lack of cooperation fall squarely within Sections 19, 60(5), and 65 of the Code. The prayer for dismissal with costs is an attempt to evade accountability. The Applicant has indeed provided "averments or material satisfying the essential ingredients of Section 65 of the Code," as demonstrated by the detailed submissions regarding collusion, non-cooperation, and the failure of the financial creditor to submit its claim. R-1 initiated CIRP against the CD but did not submits its claim, which is all indicative of a CIRP initiated with a malicious and ulterior intent.

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Para-wise Reply to the Operative Part of the Reply of R1:

- iii. With reference to Para 7 of the reply, Applicant states that the denial of collusion is unfounded. Continuous non-cooperation, concealment of information, and failure of the Financial Creditor to file its claim indicate a coordinated effort to obstruct the CIRP. Further, R-1, being a 99.99% shareholder, proposed herself as IRP in violation of Regulation 3(1)(b) read with Section 5(24) (i) & (j) of the IBC 2016. Authorization by NCLT Mumbai in IA 2315/2023 does not extend to proposing herself as IRP, nor does it justify suppression of material facts or non-filing of claim.
- iv. In response to the content of Para 8- 10 of reply, Applicant states that R-1, being holding company and liquidator of PAN India Network Ltd., qualifies as a related party under Section 5(24), and is disqualified from acting/proposing as IRP. The statement made in the affidavit denying such relationship, with reliance on IBBI Circular dated 16.01.2018, is misplaced, as the said circular pertains only to disclosure requirements and does not permit appointment of a related party as IRP. Hence, R-1 is ineligible to propose or act as IRP, and only an independent Insolvency Professional can be appointed. The reliance placed by R-1 on "*Edelweiss Asset Reconstruction Company Ltd. v. Sachet Infrastructure Pvt. Ltd.*" is misplaced and irrelevant, to the present facts, as the said judgment pertains to appointment of a common RP in group insolvency cases involving simultaneous CIRP of multiple entities.
- v. With reference to Para 11 to 15 of reply, Applicant states that R-1 has relied on a cancelled GST registration (No. 27AACCE5452H1ZO) reflecting a Mumbai address to justify service of demand notice, despite being the holding company and expected to have knowledge of the Corporate Debtor's registered office and suspended Board. In contrast, Respondents 2 and 3 have categorically stated that the Corporate Debtor has no office in Mumbai and that the notice was received at a related party's office. These contradictory stands clearly demonstrate shifting positions and suppression of material facts, thereby misleading this Hon'ble Tribunal.
- vi. In response to content of Para 16 of the reply filed by R-1 it is respectfully submitted that the stand of R-1 that material records and investment documents are unavailable

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due to liquidation is wholly contradictory and untenable. The investment in the Corporate Debtor was made prior to commencement of liquidation on 21.12.2021 and is duly reflected in audited financial statements, and thus such records were within the knowledge and custody of the holding company. Further, under Section 35(1)(b) of the IBC and Regulations 30 and 34 of the Liquidation Process Regulations, the Liquidator is duty-bound to take control of, preserve, and maintain all records relating to assets and investments, including those in subsidiaries. Hence, the plea of non-availability of records including the investment details, is self-contradictory, misleading, and contrary to the statutory duties cast upon a Liquidator under the IBC framework.

- vii. With reference to Para 17 of the reply it is respectfully submitted that no valid service of the Section 7 Application was effected upon the Corporate Debtor, as the alleged emails dated 23.10.2024 and 04.12.2024 do not comply with Rule 4(3) of the IB (Application to Adjudicating Authority) Rules, 2016, which mandates service upon the registered office and the Board. Instead, the application was sent to employees of related party companies, which cannot be treated as valid service. Accordingly, no notice was served upon the Corporate Debtor or its directors prior to filing of the Section 7 Application on 17.09.2024, and the Service Affidavit filed by R-1 is incorrect and misleading.

(Copy of Service Affidavit filed by R- 1 is attached and Marked as Annexure-N to the rejoinder filed by the Applicant)

- viii. With reference to Para 19 and 20 of the reply, it is respectfully submitted that the justification given by the Respondents for non-filing of claim on the ground of consultation with the Stakeholders' Consultation Committee is untenable, as Regulation 8 mandates that a financial creditor must submit its claim in Form C, and having initiated CIRP, the Respondents were under a statutory obligation to do so. Their conduct in initiating CIRP, yet failing to file a claim and instead seeking information regarding the financial status of the Corporate Debtor and CIRP costs despite already possessing financial records clearly indicates lack of bona fide intent

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and misuse of the process. Further, reliance on SCC consultation is misconceived, as its advice is not binding on the liquidator, as affirmed by the Hon'ble Supreme Court in "*V.S. Palanivel v. P. Sriram*". The court explicitly stated that "the advice of the consultation committee shall not be binding on the liquidator" and that the liquidator must record their reasons in writing if they take a decision different from the committee's advice. The liquidator, being a fiduciary, cannot abdicate their accountability or shift it to the Consultation Committee, and failure to file the claim despite initiating CIRP constitutes deliberate contravention of the IBC, attracting consequences under Section 70(2).

- ix. With reference to Para 21 of the reply, it is respectfully submitted that the contention of R-1 that the present application is filed to "stretch the process" is misconceived. On the contrary, the facts on record demonstrate that CIRP was initiated for purposes other than genuine resolution, as evidenced by R-1's lack of interest in pursuing the process, including failure to file its claim and its own admission of having no objection to termination. CIRP may be terminated in such circumstances, it is a settled position that where applicant is no longer interested the CIRP must be terminated. But before termination penalty must be imposed u/s 65(1) of IBC. This position is supported by the various judgements, including "*Manish Kumar Bhagat v. Sumiran Foods Pvt. Ltd.*" and "*Bikram Singh Gusain v. Rohtas Kumar Rohit*". Accordingly, the present case squarely attracts Section 65(1), and mere termination without addressing such misuse would result in grave miscarriage of justice.
- x. With reference to Para 23 of reply, it is respectfully submitted that the contention of R-1 that Paras 5 to 7 of the reply are not relevant is incorrect, as the said paras pertain to material aspects including contact details of Respondents 2 & 3, offices, assets and liabilities, investments, and corporate records of the Corporate Debtor. Being the holding company, R-1 was required to respond to these issues but has deliberately failed to do so.
- xi. With reference to Para 25-27 of reply, it is respectfully submitted that R-1, having initiated CIRP under Section 7 of the IBC, now stating that it has no objection to

termination, clearly indicates absence of bona fide intent from the inception. Such conduct, coupled with failure to pursue CIRP and non-filing of claim, demonstrates misuse of the process for purposes other than insolvency resolution. This position is supported by judicial precedents including “*Manish Kumar Bhagat v. Sumiran Foods Pvt. Ltd.*” and “*Bikram Singh Gusain v. Rohtas Kumar Rohit*,” wherein it has been held that initiation of CIRP without genuine intent and lack of participation warrants action under Section 65(1) of the IBC. Accordingly, the present case justifies imposition of penalty for fraudulent or malicious initiation prior to any termination of CIRP.

6.9 Rejoinder to the Para-wise Reply of R-2 and 3

- i. That the content in Para 1 of the reply filed by R-2 & R-3 being matter of record warrants no comments.
- ii. With reference to para 2 to 6 of reply, it is submitted that the Respondents’ contention that the present application is based on non-cooperation is false and misconceived, as a separate application under Section 19(2) of the IBC on that issue is already pending. The present application under Section 65 is founded on distinct and serious grounds, namely that the CIRP was initiated with a fraudulent and ulterior purpose, as evidenced by the Respondents’ conduct including failure to contest admission despite alleged non-service, suppression of material facts, impairment and write-off of substantial assets, false disclosures regarding creditors, non-disclosure of bank details, contradictions regarding existence of registered office, and inability to substantiate the existence/location of assets. These inconsistencies and misleading statements clearly indicate collusion and misuse of the CIRP process. The allegations that the application is baseless or filed in a lackadaisical manner are denied, as the application is supported by verified facts and material on record, and has been filed as a necessary legal recourse independent of the issue of non-cooperation.
- iii. With reference to Para 7 of the Reply, it is respectfully submitted that the stand taken by Respondents R-2 and R-3 is contradictory and untenable, as they have treated Mr. Mahadev Batwalkar and Mr. Anil Salvi as part of the ex-management of the Corporate

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Debtor while simultaneously claiming through an authorization dated 08.04.2025 that they are not related parties (Copy of Authorization letter to individuals for providing information to IRP is attached and marked as Annexure Q to the rejoinder). This inconsistency is further evident from their own admission that the said individuals are employees of a group company, thereby clearly establishing their status as related parties and exposing the misleading nature of the Respondents' submissions.

- iv. With reference to Para 8 of the reply, Applicant has dealt with all the points of reply in para wise which is given as below:
- a) With reference to Para 8 (a) & (b): The contents being matters of record, warrant no comment.
 - b) With reference to Para 8 (c): The allegations against the IRP are false and denied. The claim of extortion is baseless. On the contrary, the conduct of Respondents reflects collusion, evident from non-opposition to the Section 7 application despite non-service upon the Corporate Debtor and its Board. The allegations against the IRP are an afterthought to cover their own defaults.
 - c) With reference to Para 8 (d) & (e): Respondents failed to oppose the appointment of R-1 as IRP despite such appointment being contrary to law, indicating mala fide intent.
 - d) With reference to Para 8 (f): The Respondents' stand of treating the issue as a "matter of record" pertains to the proposal of the Liquidator acting as IRP, which is in violation of Regulation 3(1)(b) of the IBBI CIRP Regulations, 2016, as a related party is ineligible to act as IRP. Their failure to address this illegality and their evasive response indicate collusion and undermine the integrity of the CIRP process.
 - e) With reference to Para 8(g): It is respectfully submitted that Respondents R-2 and R-3 have admitted that the Corporate Debtor has no registered office in Mumbai and that the demand notice was served at a related party's office; however, this directly contradicts the stand of Respondent R-1, who in her affidavit has stated that service was effected at the registered and corporate office of the Corporate

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Debtor at the Worli, Mumbai address. This inconsistency renders the Respondents' submissions false and misleading, and raises serious doubts as to the correctness of the alleged service.

- f) With reference to Para (h):It is respectfully submitted that the Respondents' reply is contradictory and misleading, as they claim that the Corporate Debtor has had no operations since 2020 and maintains no office, including at Gangtok, while their own Financial Asset Register provided by the Respondents themselves via email dated 28 - 04- 2025 reflects existence of substantial assets at Gangtok without disclosing their exact location. This omission further points to an attempt to withhold material information from the IRP and falsification of books of accounts. Further, the Tally data obtained by the IRP reveals significant financial transactions, including write-offs and write-backs exceeding Rs. 20 Crores, which is inconsistent with a dormant entity. These contradictions indicate suppression of material information and an attempt to mislead the IRP and this Hon'ble Tribunal. (A Copy of the Financial Asset Register indicating the existence of such assets and relevant ledger entries reflecting these write-offs and write-backs are annexed and marked as Annexure S and K respectively to the rejoinder)
- g) With reference to Para 8(i):It is respectfully submitted that the Respondents' stand is contradictory, as they have furnished a ledger account for the period 01.04.2010 to 31.03.2024 along with a loan agreement in 2015 with R-1, while simultaneously claiming that Tally data prior to March 2020 is not accessible. This inconsistency raises serious doubts regarding the authenticity of the records and warrants further scrutiny.
- h) With reference to Para 8(k):It is respectfully submitted that the Respondent's failure to comment on the issue of service of the Section 7 application, coupled with the absence of any proof of service in accordance with the IBC, clearly indicates that the application was not duly served and supports the inference of collusion.

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- i) With reference to Para 8(l):It is respectfully submitted that the Respondent has limited its reply to the authorization of its advocate on December 12, 2024 while remaining silent on critical issues such as non-disclosure of contact details of the Board of Directors. Further, the impairment of assets worth Rs. 3.77 crore and write-off of assets exceeding Rs. 15 crore during FY 2023–24, coupled with the admission that the Board had been attempting to resign for several years, raises serious concerns requiring thorough examination.
- j) With reference to Para 8(m): It is respectfully submitted that the Respondents have failed to address material irregularities in the Section 7 application, which indicate collusion. While Respondent No. 1 earlier stated that details of disbursement and the loan agreement were unavailable, Respondents No. 2 and 3 have now produced such documents without explanation. Further, the loan agreement is on plain paper and had expired on 31.03.2019, which was suppressed at the admission stage, thereby misleading this Hon'ble Tribunal.
- k) With reference to Para 8(n):It is respectfully submitted that although the averments made in paragraphs 4 to 4.4 of the petition pertain to Respondent No. 1, Respondents No. 2 and 3 were fully aware of the actions of R-1, and their denial is untenable and indicative of a collusive response.
- l) With reference to Para 8(o):It is respectfully submitted that the contents of this para are false and denied, as the Respondents have failed to provide complete information required for CIRP, including bank details and Tally data, and have made incorrect claims regarding absence of any office despite Board Meeting dated February 15, 2024 records showing otherwise. Their failure to address key issues such as asset impairment and proof of service of the Section 7 application further indicates deliberate suppression of material facts and mala fide intent.
- m) With reference to Para 8(p):It is respectfully submitted that the Respondent's justification for withholding the Corporate Debtor's bank details is untenable, as the Board of Directors has the authority to update signatories and furnish the required information.

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- n) With reference to Para 8(q):It is respectfully submitted that the Respondent has admitted the contents of Paragraph 7 of the petition, In said Paragraph 7 the IRP requested for minute books and attendance records, yet has failed to furnish the same. The justification based on the “Sikkim Act” is untenable, particularly in view of applicable provisions and its repeal. Such continued non-disclosure of essential records amounts to obstruction and falls within the ambit of Section 70(e) of the IBC, warranting appropriate action.
- o) With reference to Para 8(r) & 8(s):It is respectfully submitted that Respondents R-2 and R-3 have failed to provide complete information and have only made partial disclosures through employees of group companies despite repeated requests, indicating deliberate withholding of material facts. Such conduct reflects mala fide intent and renders their objections on maintainability untenable.

In view of the above facts and submissions made in the present rejoinder, it is most respectfully prayed that this Hon’ble Tribunal may be pleased to allow the application and impose appropriate penalty upon the Respondents. It is further prayed that this Hon’ble Tribunal may pass such other order(s) or direction(s) as may be deemed fit and proper in the facts and circumstances of the case.

7. In rebuttal to the Rejoinder filed by the Applicant/IRP, Respondent No.1 has filed the present Sur-Rejoinder denying and disputing the allegations contained therein and, inter alia, making the following submissions

7.1 At the outset, I state that all averments and contentions made in IA 39/2025 and the Rejoinder filed by the Applicant IRP are specifically denied, save and except those expressly admitted herein. The submissions of the Applicant are misconceived, based on misrepresentation and twisting of facts, and lack any material to substantiate allegations of fraud or collusion, being merely an afterthought without factual basis.

7.2 It is respectfully submitted that the Applicant has failed to produce any cogent evidence to establish collusion or mala fide intent on the part of the present Respondent, and has merely reiterated alleged procedural lapses which are not relevant to the present application.

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- 7.3 The Respondent submits a para-wise reply to the Rejoinder and denies the allegation in Paragraph 1 that the Respondents' reply contains blanket denials without addressing substantive issues, as the said averment is misconceived, baseless, and unsupported by any material.
- 7.4 With reference to Paragraphs 3(i) and 3(ii) of the Rejoinder, it is respectfully submitted that the allegations made therein are false, misconceived, and based on distorted facts. Respondent No. 1 had initiated the Section 7 proceedings only after obtaining prior permission from the Hon'ble NCLT, Mumbai Bench, consulting the Stakeholders' Consultation Committee of PAN India Network Limited, and acting in accordance with Regulation 39 of the IBBI (Liquidation Process) Regulations, 2016 which empowers the Liquidator for recovery and realization of assets with the objective of maximizing value for all stakeholders. In view of the foregoing, it is respectfully submitted that the allegation of collusion between Respondent No. 1 and Respondent Nos. 2 and 3 is wholly misconceived and devoid of merit. Further, service was effected at the addresses available in public records, including the GST portal. In any event, service of a demand notice is not a mandatory requirement under Section 7 of the IBC, as recognized by the Hon'ble NCLAT Principal Bench in Company Appeal (AT) (Insolvency) No. 847 of 2020. Accordingly, the allegations raised by the Applicant are baseless, misleading, and liable to be rejected in limine as a futile and unwarranted attempt to mislead this Hon 'ble Tribunal.
- 7.5 With reference to the contentions raised under Para 4 of the Rejoinder, Respondent No.1 submits that the allegations regarding violation of statutory provisions in serving the Section 7 application are false and misconceived and it is denied that any such lapses occurred. It is stated that advance copies of the application were duly served upon the Corporate Debtor and the Board in compliance with Rule 4(3) of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, and proof thereof was placed before this Hon'ble Tribunal prior to listing of the Company Petition by the registry. It is further submitted that even assuming, without admitting, any procedural irregularity, the same does not affect the maintainability of the

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proceedings or the satisfaction of requirements under Section 65 of the IBC, and the allegations raised by the Applicant are merely an attempt to twist facts and mislead this Hon'ble Tribunal.

- 7.6 With reference to the contentions raised under Para 5 of the Rejoinder, Respondent No.1 submits that the allegations regarding deliberate deviation in service of the Section 7 application is not valid. It is stated that since the Corporate Debtor was registered under Companies Act (Sikkim) 1961 (Sikkim Registration of Companies Act, 1961), no details of the Corporate Debtor were available on the MCA portal or in public records. Accordingly, the Financial Creditor relied upon the GST registration details reflecting the address at Sikkim, and also effected service at the Mumbai address and through email. Respondent No.1 further submits that the addresses and email IDs now relied upon by the Applicant were never part of the records of the Financial Creditor or publicly available. It is contended that PAN India Network Limited and its Liquidator are distinct legal entities, and the Liquidator, acting in fiduciary capacity during liquidation, cannot be presumed to possess complete records of the Corporate Debtor. It is further submitted that advance service of the Section 7 application was duly effected on 23.10.2024 and that the Applicant himself, in the public announcement, acknowledged the Sikkim address as the registered office of the Corporate Debtor. While the R1 has served on above, the present applicant is finding irregularities which cannot be ground for section 65. Instead of finding collusion/ fraudulent angle, the present applicant is going into procedural things which is immaterial.
- 7.7 With reference to the contentions regarding Section 5(24)(i) and (j) of the IBC, Respondent No.1 submits that the Applicant has erroneously sought to treat Ms. Sonu Gupta, acting as Liquidator of PAN India Network Limited pursuant to the order dated 21.12.2021 passed by the Hon'ble NCLT, Mumbai Bench, as a related party of the Corporate Debtor. It is contended that while PAN India Network Limited, being the holding company of the Corporate Debtor, may fall within the ambit of a related party, the Liquidator acting in fiduciary capacity cannot be treated as a related party

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merely by virtue of such appointment, particularly when she holds no shareholding or voting rights in the Corporate Debtor. Respondent No.1 further submits that the role of a Liquidator is distinct from that of a promoter or shareholder and is governed by statutory duties under the IBC. It is also denied that any suppression of affairs, assets, or liabilities of the Corporate Debtor was made in the Section 7 application, and it is stated that the financial statements of the Corporate Debtor for FY 2022–23 were duly annexed with the Company Petition. Hence allegation of the applicant on suppression is not valid.

- 7.8 With reference to the allegations regarding the proposal of the Liquidator of PAN India Network Limited as IRP of the Corporate Debtor, Respondent No.1 submits that the Applicant has selectively reproduced portions of the Company Petition and suppressed material disclosures made therein. It is stated that in CP (IB) No.17/GB/2024, Respondent No.1 had clearly proposed Ms. Sonu Gupta as IRP while also expressly requesting this Hon'ble Tribunal to appoint any other IRP from the panel maintained by the Tribunal, if deemed fit. It was further disclosed on affidavit that the proposal was made only to avoid additional CIRP costs, and that Ms. Sonu Gupta was not a relative of the Financial Creditor or the Corporate Debtor as per the applicable IBBI Circular. Respondent No.1 submits that the Hon'ble Tribunal thereafter independently appointed the IRP, and therefore the allegations regarding illegality or collusion are baseless and misconceived. It is further contended that Regulation 3(1)(b) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, has been wrongly interpreted by the Applicant, as the present Respondent, acting as Liquidator in fiduciary capacity, cannot be treated as a related party of the Corporate Debtor hence very well eligible to be appointed as IRP.
- 7.9 The respondent states that the applicant IRP has stated IBBI circular dated 16-01- 2018 as misconceived and false. The present respondent state and submits that the said circular clearly establishes criteria of relations and very well relevant while considering the relations of IP with corporate debtor or other professionals involved.

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7.10 With reference to the contentions raised in Para 6(I) of the Rejoinder, Respondent No.1 submits that advance copies of the Company Petition were duly served through email as well as speed post at the Mumbai and Sikkim addresses available on record. It is further submitted that the directors of the Corporate Debtor had knowledge of the proceedings and contested the matter through legal counsel. Respondent No.1 contends that the Applicant's allegation regarding non-service is merely presumptive and baseless as the matter was duly attended to and proper procedure was followed, there ought to be no reason to impugn or question the same, particularly when this Hon'ble Tribunal admitted the Section 7 petition on merits after being satisfied regarding the existence of debt and default under the IBC.

7.11 With reference to the contentions raised in Para 6(II) (i) of the Rejoinder, Respondent No.1 submits that the statements made therein are matters of record and factual in nature, and therefore require no further comments.

7.12 With reference to the contentions raised in Para 6(II)(ii) of the Rejoinder, Respondent No.1 respectfully submits that seeking details regarding CIRP costs, estimated receivables, and the financial position of the Corporate Debtor before filing its claim was a bona fide and commercially prudent exercise undertaken in consultation with the Stakeholders' Consultation Committee (SCC) of PAN India Network Limited (in liquidation). The decision regarding filing or non-filing of claim was deliberated upon in terms of Regulation 31A of the IBBI (Liquidation Process) Regulations, 2016, and pursuant to the SCC's decision taken in the meeting dated 15.05.2025, it was resolved not to file the claim. It is further submitted that the present Respondent had already deposited CIRP costs as directed by this Tribunal in CP(IB)/17/GB/2024 and had sought relevant financial information from the IRP for informed consideration. Further, during the liquidation process, the SCC subsequently approved the sale of PAN India Network Limited as a going concern, the sale process has been completed, and the successful bidder has paid the entire sale consideration, pursuant to which issuance of the sale certificate was also permitted. Accordingly, the allegations raised by the Applicant are misconceived, baseless, and devoid of merit.

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- 7.13 With reference to the contentions raised in Para 6(II) (iii) of the Rejoinder, Respondent No.1 respectfully submits that the Applicant has failed to place any credible material on record to establish collusion or fraudulent intent on the part of Respondent No.1. Mere reliance on extracts of financial statements does not, by itself, establish mala fide conduct or attract penal consequences under the Insolvency and Bankruptcy Code, 2016.
- 7.14 With reference to Paragraph 8 of the Rejoinder, Respondent No.1 respectfully submits that the Applicant has failed to establish any grounds warranting invocation of Section 65 of the Insolvency and Bankruptcy Code, 2016. The allegations raised are based on selective disclosures and distorted facts, and are wholly misconceived and liable to be dismissed.
- 7.15 With reference to Para 9 of the Rejoinder, Respondent No.1 respectfully submits that the judgment relied upon by the Applicant in *Manish Kumar Bhagat/RP vs. Pankaj Events and Celebrations Pvt. Ltd.* pertains to termination of CIRP and does not deal with proceedings under Section 65 of the Insolvency and Bankruptcy Code, 2016 hence, the same is not applicable to the facts and circumstances of the present case.
- 7.16 With reference to Para 10.2 of the Rejoinder, Respondent No.1 respectfully submits that the Applicant has failed to place on record any cogent material or documentary evidence to establish collusion, fraud, wilful suppression, or malicious intent so as to attract the provisions of Sections 65, 70, or 75 of the Insolvency and Bankruptcy Code, 2016. The allegations raised are based merely on presumptions and unsubstantiated assertions, which do not satisfy the evidentiary threshold contemplated under the Code.
- 7.17 With reference to Para 10.3 of the Rejoinder, Respondent No.1 respectfully submits that the allegations raised by the Applicant are on false ground, intended to create unnecessary pressure upon the Respondent despite due cooperation being extended. The issues raised in the preliminary submissions have already been adequately addressed.

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7.18 With reference to Para 10.4 of the Rejoinder, Respondent No.1 respectfully submits that the Applicant has failed to substantiate the allegations of non-cooperation, particularly when IA No. 36/2025 has already been filed seeking documents, which were duly provided in compliance with directions issued therein. It is further submitted that service of demand notice is not a mandatory prerequisite under Section 7 of the Insolvency and Bankruptcy Code, 2016, and hence false concern of the applicant is revealed and the decision regarding non-filing of claim was consciously taken by the Stakeholders' Consultation Committee, which was competent to take such decision in its commercial wisdom.

7.19 With reference to Para 10.5 of the Rejoinder, Respondent No.1 respectfully submits that the allegations regarding non-filing of claim and non-cooperation are repetitive in nature, and already dealt with hereinabove. The Applicant has failed to place any material establishing collusion between the Respondents, and the present allegations are created by the illusion of the applicant.

7.20 With reference to Para 10.6 (i) of the Rejoinder, Respondent No.1 categorically denies the allegations of collusion and submits that the Applicant has failed to place any direct or cogent evidence on record to establish any premeditated or coordinated attempt to obstruct the CIRP. Mere allegations regarding non-cooperation, delay in access to records, or non-filing of claim cannot, by themselves, constitute proof of mala fide intent or collusion, particularly in the context of complexities arising from the corporate transition and suspended management.

7.21 With reference to Paras 10.6(ii), 10.6(iii), and 10.7 of the Rejoinder, Respondent No.1 respectfully submits that the contentions raised therein are repetitive in nature and have already been adequately addressed in Paras 8, 9, and 10 of the Surrejoinder.

7.22 With reference to Para 10.8 of the Rejoinder, Respondent No.1 submits that the reliance placed on the judgment in "*Edelweiss Asset Reconstruction Company Limited Vs Sachet Infrastructure Private Limited*" is relevant to the present case, as the Applicant himself has questioned the proposal of Respondent No.1 as IRP on the ground of alleged relationship with the Corporate Debtor. The said judgment clarifies that mere

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association with group companies does not automatically invalidate such appointment. In any event, this Hon'ble Tribunal did not appoint Respondent No.1 as IRP, and therefore the Applicant cannot question the judicial discretion exercised by this Hon'ble Tribunal.

7.23 With reference to Para 10.9 (a) and (b) of the Rejoinder, Respondent No.1 submits that the Applicant's contentions are misconceived, as the IB Code does not mandate issuance of a prior demand notice for initiation of proceedings under Section 7. It is further submitted that advance service was effected at the GST-registered addresses of the CD at Sikkim and Mumbai, and even assuming cancellation of GST registration, the existence of the said office addresses cannot be denied. Hence, the allegations regarding invalid service are baseless and devoid of merit.

7.24 With reference to Para 10.10 of the Rejoinder, Respondent No.1 submits that there is no contradiction in its stand regarding non-availability of certain records, as the same must be viewed in the context of practical difficulties faced during liquidation proceedings. It is submitted that although the investment in the Corporate Debtor was reflected in the financial statements of the Financial Creditor prior to commencement of liquidation, the Liquidator received fragmented and incomplete records and does not have custody of all historical transactional documents relating to the subsidiary company. The duties of the Liquidator under the IBC and Liquidation Regulations pertain to records available in her custody and cannot be construed as an absolute obligation to possess every historical document of the Corporate Debtor. Hence, the statement regarding non-availability of records is factual, pragmatic, and devoid of any mala fide intent.

7.25 With reference to Para 10.11 of the Rejoinder, Respondent No.1 submits that the contentions raised therein are repetitive in nature and have already been duly addressed in detail in Paragraph 6 of the rejoinder, and therefore require no further reply.

7.26 With reference to Para 10.12 of the Rejoinder, Respondent No.1 respectfully submits that the decision regarding non-filing of claim was taken bona fide and in discharge of

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the Liquidator's fiduciary duties after assessing the financial position of the Corporate Debtor, estimated recoveries, CIRP costs, and the overall commercial benefit to the liquidation estate of the Financial Creditor. The initiation of CIRP under Section 7 itself established the existence of debt and default before this Hon'ble Tribunal, and the subsequent consultations with the Stakeholders' Consultation Committee were undertaken only as part of a transparent and informed decision-making process. The enquiries made by the Liquidator regarding financial status and CIRP costs were part of due diligence and cannot be construed as evidence of collusion or fraudulent intent. It is further submitted that reliance on Regulation 31A was only to demonstrate consultation with stakeholders and not abdication of statutory responsibility, and therefore the allegations of misuse of process, malicious intent, and liability under Section 70(2) of the IBC are misconceived, unsupported by evidence, and devoid of merit.

7.27 With reference to Para 10.13 of the Rejoinder, Respondent No.1 vehemently denies the allegation that the CIRP was initiated with malicious intent or for any purpose other than insolvency resolution, and submits that the CIRP was admitted only after this Hon'ble Tribunal was satisfied regarding the existence of debt and default. The subsequent decision regarding non-filing of claim or willingness to terminate the CIRP cannot retrospectively establish mala fide intent, as such decisions may arise from commercial considerations and practical circumstances already explained hereinabove. It is further submitted that Section 65(1) being a penal provision requires strict and conclusive proof of fraudulent or malicious intent at the time of initiation of proceedings, which the Applicant has failed to establish by any cogent material. The judgments relied upon by the Applicant are distinguishable on facts, as no finding of fraud or mala fide has been recorded in the present case, and therefore the allegations under Section 65 are misconceived and devoid of merit.

7.28 With reference to Para 10.14 of the Rejoinder, Respondent No.1 submits that the averments relating to the Corporate Debtor's contact details, offices, assets, liabilities, MOA, AOA, and financial affairs pertain exclusively to the Corporate Debtor, which

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is a separate legal entity presently under the control and management of the IRP. Respondent No.1, being the Liquidator of the Financial Creditor, has custody only over the records of the Financial Creditor in liquidation and cannot be expected to verify or comment upon the detailed operational and financial affairs of the Corporate Debtor. Therefore, the non-response to such averments was neither intentional nor evasive, but based on legal propriety and lack of direct custody or control over the relevant records.

7.29 With reference to Para 10.15 of the Rejoinder, Respondent No.1 denies that its no-objection to termination of the CIRP amounts to an admission of lack of bona fide intent in filing the Section 7 application, and submits that the CIRP was initiated on the basis of established debt and default. The subsequent willingness to terminate the CIRP is only a pragmatic and commercial decision taken in discharge of the Liquidator's fiduciary duties after considering the financial viability, CIRP costs, and interest of stakeholders of the liquidation estate.

7.30 With respect to Para 11.1 to 11.4 (I to IX, XI to XV) of the Rejoinder, the same pertain to Respondents No. 2 and 3 and therefore require no comments from Respondent No.1. However, regarding Para 11.4 (X), R-1 denies the allegations of irregularities or collusion in the Section 7 application and submits that the petition was admitted by this Hon'ble Tribunal upon satisfaction of debt and default. The earlier statement regarding non-availability of detailed loan documents pertained only to the records available with the Financial Creditor under liquidation and does not negate the existence of debt. The subsequent production of documents by R-2 and R-3 arose from records available with the Corporate Debtor during CIRP. Further, the execution of the loan agreement on plain paper or expiry of its repayment term does not invalidate the debt; rather, the expiry of the repayment period itself constituted the default giving rise to the Section 7 proceedings. Hence, the allegations of suppression or collusion are baseless and devoid of merit.

7.31 With respect to the prayer sought by the Applicant, Respondent No. 1 vehemently opposes the imposition of any penalty and submits that all actions were undertaken

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bona fide in discharge of the Liquidator's fiduciary duties towards the liquidation estate of the Financial Creditor and do not constitute any deliberate contravention under the Insolvency and Bankruptcy Code, 2016. The decisions regarding filing of claim and subsequent conduct were commercial and consultative in nature, taken in the interest of stakeholders and without any malice, fraud, or gross negligence. It is further submitted that the CIRP was validly initiated upon establishment of debt and default, and the present stand of R-1 cannot be construed as an admission of the Applicant's allegations. Hence, the reliefs sought by the Applicant are misconceived and liable to be rejected. The Respondent No. 1 undertakes to comply with any directions of this Hon'ble Tribunal. It is therefore prayed that the present application filed by the IRP be dismissed with costs.

7.32 It is submitted that though this Hon'ble Tribunal vide Order dated 16.09.2025 had granted time till 25.09.2025 for filing the Sur-Rejoinder, the same could be filed only on 03.10.2025 due to disruption in the Respondent's office caused by torrential rains, which fact was duly intimated to the Registry by email. The delay was neither intentional nor deliberate and has caused no prejudice to the Applicant. It is therefore prayed that this Hon'ble Tribunal may kindly condone the delay and take the present Sur-Rejoinder on record.

8. The Sur-Rejoinder filed by Respondent Nos. 2 and 3, being the Suspended Management of the Corporate Debtor, to the Rejoinder filed by the Applicant is reproduced hereinbelow:

8.1 The Respondents 2 and 3 deal with the contentions raised by the Rejoinder in a para-wise response which is submitted as below:

- a. That with reference to para-1: R-2 & 3 categorically reject the assertion by the Applicant that their reply to the IA constitutes "nothing more than a series of blanket and baseless denials". They alleged the Applicant is attempting to shift the responsibility for not having complete details of the CD's affairs onto the suspended management with unfounded allegations of blanket denials, fraudulent intent, and collusion that should be dismissed. Their reply only addressed the

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substantive issues within the limited scope of their capacity and rebutted “speculative” and “unwarranted” allegations.

- b. That paragraph no 2 of the applicant's rejoinder does not require any response from answering respondent since the same is formal in nature.
- c. That with reference to para 3 (i) of the rejoinder of the applicant: They vehemently deny the grave and baseless allegation that the Section 7 proceedings were initiated in "active collusion" or with a "fraudulent intent to misuse the process of law", stating the allegations to be “purely speculative”, and unsubstantiated. The CIRP was initiated based on two fundamental and veritable facts:
 - 1) Existent Debt: The existent debt from the inter-corporate loan is a matter of record in the audited Financial Statements of the CD.
 - 2) Default: The expiry of the loan’s repayment term led to an undeniable default upon failure of payment.

They point out that as per the Applicant’s own contradictory submissions, if collusion existed, they would’ve retained or destroyed vital records but instead they complied with Section 19(1) of the IBC by fully cooperating and handing over all available records to the Applicant upon his appointment as IRP. These baseless allegations are to deflect attention from IRP’s own conduct of the CIRP and to prejudice against the Respondents.

- d. That paragraph no 3 (ii), 4, 5 and 6 of the applicant's rejoinder does not require any response from answering respondent since the same relates to R-1.
- e. With reference to Para 6(I) of the rejoinder, Respondent Nos. 2 and 3 deny the allegation that their knowledge of and appearance in the Section 7 proceedings establishes collusion, and submit that they became aware of the proceedings through employees of group companies upon service of the petition. They state that, as Directors, it was their fiduciary duty to appear and protect the interests of the Corporate Debtor, failing which the matter could have proceeded ex parte. It is further submitted that the authorization of legal counsel through Board

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Resolution dated 12.12.2024 was a lawful corporate act and that non-contestation of the petition, in view of the admitted debt and default reflected in the financial statements of the Corporate Debtor, cannot be construed as collusion or mala fide conduct.

- f. With reference to Para 6(II) of the rejoinder, The Applicant's broad and unsubstantiated claims that the financial data demonstrates a "lack of bona fide participation," raise "serious doubts regarding intent," or "indicate possible collusion" must be dismissed as they are incorrectly inferred from the statutory shift of control and intend to deflect from the substantive issues of the CIRP .
- g. That with reference to para 6 (III) of the rejoinder, they deny "deliberately suppressing vital information" or acting with "false, evasive, and malicious intentions" as they have been trying to genuinely cooperate with the IRP despite severe practical difficulties in retrieving specific historical data. Upon the onset of the COVID-19 pandemic, there was a lack of proper handover of records upon the mass-exit of all employees once the CD effectively ceased operations. While a Tally backup of the requested financial data existed. It was password-protected and they made repetitive unsuccessful attempts to retrieve the correct password from ex-staff and even through Tally Solutions (AMC). The Applicant was characterizing a technical and operational challenge as "deliberate suppression". Cooperation from the Respondents in providing the ledger account and loan agreement in reply to the IA does not indicate "selective disclosure" as these documents were only retrieved from the backup folder of an ex-employee and does not mean they had access to every piece of data on the Tally portal .

They reject the Applicant's criticism on only producing certain Board Resolutions after this Tribunal's order dated 11.06.2025 it only shows their compliance with the judicial directions not malicious intent. The Tribunal's order provided the necessary legal impetus and focus for the management to dedicate resources specifically to unearthing these particular documents. It is submitted that the Respondents acted cooperatively within the practical limitations of a non-

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operational company, and the allegations of obstruction are baseless and unfounded.

- h. That with reference to para 7 of the rejoinder, they deny suppressing of valuable investment, making false submissions, and engaging in malicious conduct. All investments by the CD were recorded in the CD's books of account and financial statements which were formally handed over to the Applicant IRP under Section 19(1) of the IBC, making him fully aware of the valuable investment of Rs.15.63 Crores in Optionally Convertible Debentures (OCDs) and conferring him the duty to value and pursue this asset. This makes any allegations of "suppression" of this investment factually incorrect.

Any prior general statements by R-2 and R-3 about the CD not having significant assets was made in the context of the CD having ceased active operations and relatively large debt owed to the Financial Creditor (R-1). This does not negate its actual financial which could be assessed by the Applicant IRP who has been handed over all required data to confirm the same.

They also contend that their inability to immediately recall or orally cite every specific asset value does not constitute deliberate false submission or suppression for the purpose of attracting criminal penalties under Sections 65, 70, and 75 of the IBC. These sections require proof of deliberate intention to defraud or suppress vital information but they have handed over all relevant documents to the IRP.

They deny that the CIRP was initiated with a malicious intent to trigger Section 65 of the IBC. R-2 and R-3 merely admitted the uncontestable fact of the debt and default as stated on the CD's records. The existence of an asset for the CD in the form of OCDs of Rs.15.63 crores does not render the original debt application malicious as the IRP can economically rationalize this investment to identify its liquidity as an asset.

- i. With reference to Paras 8, 9, 10 and 11.1 of the Rejoinder, Respondent Nos. 2 and 3 submit that Section 65 of the Insolvency and Bankruptcy Code applies to the initiator of the CIRP and not to the present Respondents, who are non-initiators,

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and therefore no comments are required on the said allegations. It is further submitted that the contents of Paras 9 and 10 pertain to Respondent No. 1, while Para 11.1 is a matter of record and hence requires no specific response.

- j. That with reference to para 11.2 of the Rejoinder, they acknowledge the separate application filed by the Applicant under Section 19(2) of the IBC regarding non-cooperation. They also contend this present Application under Section 65 of the IBC is a misuse of the provision and relies on highly selective and misinterpreted facts. Allegations against R-2 and R-3 attempt to conflate issues of post-admission cooperation with the completely distinct, threshold issue of pre-admission stage. They contested the IRP's claim that they "willingly failed to contest the CIRP admission" and "fraudulently and intentionally dragged the CD to the CIRP" is false on the following ground that, they appeared upon becoming aware of the filing to fulfil their fiduciary duty as management of CD. They submitted their admission of the undeniable debt as stated on the CD's own books was an act of legal prudence rather than fraud.

Further, considering the existence of debt and default was established to the satisfaction of this Tribunal, the allegation of "Failure to Present True Facts at Admission Stage" is nothing but an unsubstantiated and vague claim.

They also submitted that the cited impairment (Rs. 3.77 Crores) and write-offs (Rs.15 Crores) that occurred before the initiation of the CIRP (as on 31-03-2024), are part of the normal accounting process of a non-operational company that is cleaning up its balance sheet based on obsolete assets and stale liabilities. These accounting entries were duly recorded in the financial statements which were handed over to the IRP. These entries demonstrate compliance with accounting standards not fraud or "malicious intent".

They also submitted that the IRP has failed to prove the serious accusation on false submission of creditors as all creditor details were based on books of account that are already transferred to him.

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They also submitted that the asset register entry listing the location of fixed asset as “Gangtok” reflects the location where it was last recorded or used. Considering the assets may be moved, liquidated, or lost since the company ceased operations in 2020, this is an issue of physical verification and tracing not fraudulent act by the suspended management.

With response to the para g of clause 11.2 (ii) of the rejoinder, Respondent Nos. 2 and 3 submitted that the available bank details were already shared with the IRP on 25.04.2025. It is further stated that the suspended Board of Directors were not the current signatories and were unaware of the updated signatory status due to closure of operations and exit of employees since 2020. The Respondents contend that the IRP, being vested with statutory powers under the Code, could directly obtain such information from the concerned banks using the CIRP admission order, and therefore the allegations of non-cooperation are baseless.

With response to the para h of clause 11.2 (ii) of the rejoinder: Respondent Nos. 2 and 3 submitted that the alleged contradiction regarding maintenance of the registered office does not establish any mala fide or collusive intent under Section 65 of the Code. It is stated that although Board Meetings were formally recorded at the registered office for statutory compliance purposes, the Corporate Debtor had ceased active operations since 2020 and was not maintaining a functional office or staff thereafter. Considering all alleged irregularities cited by the Applicant pertain to accounting adjustments and post-cessation of operations, difficulties in data retrieval, it does not demonstrate fraudulent or malicious intent at the inception of the CIRP as required by Section 65 of the IBC.

- k. That with reference to para 11.2 (iii & iv) of the rejoinder, The Respondents submitted that the IRP’s assertion that CIRP was initiated maliciously remain a "figment of imagination" rooted in an “erroneous interpretation of events”, rather than based on objective facts required under Section 65 of the IBC.

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The IRP has misconstrued alleged inconsistencies as sufficient to invoke Section 65 of the Code, whereas the said provision requires clear proof of fraudulent or malicious intent at the time of initiation of the CIRP by the Financial Creditor.

His claim that "after verification of the information, it was found that the Respondent acted collusively in the initiation of CIRP, as the information provided is contradictory" This conclusion is flawed on the grounds:

- i. The alleged contradictions in records (e.g, Board Minutes listing the Registered Office vs. the operational office being shut since 2020) merely reflect the practical difficulties and record-maintenance issues of a non-operational company and do not establish collusion or mala fide intent.
- ii. Definition of Collusion: Collusion implies a secret, fraudulent agreement to injure a third party or evade the law. Mere discrepancies in old records cannot constitute proof of any fraudulent agreement between Respondent Nos. 1, 2 and 3 for misuse of the CIRP process under Section 65 of the Code.
- iii. They contest the IRP's claim that this Section 65 application is "precise and necessary legal step", as his concerns regarding non-cooperation with the document retrieval are already addressed under Section 19(2).

They maintain that the Applicant has not met the burden of proof that the CIRP was initiated maliciously under IBC by merely citing post-cessation accounting entries and documentation discrepancies.

1. That with reference to para 11.3 of the rejoinder: The Applicant has incorrectly applied the definition of a "related party" and misinterpreted their usage of the term "ex-management" in a non-statutory context. R-2 and R-3 used the terms "ex-management" or "ex-staff" to refer to Mr. Batwalkar and Mr. Salvi in their Paragraph 7 of the reply in a "colloquial" or "operational" sense to denote individuals likely to possess knowledge of historical records and passwords and was involved in accounting roles in the Company. It was not a legal declaration under the Companies Act or IBC but an attempt to explain their efforts to retrieve past financial data. The

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strictly statutory definition of “Related Party” only covers directors, Key Managerial Personnel (KMP), their relatives, entities controlled by them, or other entities where the company has significant influence. Mr. Batwalkar and Mr. Salvi were mere employees who have assisted the CD administratively and never held any formal designation as a director or KMP of the CD and can’t be regarded as “related party” of the CD.

The Authorization Letter dated 08.04.2025 merely granted limited authority to certain individuals to assist and cooperate with the IRP and specifically clarified that they were not “related parties” of the Corporate Debtor in the statutory sense under the IBC or the Companies Act. The Respondents contend that the Applicant has wrongly conflated operational association with the legal definition of “related party,” whereas the said individuals were only employees of group companies and not statutory related parties which fact the IRP himself confirms.

- m. That with reference to para 11.4 (I) to the rejoinder, which is formal in nature, does not required any comments from the answering respondents.
- n. With reference to para 11.4 (II) of the rejoinder, they submitted that the Applicant is attempting to attribute every procedural and factual challenge in the CIRP to a nonexistent conspiracy. They reiterate that admitting the Section 7 application was a prudent legal step as attempting to "defend" the CD by contesting an undeniable debt would have been a futile exercise, unnecessarily burdening the CD with legal costs and delaying the CIRP. They reiterate that the Applicant is conflating issues of cooperation to be dealt under Section 19(2) with the more serious accusations malicious intent at the inception under Section 65 to deflect from his own difficulties in tracing the non-operational CD's complex affairs.
- o. With reference to para 11.4 (III) of the rejoinder, Respondent Nos. 2 and 3 deny the allegation that non-opposition to the appointment of the IRP indicates malicious intent, and submit that appointment of the IRP under Section 16 of the Code is a statutory consequence upon admission of the Section 7 application There is no legal basis to oppose this appointment. It is stated that once the debt and default were

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admitted and reflected in the books of the Corporate Debtor, there existed no legal basis to oppose the mandatory appointment of the IRP, and therefore such conduct cannot be construed as collusion or fraudulent intent.

- p. With reference to Para 11(IV) of the Rejoinder, Respondent Nos. 2 and 3 submitted that their statement describing the proposed IRP as a “matter of record” was purely factual and cannot be construed as deliberate silence or collusion. The phrase simply means the factual status of the proposition is already before this Hon'ble Tribunal and requires no additional comment or admission from the Suspended Management. It is stated that the proposal of an IRP is the statutory right of the Financial Creditor under Section 7(3)(b) of the Code, while the scrutiny of eligibility and appointment of the IRP falls within the jurisdiction of this Hon'ble Tribunal. The Respondents further submit that they had no role in proposing or appointing the IRP and their non-objection to the proposed name cannot be twisted into proof of collusion, which would require an active, fraudulent agreement. The allegation that this issue "warrants strict scrutiny" is appropriate for the Tribunal's admission process, but the attempt to pin the responsibility and the malicious intent on R-2 and R-3 is unwarranted.
- q. That with reference to para 11 (V) of the rejoinder, they deny the contention that the discrepancy between the statements by R-1, and R-2 and R-3 regarding the Registered Office address of the CD creates a serious doubt about the veracity of their statements. They contend that this “contradiction” was simply “a distinction between different legal realities”. Their claim that the CD has no operational office in 2020 refers to their physical reality as there is no staff, no furniture, and no active business being conducted at the earlier premises. While the address which has been referred by the R-1 Liquidator is the address of Sikkim where we used to have GST registration and hence part of public records. It is also submitted that *vide* email dated 11.04.2025 which was sent by Mr. Batwalkar to the IRP, the complete login credentials for GST and Income Tax was provided to enable verification of statutory records, copy of the email is attached as Annexure A3 to the sur rejoinder. There is

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no inconsistency or falsity in these submissions; they address two different aspects of the Corporate Debtor's existence. The IRP's accusation is a misinterpretation and falsehood of the existing facts.

- r. That with reference to Para 11 (VI) of the rejoinder, they deny any deliberate attempt to withhold material information or falsify books of account regarding the assets. They provided the Financial Asset Register showing assets located in Gangtok reflecting the historical location of those assets at the time of their last active use or registration in an email dated 28.04.2025, proving disclosure on their end rather than suppression.

The IRP alleged the CD's Tally Data showed transactions inconsistent with a non-operational business. As per the definition of a non-operational business, the CD stopped generating revenue in 2020 which is a veritable fact as per their financial statements provided to the IRP showing NIL revenue from operations (in Page 102 of the Applicant's rejoinder). The Rs.20 Crores worth of write-offs and written-back entries concerning trade payables, fixed assets, and bank balances, (attached as Annexure K to the sur-rejoinder), are non-operational year-end accounting adjustments. These entries were required to finalize statutory financial statements of the non-operational CD for compliance purposes such as recognizing that old fixed assets are impaired or untraceable. The impairment of asset was made due to usage and obsolete nature of asset in the gaming industry and hence the said gaming consoles were impaired while writing back of payables and bank balances, the said balances are stale liabilities /unclaimed bank entries. This was necessary action to close the books of a defunct company, and does not amount to "operational activity". It was their duty as suspended management to ensure statutory compliance for this dormant business until the CIRP admission. The alleged discrepancies are a consequence of the Corporate Debtor having ceased operations prior to CIRP and merely reflect difficulties in data retrieval. Such inconsistencies do not establish any fraudulent intent or collusion.

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- s. That with reference to Para 11 (VII) of the rejoinder, they submitted their technical difficulty in accessing a password-protected operational backup for their non-operational company does not constitute a ground for malicious intent as the IRP has the necessary records to confirm the debt and default. They cannot access Tally data due to loss of its password upon cessation of operations make the files irretrievable without specialized forensic intervention. They were only able to provide an extract of the available ledger from the period 2010-2024 from the backup folder of an ex-employee, but it does not mean they have full access to the original operational backup.
- t. That with reference to Para 11(VIII) of the Rejoinder, the contentions raised by the Applicant/IRP are repetitive in nature and, therefore, are not being dealt with again for the sake of brevity, the same having already been addressed in detail at Para 3(E) of the sur-rejoinder filed by R-2 and R-3.
- u. That with reference to Para 11 (IX) of the rejoinder, They deny that they have been silent on the issue of contact details for the BoD, as the contact details for the suspended board was shared in an email dated 14.04.2025, Email copy is attached as Annexure-A4 to the sur-rejoinder filed by the R-2 and R-3.
- The Applicant suggested a coordinated, fraudulent act by creating an illicit link between the historical impairment of assets and the Directors' attempts to resign. This is a faulty inference. The answering respondents reiterate that the impairment of Rs. 3.77 Crores and the writing off of Rs.15 Crores in assets during the Financial Year 2023-24 were not facilitating "fraud" but non-operational, year-end accounting entries to ensure statutory compliance and the accurate presentation of the CD's financial health.
- They submit that the statement by the authorized person on April 29, 2025, about the BoD attempting to resign for years could be easily explained by the CD's dormancy, as directors often attempt to resign when there are no operations or assets left to manage.

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Further, it is submitted that the impairment of old, defunct assets is an accounting necessity, and the desire to resign is a personal necessity for directors of a non-operational entity. Linking these two actions to allege a malicious initiation of CIRP is a faulty inference.

- v. That with reference to Para 11 (X) of the rejoinder, They denied the existence of "glaring irregularities" and that they acted with "collusive intent" or "deliberately suppressed" information to mislead this Tribunal. They submit that the Applicant misinterpreted the difference between the Financial Creditor's (R-1's) access to records and the CD's records. R-1's statement in the Section 7 application that "details of the disbursement and the loan agreement were not available" referred strictly to its availability with R-1 and did not mean it did not exist with the CD. They subsequently produced the loan agreement and ledger account to provide context to the admitted debt under statutory duty under Section 19 (1) of the IBC to cooperate with the CIRP. This was an act of cooperation rather than suppression or collusion with R-1. Irrespective of that, the debt was duly addressed in financial statement and hence there was no deliberate suppression of the same.

They also rebutted the IRP's objections regarding the form and expiry of loan agreement by highlighting that the fact that the loan agreement is on plain paper does not invalidate the underlying commercial transaction and existent debt as per the CD's official books of account.

They also rebut the IRP's assertion that the agreement expiring from 31st March 2019 was a "fatal defect" that was suppressed. The expiry of the repayment term itself constituted the default forming the basis of the Section 7 application, and therefore no material fact was suppressed.

- w. With reference to Para 11 (XI): They clarify that the contents of para 4 to 4.4 specifically relate to the IRP and original applicant financial creditor which is out of scope of the present respondents.
- x. With reference to Para 11 (XII) and (XIII): Already addressed this in clause 3 (m) of the sur rejoinder filed by R-2 and R-3.

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y. With reference to Para 11 (XIV): They categorically deny admitting the contents of para 7 of the Section 65 Application regarding the non-existence or non-maintenance of minute books. The available minute books maintained statutorily were shared with the Applicant in an email dated 19.04.2025, Copy of the said email is attached as Annexure A5 to the sur rejoinder.

They submit that the Company was not mandated to maintain minutes as they were incorporated under the Sikkim Registration of Companies Act, 1961. They assert that maintenance of minutes of the book are subject to the respective act under which the CD was incorporated.

This makes the demand for penalty under Section 70 (e) to be unwarranted as there is no proof of deliberate intent to interpret the officer actively prevented (e.g. hiding, destroying, or intentionally refusing a clear demand while having custody) production of these documents. They pray for this demand for penalty to be dismissed as they find it to be a gross overreach and a legally unsustainable claim as all available minutes have been provided to the Applicant.

z. With reference to Para 11 (XV) of the rejoinder: They deny that they "never provided any information and documents" or that their conduct reflects "malicious intent" to obstruct the due process, stating these claims are contradicted by the IRP's own filings.

The Applicant had himself admitted to receiving "few information in a piecemeal manner" and refers to the numerous documents provide by the answering respondents which includes:

- The Financial Asset Register.
- The Ledger Account (2010-2024).
- The Loan Agreement (2015).
- Board Resolutions
- Tally Data along with Explanations regarding the Tally data inaccessibility.
- Bank Details

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- Annual Returns and Financial Statements
- Litigation details
- Contracts
- GST and Income Tax user ID and password, etc.

They submit they did not deliberately withhold any documents but rather the “piecemeal” delivery of information was due to the inevitable consequence of the challenges faced by a non-operative company. Ever since the CD ceased operations in 2020, there was no organized handover of records by the key managerial staff that had mass exited. Retrieval of these documents required manual, painstaking searches through archives and consulting ex-staff members who only have fragmented institutional memory. They also need to segregate the information specific to the CD from the complex group company structure while retrieving data, which consumes more time. They assert that their challenges in providing all historical data does not retroactively make the Financial Creditor's original Section 7 application fraudulent or malicious. Also submitted that our objections regarding the maintainability of the Section 65 application, which requires proof of fraudulent intent at the time of filing, stand valid and are entirely separate from the factual difficulties of retrieving data during the CIRP.

8.2 The answering Respondents oppose the Applicant's request for imposition of penalties under the IBC citing the IRP's failure to prove malicious intent and deliberate contravention of law. The IRP's allegations are based on technical difficulties in retrieving historical data, discrepancies in a non-operational company's records, and legally prudent actions like admitting an undeniable debt. The answering Respondents have been trying to cooperate within their practical limits ever since the CD ceased operations since 2020 and there have been no evidence to prove malicious intent or active destruction of records. They submit there is no proof of them fraudulently deriving personal benefits from initiating the CIRP and punishing them for mere procedural challenges faced by the IRP

upon cessation of operations would be a gross miscarriage of justice and unwarranted application of penalties under IBC.

- 8.3 The answering Respondents respectfully submit that the delay of eight days in filing the sur-rejoinder was neither deliberate nor intentional, but occurred due to administrative issues and final vetting by counsel. Although this Hon'ble Tribunal, vide order dated 16.09.2025 uploaded on 19.09.2025, had granted ten days' time for filing the sur-rejoinder, resulting in a due date of 25.09.2025, the brief delay should not result in forfeiture of the Respondents' right to respond, particularly in a matter involving serious allegations and potential statutory consequences. Accordingly, the Respondents seek condonation of the said delay.
- 8.4 The answering Respondents prayed for the following reliefs:
- a) Dismissal of the prayers for penalties under Sections 65, 70, and 75 of the IBC as they are wholly unsubstantiated. R-2 and R-3 acknowledge the practical difficulties in the case and affirm this Tribunal to continue cooperating to the maximum extent feasible, specifically concerning verifiable records that are eventually located.
 - b) Imposing exemplary costs on the Applicant for misusing Section 65 and abusing the process to safeguard the time bound framework of the IBC.
 - c) Condonation of delay of 8 days in filing the sur-rejoinder and for it to be taken on record.

ANALYSIS AND FINDINGS OF THE TRIBUNAL

1. The present Interlocutory Application has been filed by the Interim Resolution Professional ("IRP") of EGT Entertainment Private Limited ("Corporate Debtor") under Section 65 of the Insolvency and Bankruptcy Code, 2016 ("IBC"/"Code") read with Rule 11 of the National Company Law Tribunal Rules, 2016 seeking, inter alia, termination of the Corporate Insolvency Resolution Process ("CIRP"), discharge of the IRP, payment of CIRP costs and consequential action on the ground that the CIRP

was allegedly initiated fraudulently and with malicious intent in collusion between the Financial Creditor and the suspended management of the Corporate Debtor.

2. The principal allegation of the Applicant/IRP is that the Section 7 proceedings initiated by PAN India Network Limited (in liquidation) through its Liquidator were not initiated with a genuine intent of insolvency resolution but for purposes extraneous to the scheme and objectives of the Code. The Applicant has relied upon several circumstances including alleged improper service of notices, contradictions in the addresses of the Corporate Debtor, failure of the Financial Creditor to file claim after admission of CIRP, alleged concealment of assets and records, contradictions in the conduct of the suspended management, and the proposal of the Liquidator herself as Interim Resolution Professional.
3. Respondent No.1, namely the Liquidator of PAN India Network Limited, has denied all allegations of fraud and collusion and has contended that the Section 7 application was initiated pursuant to authorization granted by the Hon'ble NCLT Mumbai Bench and after consultation with the Stakeholders' Consultation Committee. It has been further submitted that debt and default stood reflected in the audited financial statements of both entities and that the alleged procedural irregularities cannot by themselves constitute fraudulent initiation under Section 65 of the Code.
4. Respondent Nos.2 and 3, being the suspended directors of the Corporate Debtor, have also denied the allegations of collusion and contended that the Corporate Debtor had ceased operations since 2020 and that all available records and information had been furnished to the IRP through individuals associated with the erstwhile management and related entities.
5. Upon consideration of the pleadings and submissions of the parties, the following issues arise for determination.

A. Scope and Ambit of Section 65 of the IBC

- i. Section 65 of the Insolvency and Bankruptcy Code, 2016 empowers the Adjudicating Authority to impose penalty where insolvency proceedings are initiated fraudulently or with malicious intent for any purpose other than the

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resolution of insolvency or liquidation. The provision, being penal in nature, requires the Adjudicating Authority to arrive at a clear conclusion, based on cogent and credible material, that the insolvency mechanism under the Code has been deliberately misused for an ulterior purpose.

- ii.** It is a settled position of law that mere procedural defects, inconsistencies, irregularities in documentation, or subsequent failure of the CIRP cannot, by themselves, attract the rigours of Section 65 of the Code unless such circumstances are supported by material establishing fraudulent intent, collusion, or conscious abuse of the insolvency framework. The burden to establish mala fide initiation of insolvency proceedings squarely lies upon the party alleging fraud or malicious intent.
- iii.** In the present case, it is pertinent to note that the CIRP against the Corporate Debtor was initiated by Respondent No.1 in her capacity as Liquidator of PAN India Network Limited (in liquidation). The material placed on record reflects that the Hon'ble NCLT, Mumbai Bench, while dealing with the liquidation proceedings of PAN India Network Limited, had permitted the Liquidator to initiate appropriate insolvency proceedings against the subsidiaries of PAN India Network Limited, including EGT Entertainment Private Limited, which is the Corporate Debtor in the present matter. The record further reflects that such decision was also deliberated upon in the meetings of the Stakeholders' Consultation Committee constituted in the liquidation proceedings of PAN India Network Limited.
- iv.** Thus, prima facie, the initiation of proceedings against the Corporate Debtor cannot be said to be wholly unauthorized or de hors the statutory process, inasmuch as the Liquidator had acted pursuant to liberty and permission granted by the Hon'ble NCLT, Mumbai Bench in the liquidation proceedings of PAN India Network Limited.
- v.** In such circumstances, this Tribunal is required to examine whether, despite such authorization, the cumulative circumstances relied upon by the Applicant are

sufficient to establish that the CIRP mechanism was invoked in a deliberate, collusive, and mala fide manner for purposes other than insolvency resolution within the meaning of Section 65 of the IBC.

B. Proposal of Respondent No.1 as IRP

- i. Considerable emphasis has been laid by the Applicant on the fact that Respondent No.1, being Liquidator of PAN India Network Limited which holds 99.99% shares in the Corporate Debtor, had proposed herself as Interim Resolution Professional in the Section 7 petition.
- ii. It is true that PAN India Network Limited, being the holding company of the Corporate Debtor, falls within the ambit of related party under Section 5(24) of the Code. However, from the pleadings on record it also emerges that Respondent No.1 had expressly disclosed in the Section 7 petition that the Tribunal may appoint any independent IRP from the panel maintained by the Tribunal the relevant para i.e, para 8 is reproduced as below:

*“8. The applicant has proposed name of Ms. Sonu Gupta having IBBI Reg No: IBBI/IPA-001/IP-P-02261/2021-2022/13534 as Interim Resolution Professional. **Or This tribunal may appoint Interim Resolution Professional from panel maintained by the tribunal as per “Insolvency Professionals to act as Interim Resolution Professionals, Liquidators, Resolution Professionals and Bankruptcy Trustees (Recommendation) Guidelines, 2024” as may deem fit.**”*

The above para is further supported with the subsequent para-11. Content of the same is reproduced as:

“11. That I say and submit that in view of applicant financial creditor into liquidation process and to avoid additional burden of cost, I myself proposed as Interim Resolution Professional. I also say and submit that I am not relative of Financial Creditor or Corporate Debtor as per the relationships defined in IBBI circular dated 16.01.2018 (Ref: No. IP/005/2018).

However, Hon'ble Tribunal may appoint any other Interim Resolution Professional from the panel maintained by the Tribunal if it deems fit"

- iii. Importantly, this Tribunal did not appoint Respondent No.1 as IRP and instead appointed the present Applicant as independent IRP. Therefore, no prejudice or illegality actually occurred in consequence of such proposal.
- iv. Though the proposal of the Liquidator herself as IRP in a matter involving a holding company and subsidiary may not have been an ideal course and could potentially give rise to apprehensions of conflict, the same by itself cannot constitute fraud or malicious initiation of CIRP, particularly when full discretion regarding appointment remained with the Adjudicating Authority and an independent IRP was ultimately appointed.

C. Alleged Defects in Service of Demand Notice and Section 7 Application

- i. The Applicant has strongly relied upon alleged defects in service of demand notice and service of the Section 7 application. The Applicant has argued that the demand notice was allegedly served at a Mumbai address despite the Corporate Debtor claiming to have no office in Mumbai, and that no proper service was effected upon the registered office and directors of the Corporate Debtor.
- ii. On the other hand, Respondent No.1 has explained that the notices were sent to addresses available from GST records and other available records, including the Sikkim address and the Mumbai address associated with the group entities. It has also been contended that the directors of the Corporate Debtor had knowledge of the proceedings and had appeared through counsel before this Tribunal.
- iii. The order sheets placed on record further reveal that counsel duly appeared on behalf of the Corporate Debtor during admission proceedings and specifically submitted that no reply was intended to be filed. The Board Resolution authorizing appearance of counsel has also been placed on record.

- iv. Therefore, even assuming there were irregularities in the manner of service, the fact remains that the Corporate Debtor had knowledge of the proceedings and participated through counsel.
- v. Further, in proceedings under Section 7 of the IBC, service of demand notice akin to Section 8 proceedings is not a statutory precondition. The alleged procedural defects, therefore, do not by themselves establish fraudulent initiation.
- vi. This Tribunal is of the considered view that the inconsistencies regarding addresses and mode of service may create suspicion and reflect lack of proper diligence, but suspicion alone cannot substitute proof of fraud under Section 65.

D. Failure of Respondent No.1 to File Claim After Admission of CIRP

- i. One of the most significant circumstances relied upon by the Applicant is the conduct of Respondent No.1 in failing to submit its claim after initiation and admission of CIRP.
- ii. It is undisputed that despite repeated requests from the IRP, Respondent No.1 did not file claim in Form-C pursuant to the public announcement. Consequently, no Committee of Creditors could be constituted and the CIRP process could not meaningfully progress.
- iii. Respondent No.1 has attempted to justify such conduct by stating that consultation with the Stakeholders' Consultation Committee of PAN India Network Limited resulted in a decision not to file claim.
- iv. The conduct of Respondent No.1 in initiating CIRP and thereafter expressing no objection to termination of CIRP *prima facie* reflects lack of seriousness in pursuing insolvency resolution.
- v. However, mere non-filing of claim after admission, though highly irregular and contrary to the objectives of the Code, cannot automatically lead to the conclusion that the original filing of the Section 7 petition was fraudulent from inception.

- vi. This Tribunal is in the opinion that there is a difference between lack of commercial wisdom or subsequent disinterest on one hand, and fraudulent initiation with malicious intent on the other.
- vii. In the present case, although the conduct of Respondent No.1 raises legitimate concerns regarding bona fides and diligence, the material placed on record falls short of conclusively establishing that the Section 7 petition was initiated solely for fraudulent or malicious purpose.

E. Conduct of the Suspended Management and Non-Cooperation

- i. The record reflects substantial inconsistencies and contradictions in the stand taken by Respondent Nos.2 and 3 regarding offices, assets, records, signatories, and operations of the Corporate Debtor.
- ii. At one stage it has been stated that the Corporate Debtor had no office or manpower since 2020, while simultaneously financial statements disclose substantial fixed assets and investments. There are also contradictions regarding addresses used by the Corporate Debtor and the status of assets and records.
- iii. The IRP has further pointed out that despite repeated requests, complete bank details, minute books, attendance registers, and other statutory records were not furnished.
- iv. Such conduct certainly reflects lack of proper cooperation with the IRP and serious deficiencies in maintenance and preservation of corporate records.
- v. However, the present proceedings are under Section 65 of the IBC and not under Section 19 or Section 70 of the Code. Though non-cooperation may independently attract consequences under the IBC, the same does not automatically establish collusive initiation of CIRP.
- vi. The Tribunal also notices that some records and information were in fact supplied through persons associated with the erstwhile management and related entities. Thus, while the conduct of Respondent Nos.2 and 3 may not be satisfactory, the

evidence presently on record is insufficient to conclusively hold that the CIRP itself was fraudulently initiated through collusion.

F. Board Resolution Authorising Counsel Despite Alleged Dormancy of the Corporate Debtor

- i. The Applicant/IRP has further raised suspicion regarding the conduct of Respondent Nos. 2 and 3 on the ground that, while the Corporate Debtor consistently claimed that it had ceased operations since the year 2020 and had no office, employees, or active business operations, the suspended Board of Directors nevertheless passed a Board Resolution dated 12.12.2024 authorising legal counsel to appear on behalf of the Corporate Debtor in the Section 7 proceedings before this Tribunal.
- ii. The Applicant has contended that such conduct is contradictory inasmuch as the Respondents, on one hand, claimed inability to furnish records, details of signatories, office particulars, and operational information on the ground that the Company had become dormant, while on the other hand, the Board of Directors continued to function sufficiently to convene and pass resolutions authorising representation before this Tribunal. The Applicant has also pointed out that audited financial statements for FY 2023–24 were signed by the directors and that certain resolutions concerning impairment of assets were also passed during the relevant period.
- iii. This Tribunal finds merit in the contention of the Applicant to the extent that the stand taken by Respondent Nos. 2 and 3 is not entirely consistent. If the Board of Directors was capable of convening meetings and passing resolutions in 2024, including resolutions relating to legal representation and impairment of assets, the plea that no records, signatory details, or corporate information could be furnished solely because the Company had ceased operations since 2020 does not appear wholly satisfactory.

- iv. However, it is equally necessary to distinguish between a company ceasing commercial operations and the legal existence of the company itself. Merely because a company has become commercially inactive or dormant does not imply that its Board of Directors ceases to exist in the eyes of law. Until dissolution or removal in accordance with law, the Board continues to retain authority to act on behalf of the company, including authorising legal representation and attending legal proceedings.
- v. Therefore, the mere fact that the Corporate Debtor had allegedly ceased operations since 2020 does not render the Board Resolution dated 12.12.2024 illegal or non est in law. At the same time, the contradictions in the stand of the Respondents regarding non-availability of records and inability to provide information despite continued functioning of the Board certainly raise doubts regarding the completeness and transparency of disclosures made before the IRP.
- vi. Nevertheless, such contradictions and inconsistencies, though relevant for assessing the conduct and cooperation of the suspended management of the Corporate Debtor, are insufficient, in themselves, to conclusively establish collusion or fraudulent initiation of CIRP by the Financial Creditor, as envisaged under Section 65 of the IBC.

G. Contradictions Regarding the Address of the Corporate Debtor

- i. The Applicant/IRP has relied upon various contradictions relating to the addresses of the Corporate Debtor to contend that the CIRP proceedings were initiated in a collusive and non-transparent manner. It has been pointed out that different addresses of the Corporate Debtor surfaced during the proceedings, including the address mentioned in the Section 7 application, and the address subsequently disclosed by the personnel of the Corporate Debtor.
- ii. The record reflects that while the registered office of the Corporate Debtor was shown in the Section 7 proceedings as being situated at Gangtok, Sikkim, the personnel of the Corporate Debtor subsequently informed the IRP that no office

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- had been maintained since 2020 and disclosed another address as the last known office address.
- iii. It has also come on record that the demand notice issued to the registered office bore acknowledgment stating that it was received at the “Mumbai office”, despite the subsequent stand of the Corporate Debtor that it had no office in Mumbai. Respondent No.1 has explained that the Mumbai address was obtained from GST records and pertained to a related/group entity.
 - iv. The Tribunal further notes that upon physical verification conducted by the IRP at Gangtok, no functioning office premises or personnel of the Corporate Debtor were found at the disclosed locations. These circumstances certainly create doubt regarding the maintenance of statutory records and the operational status of the Corporate Debtor.
 - v. At the same time, the material on record reflects that the Corporate Debtor was originally incorporated under the Registration of Companies (Sikkim) Act, 1961 and that certain historical records were not fully available on the MCA portal. The Respondents have also consistently maintained that the Corporate Debtor had ceased operations since 2020 and that no regular office was functioning thereafter.
 - vi. In the considered view of this Tribunal, the existence of inconsistent addresses and contradictory stands taken by the Respondents undoubtedly reflects lack of proper maintenance of records and poor corporate governance. However, such inconsistencies, by themselves, are insufficient to conclusively establish that the CIRP proceedings were fraudulently initiated within the meaning of Section 65 of the IBC, in the absence of cogent material establishing deliberate fraud or collusion.
6. Upon cumulative consideration of the pleadings, documents, and submissions advanced by the parties, this Tribunal records the following findings:
- i. This Tribunal is of the considered view that though various inconsistencies, contradictions, and deficiencies have been pointed out by the Applicant against Respondent Nos.1, 2 and 3, including alleged non-cooperation and irregularities

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relating to records, assets, addresses, and financial information and disclosures, such allegations, at the highest, may attract examination under Section 19(2) of the Insolvency and Bankruptcy Code for non-cooperation with the IRP.

- ii. The conduct of Respondent No.1 in initiating CIRP and thereafter failing to file claim, coupled with its subsequent statement that it has no objection to termination of CIRP, reflects lack of seriousness and diligence in pursuing insolvency resolution. However, the material placed on record also reflects that Respondent No.1 acted pursuant to the resolutions and deliberations of the Stakeholders' Consultation Committee (SCC) constituted in the liquidation proceedings of PAN India Network Limited, including the decision relating to initiation of insolvency proceedings against the subsidiary companies
- iii. The material presently on record is insufficient to conclusively establish that the Section 7 proceedings were initiated fraudulently or with malicious intent solely for purposes other than insolvency resolution.
- iv. The existence of debt and default cannot be said to be fictitious or fabricated in view of the audited financial statements and ledger entries placed on record.
- v. However, the material placed on record falls short of satisfying the much higher threshold required for invocation of Section 65 of the IBC, which requires clear and cogent evidence of fraudulent or malicious initiation of insolvency proceedings for purposes other than insolvency resolution.
- vi. This Tribunal also notes that the Liquidator had initiated the CIRP against the Corporate Debtor pursuant to the permission and liberty granted by the Hon'ble NCLT, Mumbai Bench in the liquidation proceedings of PAN India Network Limited. The material placed on record reflects that the Hon'ble Mumbai Bench had permitted the Liquidator to initiate insolvency proceedings against the three wholly owned subsidiaries of PAN India Network Limited, including EGT Entertainment Private Limited, which is the Corporate Debtor in the present case. Therefore, Respondent No.1 cannot be said to have independently or unilaterally initiated the CIRP on her own accord, inasmuch as the initiation of proceedings

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was undertaken pursuant to judicial authorization granted by the Hon'ble NCLT, Mumbai Bench.

7. In view of the foregoing analysis and findings, IA (IBC)/39/GB/2025 is **dismissed**.
8. Accordingly, the instant petition, i.e. **IA(IBC)39/GB/2025** In **CP(IB)/17/GB/2024** stands **disposed** of.
9. The Registry is directed to send e-mail copies of the order forthwith to all the concerned parties inclusive of the Counsel and the Interim Resolution Professional.
10. Urgent certified copy of this order, if applied for, be issued upon compliance with all requisite formalities.
11. File be consigned to record.

Sd/-
Yogendra Kumar Singh
Member (Technical)

Sd/-
Rammurti Kushawaha
Member (Judicial)

Signed this on 19th day of May, 2026

Niketa Choudhary(L.R.A)