



**NATIONAL COMPANY LAW TRIBUNAL**  
**MUMBAI BENCH, COURT-II**

27. C.P. (IB)-444(MB)/2024

**CORAM:**

**SHRI ANIL RAJ CHELLAN**  
**HON'BLE MEMBER (T)**

**SHRI KULDIP KUMAR KAREER**  
**HON'BLE MEMBER (J)**

**ORDER SHEET OF THE HEARING OF MUMBAI BENCH OF THE  
NATIONAL COMPANY LAW TRIBUNAL ON 03.10.2024**

**NAME OF THE PARTIES: Reliance Commercial Finance Limited**

**V/s**

**Hirma Power Limited**

**Section: 7 of Insolvency and Bankruptcy Code, 2016**

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**ORDER**

**C.P.(IB) 444(MB)2024**

**Presence:-**

Mr. Siddha Pamecha, Adv. (VC)

... for Financial Creditor

Ms. Mansi M Patel, Adv. (VC)

... for Corporate Debtor

Heard, Counsel appearing for the parties for a considerable time. Detail orders will follow vide separate sheet.

**Sd/-**

**ANIL RAJ CHELLAN**  
**Member (Technical)**

*ANKIT*

**Sd/-**

**KULDIP KUMAR KAREER**  
**Member (Judicial)**



**IN THE NATIONAL COMPANY LAW TRIBUNAL  
MUMBAI BENCH, COURT - II**

**C.P. (IB) 444/MB/2024**

Under section 7 of the Insolvency and Bankruptcy Code, 2016 read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority), Rules, 2016)

*In the matter of*

**Reliance Commercial Finance Limited**

Having address at : The Ruby, 11<sup>th</sup> Floor,  
North-West Wing, Plot No. 29, Senapati  
Bapat Marg, Dadar (West), Mumbai- 400028

**..... Petitioner/Financial Creditor**

**Versus**

**Hirma Power Limited**

Having address at: - Raheja Point Wing B,  
7<sup>th</sup> Floor, Nehru Road, Near Shamrao Vithal  
Bank, Vakola, Santacruz (East),  
Mumbai- 400055, Maharashtra

**..... Respondent/Corporate Debtor**

**Order Delivered on :- 03.10.2024**



***Coram:***

**Mr. Anil Raj Chellan**  
**Member (Technical)**

**Mr. Kuldip Kumar Kareer**  
**Member (Judicial)**

***Appearances:***

For the Financial Creditor : Adv.Siddha Pamecha,(VC)

For the Corporate Debtor : Adv.Mansi M Patel, (VC)

**ORDER**

***Per: - Mr. Kuldip Kumar Kareer, Member (Judicial)***

1. The present petition has been filed under Section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as "IBC") by **Reliance Commercial Finance Limited** (hereinafter called as "Financial Creditor") praying inter-alia for initiation of Corporate Insolvency Resolution Process (CIRP) against **Hirma Power Limited** (hereinafter called as "Corporate Debtor") by invoking the provisions of Section 7 of the Insolvency and Bankruptcy Code (hereinafter called "the Code") for resolution of an unresolved Financial Debt of Rs. 1052,24,26,724/- (Rupees One Thousand Fifty Two Crore Twenty Four Lakh Twenty Six Thousand Seven Hundred and Twenty Four Only)

**The submissions of the Financial Creditor are as follows:**

2. The Financial Creditor formerly known as Reliance Gilts Limited was incorporated on August 17, 2000 with the Registrar of Companies (RoC), Maharashtra, Mumbai. Subsequently, on May 21, 2009, the Financial Creditor was registered as a Non-Banking Financial Institution with Reserve



Bank of India, as defined under Section 45-IA of the Reserve Bank of India Act, 1934 vide Certificate of Registration No. N-13.01933.

3. It is submitted that the Financial Creditor advanced loan for working capital facility to the Corporate Debtor vide Sanction letters dated April 30, 2018; June 22, 2018; January 11, 2019 for an amount of Rs. 75,00,00,000/- (Rupees Seventy Five Crore Only); Rs. 19,00,00,000/- (Rupees Nineteen Crore Only); Rs. 130,30,00,000/- (Rupees One Hundred Thirty Crore and Thirty Lakh Only) respectively aggregating to Rs. 224,30,00,000/- (Rupees Two Hundred Twenty Four Crore and Thirty Lakh Only) at an interest rate of 13.50% per annum. In view of the same, the Corporate Debtor entered into Facility cum Hypothecation Agreement dated April 30, 2018; June 22, 2018; January 11, 2019 and executed other documents with Financial Creditor.
4. It is further submitted that the Reliance Home Finance Limited ("RHFL") was incorporated on June 5, 2008 and is registered with National Housing Bank as Housing Finance Institution as per Certificate of Registration No. 07.0101.12 dated July 16, 2012 (Original Certificate of Registration No. 02.0069.09 dated January 6, 2009). RHFL advanced loan for working capital facility to the Corporate Debtor vide Sanction letters dated May 29, 2018 and March 22, 2019 for an amount of Rs. 50,00,00,000/- (Rupees Fifty Crore Only) at an interest rate of 13.50% per annum and Rs. 175,00,00,000/- (Rupees One Hundred Seventy Five Crore Only) at an interest rate of 15% per annum respectively aggregating to Rs.225,00,00,000/- (Rupees Two Hundred Twenty Five Crore Only). Accordingly, the Corporate Debtor entered into Facility cum Hypothecation Agreement dated May 29, 2018 and March 22, 2019 and executed other documents with RHFL.



5. It is submitted that Corporate Debtor made payment to RHFL of Rs. 15,00,00,000/- (Rupees Fifteen Crore Only) on March 29, 2019 and to Financial Creditor of Rs. 1,89,21,219/- (Rupees One Crore Eighty Nine Lakh Twenty One Thousand Two Hundred And Nineteen Only) on June 25, 2019.
6. It is submitted that the Corporate Debtor acknowledged the debt owed to Financial Creditor by giving Balance Confirmation dated September 30, 2021 for an amount of Rs. 382,17,24,387/- (Rupees Three Hundred Eighty Two Crore Seventeen Lakh Twenty Four Thousand Three Hundred and Eight Seven Only), including interest and also Balance confirmation dated September 30, 2021 was given for an amount of Rs. 371,53,10,959/- (Rupees Three Hundred Seventy One Crore Fifty Three Lakh Ten Thousand Nine Hundred and Fifty Nine only) including interest, which was owed to RHFL.
7. It is further submitted that Financial Creditor sent a Loan Recall Notice/Termination of Agreement Notice via Registered Post dated August 3, 2023 and July 31, 2023 and requested the Corporate Debtor to make the outstanding payment. However, no response was received from the Corporate Debtor. RHFL too sent a Loan Recall Notice/Termination of Agreement Notice via Registered Post dated November 30, 2021 and requested the Corporate Debtor to make the outstanding payment. However, no response was received from the Corporate Debtor.
8. It is submitted that later on, RHFL got into financial stress and pursuant to the Resolution Plan implemented in terms of the RBI Circular No. RB1/2018- 19/203, DBR.No.BP.BC.45/21.04.048/2018-19 dated June 7, 2019 on Prudential Framework for Resolution of Stressed Assets and the order of Hon'ble Supreme Court of India dated March 3, 2023 the Financial



Creditor acquired the Business Undertaking of RHFL on a slump sale and going concern basis. The loan advanced by RHFL along with all rights and securities attached thereto was assigned to the Financial Creditor by way assignment deed dated March 31, 2023.

9. It is further submitted that in view of the said circumstances, the Financial Creditor now claims Principal amount of Rs. 432,40,78,781/- (Rupees Four Hundred Thirty Two Crore Forty Lakh Seventy Eight Thousand Seven Hundred Eighty One Only) plus Interest as per the terms of the Loan Agreement dated April 30, 2018; May 29, 2018; June 22, 2018; January 11, 2019 and March 22, 2019 amounting to Rs. 290,88,66,427/- (Rupees Two Hundred Ninety Crore Eighty Eight Lakh Sixty Six Thousand Four Hundred Twenty Seven Only) as on August 31, 2023 plus Penal Interest as per the terms of the Loan Agreement dated April 30, 2018; May 29, 2018; June 22, 2018; January 11, 2019 and March 22, 2019 amounting to Rs. 328,94,81,515/- (Rupees Three Hundred Twenty Eight Crore Ninety Four Lakh Eighty One Thousand Five Hundred And Fifteen Only) as on August 31, 2023. Hence, the Financial Creditor claims Rs. 1052,24,26,724/- (Rupees One Thousand Fifty Two Crore Twenty Four Lakh Twenty Six Thousand Seven Hundred And Twenty Four Only), as the total amount of debt from the Corporate Debtor. Therefore, this Company Petition has been filed for commencement of CIRP against the Corporate Debtor. Hence the Petition.

**Reply filed on behalf of the Corporate Debtor:-**

10. In reply, the Corporate Debtor has denied all allegations and/ or contentions and/or submissions made by the Petitioner in the Petition which are inconsistent with and/or contrary to what has been stated herein. Further,



nothing shall be deemed to have been admitted for the reasons of non-traverse. The Corporate Debtor states that no part of the Petition and the Affidavit in Support therein should be deemed to be admitted for want of specific traverse.

11. It is submitted that the present Petition has been filed in respect of a Financial Debt of Principal amount of Rs. 432,40,78,781/- (Rupees Four Hundred And Thirty Two Crores Forty Lacs Seventy Eight Thousand and Seven Hundred and Eighty one only), plus interest amount of Rs. 290,88,66,427/- (Rupees Two Hundred and Ninety Crore, Eighty Eight Lakh, Sixty Six Thousand Four Hundred and Twenty Seven only), plus penal interest amounting to Rs. 328,94,81,515/- (Rupees Three Hundred and Twenty Eight Crores, Ninety Four Lakh, Eighty One Thousand, Five Hundred and Fifteen only). Hence, the total amount of debt is 1052,24,26,724/- (Rupees One Thousand and Fifty Two Crore, Twenty Hour Lakh, Twenty Six Thousand, Seven Hundred and Twenty Four only).
12. It is further submitted that the above mentioned alleged Financial Debt relates to loan facilities extended to Corporate Debtor by Financial Creditor and one Reliance Home Finance Limited ("RHFL") as follows :-
  - a. Rs. 75,00,00,000/- (Rupees Seventy Five Crores Only). vide Sanction letter dated April 30, 2018 issued by Financial Creditor.
  - b. Rs. 50,00,00,000/- (Rupees Fifty Crores Only). vide Sanction letter dated May 29, 2018 issued by RHFL.
  - c. Rs. 19,00,00,000/- (Rupees Nineteen Crores Only) vide Sanction letter dated June 22, 2018 issued by Financial Creditor.



- d. Rs. 130,30,00,000/- (Rupees One Hundred and Thirty Crores and Thirty Lacs Only) vide Sanction letter dated January 11, 2019 issued by Financial Creditor.
- e. Rs. 175,00,00,000/- (Rupees One Hundred and Seventy Five Crores Only) vide Sanction letter dated March 22, 2019 issued by RHFL.

13. It is submitted that due to certain unforeseen and unexpected circumstances owing to the downturn in business which was further compounded by the world wide Covid-19 Pandemic, the Corporate Debtor faced severe financial stress and liquidity crunch due to which it was unable to repay the aforementioned working capital loan facilities extended by both Financial Creditor as well as Reliance Home Finance Limited (RHFL). However, there was no deliberate intention on the part of the Corporate Debtor to default on repayment and in fact Corporate Debtor made several efforts to negotiate a settlement with Financial Expiry Dt. Creditor and Reliance Home Finance Limited but the same did not materialise.

14. It is further submitted that there is no Privity of Contract between the Corporate Debtor and Petitioner/ Financial Creditor inasmuch as the said two other loans advanced by Reliance Home Finance Limited to the Corporate Debtor cannot form subject matter of this petition under reply for the following reasons:-

- a. That the Petitioner in present case seeks to initiate CIRP against the Corporate Debtor in respect of the two Loans advanced by Reliance Home Finance Limited to the Corporate Debtor on the ground that Reliance Home Finance Limited has executed an





assignment deed dated 31st March 2023 pursuant to which the subject two loan facilities extended by Reliance Home Finance Limited to Corporate Debtor along with all its rights and securities attached thereto was assigned to the Petitioner i.e. Financial Creditor.

- b. It is pertinent to note that in respect of the said alleged Deed of Assignment, the consent of the Corporate Debtor was not obtained and there is no privity of contract with the present Financial Creditor who claims to have acquired the said debt of Reliance Home Finance Limited, therefore, the Corporate Debtor is not liable to pay to Financial Creditor the subject two loans comprising financial debt in present petition.

16. It is further submitted that the present Petition is barred by limitation as can be ascertained on perusal of following table:-

Sr.No	Loan Amount in Rs.	Due Dates mentioned in Petition
<b>Loan Advanced by Financial Creditor</b>		
1.	Rs.75,00,00,000/-	April 25, 2019
2.	Rs. 19,00,00,000/-	July 25, 2019
3.	Rs. 130,30,00,000/-	January 25, 2021
<b>Loans Advanced by Reliance Home Finance Ltd.</b>		
4.	Rs. 50,00,00,000/-	March, 29, 2019
5.	Rs. 175,00,00,000/-	March 1, 2020

17. In the end, the Corporate Debtor has prayed for the dismissal of the Petition.



**Analysis and Findings:-**

18. We have heard the Counsel for the parties and gone through the record.
19. During the course of the arguments, Counsel for the Financial Creditor has argued that in this case, the factum of existence of financial debt and its default committed by the Corporate Debtor has not been disputed in the reply filed on behalf of the Corporate Debtor. Therefore, it is a fit case for admission of the Petition under Section 7 of the Insolvency and Bankruptcy Code, 2016.
20. Counsel for the Financial Creditor has further submitted that even otherwise, the Petition has been filed within the period of limitation and, therefore, the Petition be admitted.
21. On the other hand, Counsel for the Corporate Debtor has argued that the Petition is not maintainable and is liable to be dismissed. Counsel for the Corporate Debtor has argued that so far as the loan advanced by the Reliance Home Finance Limited (RHFL) are concerned, no prior consent of the Corporate Debtor was taken by the said entity prior to assignment of the loans of the Financial Creditor and, therefore, the alleged assignment of the loan is illegal and confers no right upon the Financial Creditor to proceed against the Corporate Debtor.
22. Secondly, Counsel for the Corporate Debtor has argued that the Petition is barred by time as the loan facilities in question were advanced between 25.04.2019 and 25.01.2021 while the present Petition was filed on 10.07.2024 and, therefore, the Petition is barred by time and deserves to be dismissed on this ground alone.



23. We have weighed the contentions raised by the Counsel for the parties and have also carefully gone through the record.
24. So far as the question of existence of financial debt is concerned, the same has not been disputed by the Corporate Debtor in the reply filed by it. Rather in the reply, the Corporate Debtor has candidly admitted that the Financial Creditor as well as Reliance Home Finance Limited had advanced loan facilities aggregating to Rs. 1052,24,26,724/- to the Corporate Debtor. In para 6 of the reply filed on behalf of the Corporate Debtor, the Corporate Debtor has simply stated that due to certain unforeseen and unexpected circumstances owing to the downturn in business which was further compounded by the world wide Covid-19 pandemic, the Corporate Debtor was unable to repay the working capital loan facilities extended by the Financial Creditor as well as Reliance Home Finance Limited. Even otherwise, from the documents placed on record, especially the sanction letters and the loan facilities documents, it stands establish that the loan facilities of Rs. 1052,24,26,724/- were sanctioned and disbursed to the Corporate Debtor.
25. During the course of the arguments, Counsel for the Corporate Debtor has argued that since the loan facilities advanced by Reliance Home Finance Limited were assigned to the Financial Creditor without the prior consent of the Corporate Debtor, the very assignment of the loan is illegal and the Financial Creditor could have filed the present Petition qua the said loans which is liable to be dismissed on this ground alone.
26. We have considered the aforesaid contentions of the Counsel for the Corporate Debtor.



27. It is worthwhile to mention that the Counsel for the Corporate Debtor has not been able to point out any provision or clause in the loan agreement which debars the Financial Creditor from assigning the loan in question without the consent of the Corporate Debtor. Therefore, it cannot be said by any stretch of imagination that the Petition is liable to be dismissed as the loan facilities advanced by Reliance Home Finance Limited has been wrongly assigned without the consent of the Corporate Debtor.
28. It has further been argued that the present Petition is barred by limitation. However, even this contention does not appear to be correct. In this regard, it is worth mentioning that the loan facilities were admittedly advanced by the Financial Creditor and the Reliance Home Finance Limited between 25.04.2019 and 25.01.2021. However, the Corporate Debtor issued balance confirmation letters annexed as Exhibit (J) with the Petition on 30.09.2021 acknowledging its liability to pay the outstanding amounts to the Financial Creditor as well Reliance Home Finance Limited. The issuance of the balance confirmation has not been denied or disputed by the Corporate Debtor in the reply filed by it. Therefore, in the light of the balance confirmation letters dated 30.09.2021, it can be safely held that the present Petition which was filed on 10.07.2024 is well within the period of limitation.
29. No other points have been raised by the Counsel for the Corporate Debtor.
30. As a result of above discussion, we hold that the Financial Creditor has been able to establish the existence of financial debt and its default having been committed by the Corporate Debtor and further that the Petition is filed within the period of limitation. Therefore, the Petition under Section 7 of the



Insolvency and Bankruptcy Code, 2016 deserves to be admitted and it is ordered accordingly in following terms:-

**ORDER**

- a. The above Company Petition No. (IB) 444/(MB)/2024 is hereby admitted and initiation of Corporate Insolvency Resolution Process (CIRP) is ordered against **Hirma Power Limited**.
- b. This Bench hereby appoints **Truee IPE Private Limited, Registration No: IBBI/IPE-0151/IPA-1/2023-24/50052** as the Interim Resolution Professional having his address at **D-501, Ganesh Meridian, Opp. High Court, S.G. Road, Ahmedabad, Pin code- 380060, Email :- jain\_cp@yahoo.com;** to carry out the functions as mentioned under the Insolvency & Bankruptcy Code, 2016.
- c. The Financial Creditor shall deposit an amount of **Rs. 5,00,000/-** (Rupees Three Lakhs Only) towards the **initial CIRP cost** by way of a Demand Draft drawn in favour of the Interim Resolution Professional appointed herein, immediately upon communication of this Order.



- d. That this Bench hereby prohibits the institution of suits or continuation of pending suits or proceedings against the corporate debtor including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority; transferring, encumbering, alienating or disposing of by the corporate debtor any of its assets or any legal right or beneficial interest therein; any action to foreclose, recover enforce any security interest created by the corporate debtor in respect of its property including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002; the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the Corporate Debtor.
- e. That the supply of essential goods or services to the Corporate Debtor, if continuing, shall not be terminated or suspended or interrupted during moratorium period.
- f. That the provisions of sub-section (1) of Section 14 shall not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator.



- g. That the order of moratorium shall have effect from the date of pronouncement of this order till the completion of the corporate insolvency resolution process or until this Bench approves the resolution plan under sub-section (1) of section 31 or passes an order for liquidation of corporate debtor under section 33, as the case may be.
- h. That the public announcement of the corporate insolvency resolution process shall be made immediately as specified under section 13 of the Code.
- i. During the CIRP period, the management of the Corporate Debtor will vest in the IRP/RP. The suspended directors and employees of the Corporate Debtor shall provide all documents in their possession and furnish every information in their knowledge to the IRP/RP.
- j. Registry shall send a copy of this order to the concerned Registrar of Companies, Mumbai for updating the Master Data of the Corporate Debtor.

31. **Accordingly, this Petition is admitted.**

32. The Registry is hereby directed to communicate this order to both the parties and to IRP immediately.

**Sd/-**  
**ANIL RAJ CHELLAN**  
**(MEMBER TECHNICAL)**

**Sd/-**  
**KULDIP KUMAR KAREER**  
**(MEMBER JUDICIAL)**