



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

(Company formed by ICAI under Section 8 of the Companies Act 2013)

IBC Case Law Capsule

Number 244

(October 06, 2025)

Canara Bank Ltd. & Ors. Vs. Gupta Power Infrastructure Ltd.
Company Petition (IB) No. 37/KB/2024
Date of NCLT Order: 26 September 2025

Facts of the Case: -

A consortium of banks jointly filed an application under Section 7 of the Insolvency and Bankruptcy Code, 2016, before the NCLT, Kolkata Bench, seeking initiation of the Corporate Insolvency Resolution Process (CIRP) against M/s. Gupta Power Infrastructure Ltd. for a total default of ₹28,88,11,82,079/- as on 20.12.2023. Credit facilities initially sanctioned under a 2006 agreement were revised to ₹3,590 Crore by 2022. Furthermore, additional COVID-19-related loans of ₹78.56 Crore were granted in 2020. Despite executing Joint Deed of Hypothecation, the Corporate Debtor defaulted, beginning January 2023, with all loan accounts classified as NPAs by August–September 2023. Following failed rectification efforts and continued defaults, the lenders issued recall and SARFAESI notices before filing the present application.

The Senior Counsel for the Petitioners submitted that a consortium of Financial Creditors extended working capital facilities of ₹3,590 Crore to the Corporate Debtor under a Working Capital Consortium Agreement dated 11 August 2006, revised on 26 August 2022, with Canara Bank as Lead Bank. Additional credit was extended by Canara Bank and Karnataka Bank. The Corporate Debtor defaulted in January 2023, and despite temporary regularization, subsequent defaults continued across consortium of banks. All loan accounts were classified as NPAs by August–September 2023, with NESL, CRILC, and NPA certificates substantiating the claims. Due to repeated defaults, failed rectification efforts, and unpaid dues of ₹2,888.11 Crore, the Applicants filed a joint application under Section 7 of the IBC, 2016, seeking initiation of CIRP before the NCLT, Kolkata Bench.

It is submitted that duly authorized representative of the Corporate Debtor's Board, filed this affidavit-in-opposition, contending that the Section 7 application is defective, lacking proper authorization and based on an invalid Power of Attorney. It is argued that no enforceable default exists, claims are barred by limitation, covered under Section 10A of the IBC, and the filing is a misuse of process because it is aimed at recovery not resolution. The Applicants allegedly suppressed material facts and contributed to the Corporate Debtor's financial distress through breaches of consortium obligations, arbitrary NPA classification, and denial of sanctioned facilities. The petition is thus liable to be dismissed for want of authority, absence of default, suppression of facts, and illegality, with a prayer for exemplary costs and recourse to consensual restructuring under the ICA.



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

(Company formed by ICAI under Section 8 of the Companies Act 2013)



NCLT's Observations:

On the issue of maintainability, it was argued that the Section 7 application lacked specific authorization from all consortium banks. However, the Tribunal noted that Canara Bank, as Lead Bank, was duly authorized by a valid Power of Attorney and "Letter of Authority" dated 26.08.2022. Relying on the Supreme Court's decision in *Rajendra Narottamdas Sheth v. Chandra Prakash Jain*, it was held that general authorization through Power of Attorney is legally sufficient to initiate CIRP under the IBC. Therefore, the objection on maintainability was found to be untenable, and the petition was held to be maintainable.

Regarding limitation and Section 10A, the Tribunal observed that the defaults occurred after the bar period (25.03.2020 to 25.03.2021), with the Corporate Debtor's accounts declared NPA in August–September 2023 and the petition filed on 08.02.2024, well within the three-year limitation period under Article 137 of the Limitation Act. The default amount of ₹2,888 crore far exceeds the threshold under Section 4 of the Code. Referring to established Supreme Court precedents, it was held that debt and default were duly established, and the petition is complete in all respects. Allegations raised in related interlocutory applications have been addressed separately.

Order/Judgement:

The Adjudicating Authority held that the Section 7 petition was complete in all respects, not barred by limitation, and the default amount exceeded the threshold under Section 4 of the IBC. Accordingly, the application was admitted. A moratorium under Section 14 was imposed, and Interim Resolution Professional (IRP) was appointed, having satisfied all statutory requirements. The IRP was directed to make a public announcement, manage the Corporate Debtor's affairs, submit reports, and may seek police assistance if required.

Case Review: *Application Admitted.*