



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

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IBC Case Law Capsule

Number 279

(June 08, 2026)

State Bank of India (SBI). vs. Martina Bio Genics Pvt. Ltd.
I.A. (Companies Act) No. 76/2025 in T.P. No. 26/KB/2023
Date of NCLT's Judgement: 22nd May 2026

Facts of the Case: -

The matter arose from credit facilities availed by the Corporate Debtor (CD) from the State Bank of India (SBI), which were reviewed, renewed, and enhanced from time to time and lastly on February 04, 2014. Owing to persistent defaults in repayment, the loan account was classified as a Non-Performing Asset (NPA). The SBI thereafter initiated recovery measures under the SARFAESI Act and parallelly, winding-up petitions filed by operational creditors before the Calcutta High Court were admitted, and winding-up orders were passed against the CD. Although the Official Liquidator was appointed, the CD was initially permitted to continue operations subject to payment schedules, which it repeatedly failed to honour.

Subsequently, the Calcutta High Court transferred the winding-up proceedings to the NCLT. SBI contended that despite the winding-up orders, no irreversible steps towards liquidation had been undertaken and the assets remained substantially under the control of the erstwhile management. Claiming outstanding dues of nearly ₹178 crores and asserting its status as a secured financial creditor, SBI sought initiation of CIRP against the CD through the present proceedings before the NCLT.

NCLT's Observations:

The NCLT examined whether the transferred winding-up proceedings pending before the Calcutta High Court could be treated as an application under Section 7 of the IBC. Referring to Section 434 of the Companies Act, 2013, and the Supreme Court's decision in *Forech India Ltd. v. Edelweiss Asset Reconstruction Co. Ltd (2019)*, the Tribunal observed that the legislative intent behind the transfer mechanism is to prioritize revival of a CD through the insolvency framework so long as the winding up process is still in its nascent stages before the High Court. It noted that despite winding-up orders having been passed, the Official Liquidator remained only in symbolic possession of the CD's assets, and no effective liquidation or sale process had commenced.

The Tribunal further found that the SBI had established the existence of a financial debt and default far exceeding the statutory threshold under Section 4 of the IBC. The loan account had been classified as NPA, SARFAESI proceedings were already initiated, and the CD had repeatedly failed to comply with repayment schedules despite multiple opportunities granted by the High Court. Relying on the principles laid down in *Innovative Industries Ltd. v. ICICI Bank Ltd. (2017)*, the Tribunal held that its inquiry under Section 7 was limited to determining the existence of debt and default, both of which stood sufficiently proved from the material on record.

Order/Judgment: Given the above facts and circumstances of the case, the CIRP application was admitted, the Official Liquidator was discharged and an IRP appointed to take over management of the CD.