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\* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ **CS(COMM) 438/2025**

**STCI FINANCE LTD**

.....Plaintiff

Through: Mr. Tanmay Mehta, Mr. Atul Sharma,  
Mr. Abhinav Mukhi, Mr. Abhishek  
Srivastav, Ms. Manisha Arora, Mr.  
Shantanu Tomar and Mr. Vasu Vats,  
Advocates

versus

**GENSOL ENGINEERING LIMITED & ORS.**

.....Defendants

Through: None

**CORAM:**

**HON'BLE MS. JUSTICE MANMEET PRITAM SINGH ARORA**

**ORDER**

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**08.05.2025**

**I.A. 11670/2025** (for exemption)

1. Subject to the Plaintiff filing the certified copies of the documents and true copies of any documents sought to be relied upon within four (4) weeks from today, exemption is granted for the present.
2. The application is disposed of.

**I.A. 11672/2025** (Under Section 149 of CPC)

3. This is an application filed by the Plaintiff under Section 149 of Code of Civil Procedure, 1908 ('CPC') seeking extension of time for depositing the Court fee.
4. Learned counsel for the Plaintiff states that, the court fee will be deposited within two (2) weeks.
5. The time period for depositing the court fee is hereby extended by two

(2) weeks.

6. In case, the court fee is not deposited, the Registry is directed to list this matter before this Court for issuance of appropriate directions.

7. With the aforesaid directions, the application stands disposed of.

**I.A. 11675/2025 (Under Section 12A of Commercial Courts Act)**

8. This is an application filed by the Plaintiff under Section 12A of the Commercial Courts Act, 2015, seeking exemption from instituting pre-institution mediation.

9. Learned counsel for the Plaintiff states that there is an imminent risk of dissipation of the Vehicles purchased by Defendant No. 1 using loan amounts advanced by the Plaintiff. He further states that since the loan has been recalled, the Plaintiff has filed the present suit along with an application seeking urgent interim relief for securing the said Vehicles.

10. He places reliance upon the order dated 15.04.2025 passed by the Securities and Exchange Board of India ('SEBI') observing that defendant no. 1 and its promoters have prima facie committed multiple violations of corporate governance norms. He states that subjecting the plaintiff to pre-institution mediation in these circumstances may result in irreparable loss of assets.

11. In view of the averments made in the application and after perusing the record, the plaintiff has made out a case that urgent interim relief is indeed required to be passed in the present case. Therefore, the conditions for exemption under Section 12A are made out in the facts of this present case.

12. In view of the above, the present application is allowed.

**I.A. 11676/2025 (Under Order II Rule 2 CPC)**

13. This is an application filed by the Plaintiff under Order II Rule 2 CPC.

14. It is stated in the application that the present suit has been instituted against Defendant No. 1, the borrower, and the Plaintiff seeks leave to subsequently amend the suit and/or file a separate suit against the personal guarantors in relation to the recovery of amounts and other injunctive reliefs.

15. The application stands allowed and the leave is hereby granted.

**CS(COMM) 438/2025**

16. The present suit has been filed seeking recovery of Rs. 11,25,56,040/- due and payable as on 29.04.2025 along with interest.

17. Let the plaint be registered as a suit.

18. Summons be issued to the Defendants by all permissible modes on filing of process fee. Affidavit of service be filed within two (2) weeks.

19. The summons shall indicate that the written statement(s) must be filed within thirty (30) days from the date of receipt of the summons. The Defendants shall also file affidavit(s) of admission/denial of the documents filed by the Plaintiff, failing which the written statement(s) shall not be taken on record.

20. The Plaintiff is at liberty to file replication(s) thereto within thirty (30) days after filing of the written statement(s). The replication(s) shall be accompanied by affidavit(s) of admission/denial in respect of the documents filed by the Defendants, failing which the replication(s) shall not be taken on record.

21. It is made clear that any unjustified denial of documents may lead to an order of costs against the concerned party.

22. Any party seeking inspection of documents may do so in accordance

with the Delhi High Court (Original Side) Rules, 2018.

23. List before the learned Joint Registrar for completion of service and pleadings, marking of exhibits and admission/denial of documents on **17.07.2025**.

24. List before the Court on **24.09.2025**.

**I.A. 11673/2025 (Under Order XL Rule 1 CPC)**

25. The present application has been filed under Order XL Rule 1 of the CPC by the Plaintiff seeking appointment of Court Receiver for taking over the physical possession of '129' Electric Passenger Vehicles ('Vehicles') as detailed in Schedule-1 of the plaint. It is stated that the said Vehicles stand hypothecated by the Defendant No.1 in favour of the Plaintiff as a security towards the Loan Facility Agreement and Hypothecation Deed both dated 19.10.2023.

26. The underlying suit has been filed by the Plaintiff seeking recovery of a sum of Rs. 11,25,56,040/- against the Defendant No.1 Company. The Plaintiff inter alia seeks the reliefs of permanent and prohibitory injunction, against the Defendant No.1 and Defendant No.2, restraining them from creating any third-party rights/interest in respect of the Vehicles as mentioned above.

**Brief Facts**

27. It is stated that the Defendant No.1 approached the Plaintiff for availing a loan facility for purchase of passenger electric car [i.e., Vehicle] for commercial use.

27.1 It is stated that thereafter, the Plaintiff and Defendant No.1 entered into Loan Facility Agreement dated 19.10.2023 ('Facility Agreement'). It is stated that Plaintiff granted Defendant No.1 an equipment term loan to the

tune of Rs. 15 Crores for a period of 60 months with interest at 12.50% per month. It is stated that the Plaintiff disbursed a sum of Rs. 15 Crores into the accounts of the vendors from whom the Vehicles were purchased by Defendant No. 1. It is stated that Mr. Puneet Singh Jaggi and Mr. Anmol Singh Jaggi executed deed of guarantee to secure the loan.

27.2 It is stated that the Defendant No.1 executed a Hypothecation deed dated 19.10.2023 which on reading in conjunction with the Facility Agreement is intended to hypothecate and create a charge over the 129 Vehicles in favour of the Plaintiff, as a primary security for the loan advanced by the Plaintiff.

27.3 It is stated that defendant no. 2 is a company under the common control and authority of Mr. Puneet Singh Jaggi and Mr. Anmol Singh Jaggi, who are the personal guarantors to the Facility Agreement. It is stated that defendant no. 1 leased out the 129 vehicles to defendant no. 2.

27.4 It is stated that the Defendant No.1 despite undertaking to repay the loan advanced in a time bound manner, has failed to maintain the financial discipline and defaulted in making payment of the principal and interest thereon, which as on 31.03.2025 was due to the tune of Rs. 37, 05, 675/-.

27.5 It is stated that the Credit Rating Agencies i.e., CARE Ratings Limited and ICRA Ltd. vide their communications dated 03.03.2025 and 04.03.2025, have downgraded the credit rating of the Defendant No.1 to the lowest category rating of 'D'. It is stated that, Securities and Exchange Board of India ('SEBI') in exercise of its power under Section 11(1), 11(4) and 11B of the SEBI Act, 1992 has initiated a formal investigation into the financial affairs of the Defendant No.1 and its officers. It is stated that the SEBI passed an interim order dated 15.04.2025, wherein the SEBI observed

multiple and blatant violations of corporate governance by the Defendant No.1 and its officers i.e., Mr. Anmol Singh Jaggi and Mr. Puneet Singh Jaggi. The relevant paragraph of the said order dated 15.04.2025 reads as under:

“89. What has been witnessed in the present matter is a complete breakdown of internal controls and corporate governance norms in Gensol, a listed company. The promoters were running a listed public company as if it were a propriety firm. The company's funds were routed to related parties and used for unconnected expenses, as if the Company's funds were promoters' piggybank. The result of these transactions would mean that the diversions mentioned above would, at some time, need to be written off from the company's books, ultimately resulting in losses to the investors of the Company.

90. While the fund diversion primarily occurred in the context of electric vehicle (EV) purchases intended for leasing to a related party, the risk it creates is neither isolated nor contained. The company has a substantial order book, comprising critical infrastructure contracts awarded by government and public sector entities in the renewable EPC space. These contracts are not just capital intensive - they also require strict financial discipline, timely execution, and reputational credibility to retain project flow and institutional trust.

91. In the instant case, prima facie evidence of blatant violation of rules of corporate governance is writ large over the workings of the Company. The diversion of funds of the Company by promoter entities reflects a culture of weak internal control, where even ring-fenced borrowings from institutional creditors were rerouted at the total discretion of the promoters. The internal controls at Gensol appear to be loose and through the quick layering of transactions, funds have seamlessly flowed to multiple related entities/individuals.

92. The promoter holding in the Company has already come down substantially and there is a risk of the promoters (Noticees 2 and 3) further off-loading the shares on gullible investors. Thus, investors need to be made aware of the alleged wrongdoings detailed above through regulatory action. At the same time, allowing Noticees 2 and 3 to remain at the helm of affairs as directors or KMPs in the

Company is likely to do further damage to the interests of the Company.

93. It must be mentioned that Gensol recently announced stock split of its shares in the ratio of 1 :10, which is likely to attract more retail investors to the scrip. At this stage, allowing this Corporate Action may not be in the interest of the investors.

94. In view of the above, pending detailed investigation, I deem it fit to issue immediate interim directions to safeguard the interests of the investors and preserve market integrity.

95. At the same time, I deem it fit to caution the investors, as done on previous occasions, to be careful while investing their savings in the capital markets.”

(Emphasis supplied)

27.6 It is stated that considering the gravity of the financial defaults committed by the Defendant No.1 as recorded in the interim order of the SEBI dated 15.04.2025, the Plaintiff Company recalled the present loan facility vide notice dated 29.04.2025 and called upon the Defendant No.1 to make payment for a sum of Rs. 11,25,56,040/-, towards the outstanding principal amount and the interest component therein as on 29.04.2025.

27.7 It is stated that the Vehicles were leased out to the Defendant No.2 who has since ceased its business operations, and therefore, the Vehicles are lying idle under various threats i.e., theft, vandalism, degradation and unlawful disposal (at the hands of Defendant No. 1, Defendant No.2 and its employee) etc. It is stated that since the Vehicles are electric, they are vulnerable to rapid deterioration if left idle and unused.

27.8 It is stated that the tentative value of the Vehicles after accounting for depreciation as per the Income Tax Act is Rs. 11,19,66,605/- as on 31.03.2025. It is stated that the amount due and recoverable in this suit is Rs. 11.25 crores approximately plus interest. It is stated that this would help the plaintiff in mitigating its losses.

27.9 It is stated that as per the terms of the Facility Agreement and Hypothecation deed both dated 19.10.2023, in case of default the Plaintiff is entitled to repossess and deal with the Vehicles, in accordance with the terms of the Facility Agreement and law. The relevant clause of the Facility Agreement and the Hypothecation Deed reads as under:

**Facility Agreement:**

**“3.10** It is agreed by and between the Parties hereto that **if the Borrower fails and/or neglects to remedy any breach (after the expiry of the Cure Period) including but not limited to non-payment of any Outstanding Amounts or failure to maintain security margin, STCI shall be entitled to (without prejudice to its other rights and remedies against the Borrower) repossess, sell or dispose of or transfer the Security, as STCI in its sole discretion thinks fit**, at such price and on such terms, conditions and agreements as STCI shall think fit, with liberty to STCI to postpone from time to time the exercise of the power of sale and receive and appropriate sale proceeds first towards the charges and expenses incurred by STCI in transferring and/or selling all or any of the said secured assets or otherwise in connection therewith and then towards the balance outstanding under this Agreement.”

**Hypothecation Deed:**

**“ARTICLE VI**

**ENFORCEMENT OF THE HYPOTHECATED ASSETS**

In the event of any breach or default by the Borrower(s) in the performance and/or discharge of his/her /their /its Obligations or occurrence of an Event of Default(s) or in the event of the charge or the Security created in favour of STCI having become enforceable for any reason whatsoever or if any circumstance shall occur which in the opinion of STCI shall be prejudicial to or shall endanger or be likely to endanger the Security and STCI or its nominees shall have declared all Outstanding Amounts as due and payable forthwith in terms of the Transaction Documents, **then in such a case STCI or its nominees shall without any notice and without assigning any reason and at the risk and expense of the Borrower(s) and for Guarantor(s) and/or Third Party Security Provider(s) enter into or upon anyplace or -premises where or wherein any of the records pertaining to the**



**Hypothecated Assets may be kept or stored (and for the purpose of such entry to do all acts deeds or things deemed necessary by STCI) to inspect, value and/or take charge and/or possession of all or any part of the Hypothecated Assets, to recover, receive, appoint receiver js of all or any of the Hypothecated Asset in such manner as STCI shall think fit and give notice and demands to debtors, Borrower's(s) client(s), customer(s) and third parties liable therefore, to sue for, recover, receive, give receipts for the same and with or without intervention of the court, sell or recover or realize or assign or otherwise dispose of or deal with all or any part of the Hypothecated Assets and to enforce, realise, settle, compromise and deal with any rights or claims relating thereto, without being bound to exercise any of these powers or be liable for any losses in the exercise or non- exercise thereof and without prejudice to STCI's rights and remedies of suit or otherwise.**

#### **ARTICLE VII RECEIVER**

At any time after the security hereby created has become enforceable, whether or not STCI shall then have taken possession of and in addition to the powers hereinbefore conferred upon STCI after such taking possession of, STCI, along with the Consortium, may have receivers (the "Receiver") appointed on the Hypothecated Assets or any part thereof."

(Emphasis supplied)

28. Having heard the learned counsel for the Plaintiff, this Court is of the considered opinion that the Plaintiff has made out a *prima facie* case for grant of an interim relief. The Plaintiff has been able to show that the Defendant No.1 did not adhere to the terms of the Facility Agreement and the financial discipline enumerated therein and committed defaults in repaying the loan advanced by the Plaintiff. Further the balance of convenience also lies in favour of the Plaintiff considering that the Plaintiff may suffer loss if the possession of the Vehicles is not secured and the Defendant No.1 goes on to dispose of the said Vehicles in favour of third

parties. In the overall conspectus grounds are made out to order for custody of vehicle to the Plaintiff so as to secure the amount due and payable in terms of the Facility Agreement.

29. In view of the facts above, further directions are passed as under:

- (i) Mr. Tarang Gupta [Mobile no. 7838983455]<sup>1</sup>, Ms. Mansi [Mobile no. 9910201722]<sup>2</sup> and Ms. Pavitra Kaur [Mobile no. 9811999292]<sup>3</sup> are appointed as receivers, who will take possession of the hypothecated Vehicles (as setout and detailed in Schedule-1 of the plaint), make an inventory and take photographs etc., after doing thorough inspection with the assistance of authorized representative (AR) of the Plaintiff.
- (ii) Mr. Rajesh Khanna the AR of the Plaintiff will assist the receiver for taking possession of the Vehicles in Delhi, Mr. Anupam Kumar will assist the receiver for taking possession of the Vehicles in Gurugram and Mr. Pranesh BN will assist the receiver for taking possession of the Vehicles in Bengaluru.
- (iii) It will be open for the receiver to take all necessary steps to charge and preserve the Vehicle so that they remain in good and working condition.
- (iv) Defendant No.1 and Defendant No.2 will co-operate in identifying the locations where the hypothecated Vehicles are parked, within two (2) days and will make no attempt to shift the Vehicles to any other location.

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<sup>1</sup> Tarang.gupta305@gmail.com.

<sup>2</sup> mansimridulasharma@gmail.com.

<sup>3</sup> Pavitrakaur22@gmail.com.

(v) The receiver shall relocate and store the said Vehicles in a secure facility, with necessary arrangements for supervision, maintenance, and preservation to be made by the Plaintiff and the receiver may engage such staff, support or service providers as may be required to safeguard the Vehicles.

(vi) The Defendant No. 1 and Defendant No.2 will permit the receiver to peacefully carry out the execution of this order, without creating any hinderance or obstruction of any kind.

(vii) The receiver may take assistance of the local Police Station, and if any assistance is sought, SHO of the concerned Police Station is directed to render full co-operation.

30. The Fee of the receiver(s) is fixed at Rs. 5 Lakhs each, excluding the out-of-pocket expenses, to be paid by the Plaintiff. The receiver will file their respective report(s) along with the inventory so prepared within four (4) weeks.

31. Accordingly, the application stand disposed of in terms of the directions issued above.

**I.A. 11671/2025 (Under Order XXXIX Rule 1 and 2 CPC)**

32. This is an application filed by the plaintiff under Order XXXIX Rule 1 and 2 CPC.

33. Issue notice to the defendants through all modes.

34. For the reasons recorded while considering I.A. No. 11673/2025, it is directed that, till the next date of hearing, the defendant nos. 1 and 2 shall not sell, transfer or encumber or in any manner, create third party rights in respect of the Vehicles mentioned in the Scheduled '1' to the plaint, which comprises of 129 Vehicles.

35. In addition, it is pleaded in the plaint that fixed deposit of Rs. 40,62,500/- has been created by defendant no. 1 with defendant no. 3, which stands exclusively charged and hypothecated in favour of the plaintiff, as one of the securities for the present loan facility and the said charge has been duly acknowledged and confirmed by defendant no. 3. In this regard, the plaintiff has placed on record, the document dated 01.11.2023 issued by ICICI Bank.

36. In view of the letter dated 01.11.2023, defendant no. 3 is restrained from liquidating the said fixed deposit and directed to maintain status quo in terms of the prayer clause 'c' of this application, until the final disposal of this application.

37. Order XXXIX Rule 3 CPC compliance be done within one (1) week.

38. Let the reply be filed within a period of four (4) weeks.

39. Rejoinder thereto, if any, be filed within a period of four (4) weeks.

40. List before the learned Joint Registrar for completion of service and pleadings, marking of exhibits and admission/denial of documents on **17.07.2025.**

41. List before the Court on **24.09.2025.**

**I.A. 11674/2025 (Under Order XXXVIII Rule 5 CPC)**

42. This is an application filed by the plaintiff under Order XXXVIII Rule 5 CPC.

43. Issue notice to the defendants through all modes.

44. Let the reply be filed within a period of four (4) weeks.

45. Rejoinder thereto, if any, be filed within a period of four (4) weeks.

46. In view of the orders passed in I.A. No. 11673/2025 further orders with respect to the immovable assets will be passed on the next date of

hearing.

47. The digitally signed copy of this order, duly uploaded on the official website of the Delhi High Court, [www.delhihighcourt.nic.in](http://www.delhihighcourt.nic.in), shall be treated as a certified copy of the order for the purpose of ensuring compliance. No physical copy of order shall be insisted by any authority/entity or litigant.

**MAY 8, 2025***/rhc/akp/sk*

**MANMEET PRITAM SINGH ARORA, J**

*Click here to check corrigendum, if any*