



IN THE NATIONAL COMPANY LAW TRIBUNAL
BENGALURU BENCH, BENGALURU
[Through Physical hearing/ VC Mode (Hybrid)]

ITEM No.02
C.P (IB) No. 243/BB/2025

IN THE MATTER OF:

Sugar Development Fund, Government of India
Through IFCI Limited
Vs
Bhalkeshwar Sugar Ltd

... Petitioner
.... Respondent

Order under Section 7 of I & B Code, 2016

Order delivered on: 25.09.2025

CORAM:

SHRI. SUNIL KUMAR AGGARWAL
HON'BLE MEMBER (JUDICIAL)

SHRI. RADHAKRISHNA SREEPADA
HON'BLE MEMBER (TECHNICAL)

PRESENT:

For the Petitioner : Shri Rohit Gupta & Mr. Theerthesh
For Respondent : Shri Saji.P.John

ORDER

1. Heard the Id. Counsel for the parties.
2. C.P is admitted by separate order.
3. List the case for report of IRP on **26.11.2025**.

-Sd-

RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)

-Sd-

SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)

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IN THE NATIONAL COMPANY LAW TRIBUNAL BENGALURU BENCH

CP (IB) No. 243/BB/2025

Application U/s. 7 of the Insolvency & Bankruptcy Code, 2016
read with Rule 4 of the Insolvency & Bankruptcy
(Application to Adjudicating Authority) Rules, 2016

IN THE MATTER OF:

Sugar Development Fund,

Government of India,

Ministry of Consumer Affairs,

Department of Food & Public Distribution,

Through IFCI Limited

Regd. Office at: IFCI Tower, 61

Nehru Place, New Delhi – 110019,

... Petitioner/Financial Creditor

VERSUS

Bhalkeshwar Sugars Limited

Regd. Office at: Village Bojolga, Taluk

Bhalki, Dist. Bidar, Karnataka, – 585328

... Respondent/Corporate Debtor

Order delivered on: 25.09.2025

CORAM: 1. Hon'ble Shri. Sunil Kumar Aggarwal, Member (Judicial)
2. Hon'ble Shri. Radhakrishna Sreepada, Member (Technical)

PARTIES/COUNSELS PRESENT:

For the Petitioner : Shri Rohit Gupta with Mr. Theerthesh.

For the Respondent : Shri Saji. P. John with Shri Ajai. Johnson

O R D E R

1. This Petition has been filed under Section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as 'the IBC' or 'the Code') read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, on 10.09.2025 by **Sugar Development Fund, Government of India, through IFCI Limited** (hereinafter referred as the 'Petitioner/Financial Creditor') seeking to initiate



Corporate Insolvency Resolution Process (“CIRP”) against **Bhalkeshwar Sugars Limited** (hereinafter referred to as “Corporate Debtor/Respondent”) for the default amount of **Rs. 2,75,81,652/-** (Rupees Two Crores Seventy Five Lakhs Eighty One Thousand Six Hundred and Fifty Two Only) comprising principal amount of 2,35,52,876/- (Rupees Two Crores Thirty Five Lakhs Fifty Two Thousand Eighty Hundred and Seventy Six Only) and interest of Rs. 40,28,776/- (Rupees Forty Lakhs Twenty Eighty Thousand Seven Hundred and Seventy Six Only) as on 31.01.2025 and date of default being 27.01.2022, as per Part IV of Form No. 1 of the Petition.

2. Brief relevant facts of the Petition are given hereunder

- i. The Petitioner/Financial Creditor i.e. Sugar Development Fund, Government of India, through IFCI Limited as Monitoring Agency/Nodal Agency has its registered office at IFCI Tower, 61 Nehru Place, New Delhi -110019.
- ii. The Corporate Debtor was incorporated on 02.12.2000 with CIN No. U15421KA2000PLC027184,, under the Companies Act, 1956 having registered office at Village Bojolga, Taluk Bhalki, Dist. Bidar-585328, and is engaged in business of sugar manufacturing.
- iii. On 10.11.2015, upon request of the Corporate Debtor, the Financial Creditor had sanctioned a credit facility of Rs. 6,11,80,700/- (Rupees Six Crore Eleven Lakh Eighty Thousand Seven Hundred only), vide Sanction Letter No. 7-17/2023-SDF dated 10.11.2015, **Annexure 4**, to the Corporate Debtor to meet the promoter’s contribution for the establishment of a 14 MW greenfield bagasse-based co-generation power project. (“CO-GEN loan”).
- iv. Pursuant thereto the Corporate Debtor had executed a Mortgage Deed and a Hypothecation Deed, both dated 07.05.2016, **Annexures 5 and 6**, in favour of the Financial Creditor. Thereafter on 22.07.2016, the Financial Creditor had disbursed an amount of Rs. 6,11,80,700/- (Rupees Six Crore Eleven Lakh Eighty Thousand Seven Hundred only) to the corporate debtor after the sanction of the loan facility.
- v. Apart from the abovementioned loan, the Financial Creditor had also extended two more loans of **Rs. 36.96 Cr** towards Ethanol Loan and **Rs.9.59 Cr** towards Modernization Loan to the respondent in the year 2019. Though there is a default in respect of Ethanol Loan also but, the present Application is confined to CO-GEN



loan which was extended as per the terms and conditions set out in the respective Sanction Letters dated 10.11.2025 and a summary of the same is tabled below:

Loan A/C No.	Type of Loan	Amount Disbursed (in Rs.)	Principal in Default (in Rs.)	Interest in Default (in Rs.)	Penal Interest (in Rs.)	Total Outstanding (in Rs.)
IX59	SDF CO-GEN	6,11,80,700	2,35,52,876	24,41,586	15,87,190	2,75,81,652

- vi. The Corporate Debtor had acknowledged the debts under the heading “Long Term Borrowings” - sub heading SDF for Cogen in its financial statements for the FY ending 2021- 22 and 2022-23 which are at **Annexure 13** of the Petition. Further, the Respondent had made part payments, the details whereof are following: -

Loan Agreement No.	Date of Part Payment	Amount Part Payment (Rs.)	Part Due (Rs.)	Due Date
SDF Cogeneration Loan (Ledger no IX -59)	29.07.17	15,42,089	31,45,048 (on the date of payment)	27.07.17
SDF Cogeneration Loan (Ledger no IX -59)	14.12.17	16,01,064	16,69,625 (on the date of payment)	27.07.17
SDF Cogeneration Loan (Ledger no IX -59)	29.07.19	76,35,016	76,39,618 (on the date of payment)	27.07.19
SDF Cogeneration Loan (Ledger no IX -59)	27.01.20	13,87,880	75,05,950 (on the date of payment)	27.01.20
SDF Cogeneration Loan (Ledger no IX -59)	27.01.21	50,264	71,97,528 (on the date of payment)	27.01.21
SDF Cogeneration Loan (Ledger no IX -59)	15.02.21	23,630 (excess adjusted on due date)	70,28,238	27.07.21
SDF Cogeneration Loan (Ledger no IX -59)	22.02.23	1,79,99,999/- (Govt Subsidy deducted by Sugar Development fund, Govt of India)	2,93,16,735 (as on 22-02-23)	27.07.21

- vii. The Financial Creditor submits that from the beginning, the Corporate Debtor has been irregular in repaying the loan but from 27.07.2021 onwards, the Corporate Debtor has not paid the instalment dues.
- viii. On 28.02.2025, the Financial Creditor had issued a Formal Loan recall notice to the Corporate Debtor to repay the total outstanding amount as mentioned therein, within 15 days of receipt of the said notice demanding repayment of ₹44,70,73,717/- (Rupees Forty-Four Crores Seventy Lakhs Seventy Three Thousand Seven Hundred and Seventeen only), being the outstanding amount as on 31.01.2025 along with applicable interest. Despite multiple opportunities, the Corporate Debtor has failed to the outstanding dues.
- ix. In terms of the Sanction Letter dated 10.11.2015, in the event of two consecutive non-payments, the Central Government shall have the power to realize the entire



amount along with interest and additional interest. In the present case, as seen from the loan statement enclosed as **Annexure 10**, two consecutive non-payments in respect of the CO-GEN Loan occurred on 27.07.2021 and 27.01.2022. Therefore, the date of default in respect of the CO-GEN Loan is recorded as 27.01.2022 i.e. event of two consecutive payments not made by the Corporate Debtor.

- x. The Petitioner also submits that the above outstanding loan facilities were also captured in the balance sheet of the Corporate Debtor for the FY 2021-22 and FY 2022-23 under the heading “Long Term Borrowings” - sub heading SDF for Cogen which is **Annexure –13** to the Petition. Despite multiple opportunities, the Corporate Debtor has failed to repay the financial debt, and the default continues. Hence, the Petitioner is constrained to file this Petition under Section 7 of the IBC, 2016 for initiation of the CIRP against the Corporate Debtor.
3. The Respondent has filed a short memo to the Petition dated 20.09.2025 wherein it is stated that:
- i. The Corporate Debtor is into the business of Sugar and Ethanol manufacturing and has its factory located in Bidar District of Karnataka. The instant Petition is filed by Sugar Development Fund, Government of India through IFCI Limited.
 - ii. It is submitted that the Corporate Debtor owes more than Rs. 300 Crores to the Banks and other Financial Creditors namely Punjab National Bank, Union Bank, and Central Bank of India who are also in the process of filing similar petitions against the Corporate Debtor. It is further submitted that the Corporate Debtor is not in a position to repay the debts and it will be in the interest of the stakeholders to initiate the CIRP of the Corporate Debtor so that Corporate Debtor will have a chance of revival.
 - iii. The Corporate Debtor states that the crushing season for the sugar industry starts in the month of October and the Corporate Debtor has already incurred costs and invested in the machinery in the sugar factory to utilize the crushing season in a fruitful manner so that the Farmers will be benefited from the revenue that the crushing season generates.
4. In view of the above-stated facts and grounds, the Respondent states that it has no objection if the Adjudicating Authority admits the Corporate Debtor into CIRP in the



interest of the stakeholders but prays to direct the IRP to continue the operations of the Corporate Debtor as a going on concern to protect the interest of Farmers and stakeholders concerned post its admission into CIRP.

5. Heard Ld. Counsels for the parties and perused the record.
6. The Petition is filed on 10.09. 2025 and the date of Default mentioned in Form No. 1 is 27.01.2022 where after part payment was made by the Corporate Debtor on 22.02.2023. Even on counting from 27.07.2021, the limitation for filing petition got extended by part payment made within 3 years. Moreover, the Corporate Debtor had acknowledged the debt under the heading “*Long Term Borrowings- and sub heading SDF for Cogen*” in the Financial statements for FY 2021- 22 and 2022-23 of the Corporate Debtor. Such incorporation of debt amounts to an acknowledgment of liability in view of the judgement dated 04.08.2021 of the Hon'ble Apex Court in ***Dena Bank Vs. C. Shivakumar Reddy and Anr. in Civil Appeal No.1650 of 2020***. Thus, this Petition filed on 10.09.2025 is within the period of Limitation. Further, the date of default of 27.01.2022 matches with the Record of Default ('RoD') issued by NeSL. The RoD filed vide memo dated 11.09.2025 also specifies the status of authentication of 'default' as '*deemed to be authenticated*'.
7. The total amount claimed by the Petitioner as due and payable on 31.01.2025 is ₹2,75,81,652 which has not been disputed by the Respondent. The Petitioner has also placed on record the Sanction Letters, Loan Agreements and computation which evidence the subsisting liability and establish the Petitioner's locus to initiate the present proceedings under the Code. The record of default also corroborates the fact. Significantly, the Corporate Debtor has admitted the existence of debt or the occurrence of default in its short memo dated 20.09.2025 wherein it is stated that it owes much more liability towards Banks and other financial institutions which it is not in a position to pay and that it would be in the interest of stakeholders to seek resolution in the process prescribed under IBC.
8. Under Section 7 of the IBC, to initiate the CIRP, the Financial Creditor is only required to establish the existence of a financial debt as defined under Section 5(8) of the Code and to demonstrate that a default, as per Section 3(12) of the Code, has occurred concerning that Financial Debt. The material placed on record including the



corroborative NeSL Record of Default, loan documents and subsequent correspondence reveal meeting of statutory thresholds. The Corporate Debtor's repeated attempts to restructure the debt categorically admit the factum of default, which is further confirmed by the balance sheets of the Corporate Debtor. In this context, Hon'ble Supreme Court of India in the case of *Innoventive Industries Ltd. vs. ICICI Bank and Ors., (2018) 1 SCC 407* has held as under:

"...30.in the case of a corporate debtor who commits a default of a financial debt, the adjudicating authority has merely to see the records of the information utility or other evidence produced by the financial creditor to satisfy itself that a default has occurred. It is of no matter that the debt is disputed so long as the debt is "due" i.e. payable unless interdicted by some law or has not yet become due in the sense that it is payable at some future date. It is only when this is proved to the satisfaction of the Adjudicating Authority that the Adjudicating Authority may reject an application and not otherwise."

9. In view of the acknowledged debt that had become due and payable and default in payment thereof even after service of recall & demand notices, coupled with categorical submission of respondent leave no impediment in accepting the petition.
10. Accordingly, **Company Petition bearing CP (IB) No. 243/BB/2025 is allowed** and respondent **Bhalkeshwar Sugars Limited is admitted to undergo Corporate Insolvency Resolution Process** thereby triggering moratorium in terms of Section 14 of the Code on following parameters for compliance by all concerned:
 - a. 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;
 - b. Transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein;
 - c. Any action to foreclose, recover or 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;
 - d. The recovery of any property by an owner or lessor, where such property is occupied by or in the possession of the Corporate Debtor;



11. Since the corporate debtor is projected as a going concern and cane crushing season is at doorstep, it is directed that the supply of essential goods or services to the Corporate Debtor, shall not be terminated/suspended/interrupted during the moratorium period in accordance with subsection (2) of Section 14 of the Code;
12. The provisions of Sub- section (3) of Section 14 of the Code shall however, not apply to such transactions as may be notified by the Central Government in consultation with any financial sector regulator and to a surety in a contract of guarantee to a Corporate Debtor;
13. The order of moratorium becomes effective forthwith till completion of the CIRP or until this Authority approves the Resolution Plan under sub-section (1) of Section 31 of the Code, or passed an order for liquidation of Corporate Debtor under Section 33 of the IB Code, 2016 as the case may be;
14. In Part-III of Form No.1, **Mr. Charudutt Pandhrinath Marathe**, bearing Registration No. IBBI/IPA-001 /IPP00350/2017-2018/10651 having registered address at Gomed, 915, Khare Tovrn, Dharampeth, Nagpur, Maharashtra - 440010., contact no **+91 93714 32369**; and email: charuduttm@yahoo.co.in was proposed as an Interim Resolution Professional (IRP). Due to some issue regarding continuation of his authorisation, another IRP **Mr. Ritesh R Mahajan** has been proposed with his credentials & his written consent in Form No.2 and affidavit dated 12.09.2025 have been filed. The Financial Creditor having exercised the prerogative, **Mr. Ritesh R Mahajan** with Registration Number:- IBBI/IPA-002/IP-N00048/2017-18/10132, having registered address at -203, Devgiri, Ganeshmala Sinhgad Road, Pune, Maharashtra - 411030, e-mail: riteshmahajancs@gmail.com is hereby appointed as Interim Resolution Professional of the Corporate Debtor to carry out the functions as mentioned under the IBC, 2016. The IRP is directed to take the steps as mandated under the IBC, particularly under Sections 15, 17, 18, 20 and 21 of IBC, 2016.
15. The Financial Creditor shall deposit a sum of **Rs. 2,00,000/- (Rupees Two Lakhs Only)** with the IRP for meeting the expenses arising out of issuing public notice and inviting claims etc. These expenses are subject to approval by the Committee of Creditors. In addition, the RP shall issue individual notices to Jurisdictional Income Tax Authority; Principal Commissioner of Income Tax (Judicial), Bengaluru; Regional Provident Fund



Commissioner; GST Commissioner; Commercial Tax Authority; recognized Labour Unions.

16. The IRP shall after collation of all the claims received against Corporate Debtor and the determination of financial position of the Corporate Debtor constitute a Committee of Creditors and shall file a report, certifying constitution of the Committee to this Authority on or before the expiry of **thirty days** from the date of his appointment, and shall convene first meeting of the Committee **within seven days** for filing the report of Constitution of the Committee. The Interim Resolution Professional is further directed to send regular **monthly progress reports** to this Authority. Since the plant and machinery are stated to be in place and farmers may be waiting for the cane crushing season on commencement of operations of CD, the IRP/RP are directed to keep the Corporate Debtor as a going concern in line with objectives of value maximisation and the spirits of the Code on the one hand and saving the interest of farmers & other connected persons, on the other.
17. A copy of the order shall be communicated to the parties. Learned Counsel for the Petitioner shall deliver a copy of this order to the IRP forthwith. The Registry shall also forward a softcopy of this order to the Interim Resolution Professional at his email address immediately.

-Sd/-

RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)

-Sd/-

SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)