



**IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH**

*[Through Physical hearing/ VC Mode (Hybrid)]*

**ITEM No.03**

**C.P. (IB) No.249/BB/2024**

**IN THE MATTER OF:**

M/s. Maximus ARC Ltd.

... Petitioner

Vs.

M/s. Sri Balaji Cement & Power Ltd.

... Respondent

**Order under Section 7 of I & B Code, 2016**

**Order delivered on: 01.08.2025**

**CORAM:**

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

**SHRI RADHAKRISHNA SREEPADA  
HON'BLE MEMBER (TECHNICAL)**

**PRESENT:**

For the Petitioner : Ms. Manjushree

For the Respondent : Shri Umashankar.N.

**ORDER**

1. Heard the Ld. Counsel appearing for the Petitioner.
2. The Respondent Company has been admitted under the CIRP, and the moratorium has commenced
3. List the case on **23.09.2025** for awaiting the IRP report.

**-Sd-**

**RADHAKRISHNA SREEPADA  
MEMBER (TECHNICAL)**

**-Sd-**

**SUNIL KUMAR AGGARWAL  
MEMBER (JUDICIAL)**

Shruthi



**IN THE NATIONAL COMPANY LAW TRIBUNAL BENGALURU BENCH**

**CP (IB) No. 249/BB/2024**

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:**

**Maximus ARC Limited**

302B, Jain sadguru image's capital park,  
VIP Hills, Image Garden Road, Madhapur,  
Hyderabad, Telangana 500081

... Petitioner/Financial Creditor

**VERSUS**

**SRI BALAJI CEMENT AND POWER LIMITED**

Survey No.367, Village Malkhed,  
Sedam Taluq Kalaburagi District,  
Gulbarga, Sedam,  
Karnataka, India, 585317

... Respondent/Corporate Debtor

Last date of Hearing : 24.07.2025

**Order delivered on: 01.08.2025**

**Coram:**

**1. Hon'ble Shri. Sunil Kumar Aggarwal, Member (Judicial)**

**2. Hon'ble Shri. Radhakrishna Sreepada, Member (Technical)**

**O R D E R**

**Per: Hon'ble Shri. Sunil Kumar Aggarwal, Member (Judicial)**

1. The present 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 13.11.2024 by **Maximus ARC Limited**, a company incorporated under the Companies Act, 2013 and registered as a Securitisation and Asset Reconstruction Company pursuant to Section 3 of the SARFAESI Act. The Petitioner seeks initiation of the CIRP against **M/s. Sri Balaji Cement and Power Ltd.** (previously known as *South*



*India Cement Ltd.*), a public limited company. The total Amount due as on 31.05.2024 was ₹14,36,36,462.71/- (Rupees Fourteen Crores Thirty-Six Lakhs Thirty-Six Thousand Four Hundred Sixty-Two and Paise Seventy-One only). The Date of Default is stated as 12.06.2022, as mentioned in Part IV of Form 1 filed along with the Petition.

2. Brief facts of the Petition are given hereunder:

- i. The Corporate Debtor had availed various credit facilities from HDFC Bank Ltd. for an amount aggregating to ₹22,04,90,000/- (Rupees Twenty-Two Crores Four Lakhs Ninety Thousand only), which included Cash Credit, Working Capital, Term Loans (including Guaranteed Emergency Credit Line), Letters of Credit, and Purchase Card facilities. These facilities were extended under the terms and conditions set out in the respective Sanction Letters and Loan Agreements.
- ii. Upon default in repayment, the Corporate Debtor's accounts were classified as Non-Performing Asset (NPA) on 06.12.2022 by HDFC Bank, in accordance with the RBI guidelines. A Demand Notice dated 18.04.2023 was issued by the Bank, followed by a One Time Settlement (OTS) proposal dated 19.04.2023 submitted by the Corporate Debtor, which was however, rejected by the Bank on 04.05.2023.
- iii. Pursuant to an Assignment Deed dated 24.07.2024, HDFC Bank assigned the aforesaid debt to the Petitioner. On 25.07.2024, the Petitioner issued an Acquisition Notice to the respondent demanding repayment of ₹14,36,36,462.71/- (Rupees Fourteen Crores Thirty-Six Lakhs Thirty-Six Thousand Four Hundred Sixty-Two and Paise Seventy-One only), being the outstanding amount as on 31.05.2024. Another OTS proposal was submitted by the Corporate Debtor on 27.08.2024, which also was rejected by the Petitioner on 30.08.2024.
- iv. As on 30.09.2024, the total amount to ₹15,24,59,174/- (Rupees Fifteen Crores Twenty-Four Lakhs Fifty-Nine Thousand One Hundred Seventy-Four only), excluding further interest accruing at the contractual rate was found outstanding against the respondent. 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 reply/Objections to petitioner's claim vide diary no. 3970, dated 23.07.2025, in compliance of order dated 08.01.2025 wherein it is contended that:
- i. The Respondent has filed this reply seeking suitable directions in the interest of all stakeholders.
  - ii. The Respondent Company was originally promoted by Late Sri Seth Lachhmandas along with his sons Sri Bal Krishan Mankani and Late Sri Ramakrishan Mankani for setting up a cement manufacturing unit with an installed capacity of 330 TPD at village Malkhed, Sedam Taluk, Kalaburagi District, Karnataka, during 1985–86.
  - iii. Based on the audited accounts for the year 1992–93, the Company was declared sick by the **Board for Industrial and Financial Reconstruction (BIFR)** and registered as Case No. 76/1993. The BIFR vide order dated 22.08.1995 approved a revival scheme (SS-95), but the Government of Karnataka failed to extend the envisaged reliefs and concessions, leading to the failure of the scheme.
  - iv. That thereafter, the **BIFR** sanctioned a Modified Draft Rehabilitation Scheme (MS-02) on 26.07.2002, which also failed due to the Government's non-cooperation. A new modified rehabilitation scheme was finally approved by Karnataka Government vide GO dated 17.01.2013 and sanctioned by BIFR on 31.08.2013.
  - v. That pursuant to the sanctioned scheme, the Respondent infused substantial funds to the tune of Rs. 23 Crores, restarted operations in 2013–14, and completed the first phase expansion from 200 TPD to 600 TPD by 01.12.2016. The Karnataka Government sanctioned a subsidy of Rs. 2 Crores for ETP equipment and an interest-free VAT/SGST loan of Rs. 23.86 Crores which although was not availed.
  - vi. That the Company repaid dues to GESCOM, Commercial Taxes, and Mines & Geology as per the sanctioned scheme. Though the Mining Department delayed renewal, the Government ultimately issued a GO in 2022 approving deemed extension of the mining lease till 2030.
  - vii. The Ministry of Corporate Affairs challenged the exemption from fees for increased authorised share capital before Hon'ble NCLAT and later filed a writ petition before the Hon'ble Karnataka High Court, which is currently pending.
- That the Company initially availed working capital limits of Rs. 5 Crores from



- Bank of Maharashtra in 2015, which were taken over and enhanced by HDFC Bank to Rs. 22.04 Crores by way of TL, CC, LC, and BG facilities during 2017–18.
- viii. Since the acquisition and restart of operations in 2013–14, the Company generated government revenue to the tune of Rs. 40–50 Crores in VAT/GST and provided livelihood to over 300 workers and their families.
  - ix. The Respondent was regularly serving the debt until June 2022, and the default occurred only after repeated requests to HDFC Bank for enhanced working capital limits to meet rising input costs, particularly coal, were not accepted. The management infused an additional Rs. 28 Crores from their own sources during 2021–22.
  - x. Due to denial of support and external factors such as the pandemic and rising input costs, the Company suspended operations from 01.06.2022. The loan was declared NPA in December 2022 and subsequently assigned by HDFC Bank to Maximus ARC Limited.
  - xi. That upon receiving information of the assignment vide letter dated 25.07.2024, the Respondent submitted a reply on 27.08.2024 indicating willingness to settle dues via OTS, which was rejected by the assignee vide letter dated 30.08.2024.
  - xii. That as on date, the **total liabilities of the Company amount to Rs. 160 Crores**, comprising dues to secured creditors, workmen, statutory authorities, unsecured creditors, and promoter associates.
  - xiii. Upon request of the Financial Creditor dated 09.10.2024, the Respondent submitted KYC documents to proceed. Thereafter, the Financial Creditor has filed the present application under the IBC to initiate CIRP against the Company.
  - xiv. The counsel submitted that the Company availed facilities of Rs. 22.04 Crores and repaid regularly till June 2022. Default occurred only due to external constraints and lack of support from the lender and the OTS proposals not being accepted by HDFC or Maximus ARC.
16. The Respondent is a Medium Enterprise under the MSME Act and prays that an opportunity be granted to explore revival, either by arranging sizable funds or bringing in a strategic investor. Initiation of CIRP would adversely impact all stakeholders including over 300 workers and their families, and the unit's continued operations would generate revenue and support backward regions of Karnataka.



17. The management assures that with appropriate support and reasonable sacrifices from stakeholders, the plant can be made viable in the long term, and the livelihood of hundreds of dependent families may be protected.
4. Heard Ld. Counsel for the parties and perused the record. The total amount claimed by the Petitioner as due and payable as on 31.05.2024 is ₹14,36,36,462.71/-. The default is stated to have occurred on 12.06.2022, as mentioned in Part IV of Form 1. However, as per the Record of Default (RoD) issued NESL, vide report dated 26.07.2024, the default is reflected as having occurred on 06.12.2022, with the outstanding amount being ₹8,59,94,404.07/-. This variation in the date and quantum of default arises due to continuing accrual of interest and charges contractually applicable on the facilities.
5. The Corporate Debtor had availed various financial facilities from HDFC Bank aggregating ₹22.04 Crores, including Cash Credit, Term Loans, Letters of Credit, and Purchase Card facilities. Upon failure to adhere to repayment obligations, the account was classified as NPA on 06.12.2022. Subsequent demand notice was issued by the Bank on 18.04.2023, followed by a rejection of OTS proposal. The debt was then assigned to the Petitioner, who also issued an Acquisition Notice on 25.07.2024. An OTS proposal made thereafter was also rejected on 30.08.2024.
6. Coming to the variance in the date of default, it is to appreciate that such difference does not go to the root of the matter or affect the admissibility of the Petition. The Hon'ble NCLAT in ***Koncentric Investments Limited and Anr. v. Standard Chartered Bank, London and Anr., 2022 SCC OnLine NCLAT 1254***, has held that:

*"21. The Insolvency and Bankruptcy Code including rules and regulations, do not indicate that it is mandatory for the Financial Creditor to rush to file Section 7 Application whenever first default is committed in payment of interest. Although it had liberty to file an application even if there is default in payment of interest. Section 7(1) of the Code uses the expression when a default has occurred there is no indication under Section 7 of the Code that unless an Application is filed on first default committed, no application can be filed when subsequent defaults are committed. **The Financial Creditor is at liberty to file Section 7 Application but it is neither mandatory nor necessary that on first default Financial Creditor should rush to the Insolvency Court.** Financial Creditor may await and give more time to Corporate Debtor to find out as to whether actually the Corporate Debtor has become insolvent and unable to repay the debt and even Financial Creditor ignores non-payment of interest when the Corporate Debtor first defaulted it shall not lose its right to file*



*Application under Section 7 of the Code when default of instalment or whole amount became due." (**Emphasis added**)*

7. In view of the above decision, the difference in the date of default between Form 1 and the RoD issued by NESL does not vitiate the present Petition.
  8. The material facts, as outlined above, are not disputed by the Corporate Debtor with respect to the availing of credit facilities, classification of the loan account as NPA on 06.12.2022, and the outstanding amount due as on the relevant date. The Petitioner has placed on record the Sanction Letters, Loan Agreements, the Deed of Assignment dated 24.07.2024, and the Acquisition Notice dated 25.07.2024, which evidence the subsisting liability and establish the Petitioner's locus to initiate the present proceedings under the Code.
  9. Significantly, the Corporate Debtor, in its reply, has not denied the existence of the debt or the occurrence of default. The only explanations offered pertain to financial distress caused by rising input costs, lack of enhanced working capital support from HDFC Bank, the impact of the COVID-19 pandemic, and historical difficulties in obtaining governmental cooperation during earlier rehabilitation efforts under BIFR. While these submissions may provide context to the current financial condition of the Corporate Debtor, they do not constitute a valid defence against the existence of a "financial debt" or "default" within the meaning of Sections 5(8) and 3(12) of the Code.
  10. Further, it is relevant to note that in its communication dated 27.08.2024, the Corporate Debtor unequivocally acknowledged the outstanding liability by submitting a proposal for OTS for an amount of ₹14,36,36,462.00/-. This letter forms part of the record and indicates the Corporate Debtor's express willingness to settle the admitted dues. Such acknowledgment is a clear affirmation of liability and it further reinforces the continuity and subsistence of default, irrespective of whether settlement efforts are ultimately fructified.
  11. Under Section 7 of the IBC, to initiate the CIRP, the Financial Creditor is only required to establish the existence of a financial debt and the occurrence of default. The material placed on record including the NeSL Record of Default, loan documentation, and subsequent correspondence demonstrates compliance with these statutory thresholds. The Corporate Debtor's repeated attempts to restructure the debt through OTS
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categorically admit the factum of default. It further corroborates its continued inability to service the debt as it became due. 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. On the other hand, as we have seen, 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.”*

12. The Petitioner has clearly demonstrated the existence of a financial debt owed by the Corporate Debtor in the sum of ₹14,36,36,462.71/- as on 31.05.2024, and the occurrence of default on 12.06.2022, which has remained uncured despite repeated notices and opportunities. The subsequent rejection of OTS proposals by the assignor and the Petitioner does not nullify the occurrence of default. OTS negotiations are purely contractual in nature and cannot be treated as a waiver or novation of the original debt. The law on this issue is well-settled and has been reiterated by the Hon'ble Supreme Court in ***Vidarbha Industries Power Ltd. v. Axis Bank Ltd., (2022) 8 SCC 352***, wherein it was held that mere pendency of OTS or other restructuring efforts cannot preclude admission under Section 7 if debt and default are established. Further, the Petition is complete in terms of statutory requirements under Section 7(3) of the Code, including documents establishing the financial debt, occurrence of default, and the assignment of debt in favour of the Petitioner. The amount in default is clearly above the threshold prescribed under Section 4 of the Code.
13. The Corporate Debtor has further urged that it is a registered MSME and that initiation of CIRP would adversely affect over 300 workers and result in loss of livelihood. While this Authority is conscious of the social and economic impact of CIRP on employment and industrial activity, the statutory scheme under IBC mandates admission once the twin conditions of "debt" and "default" are satisfied. The Hon'ble Supreme Court in ***Innoventive Industries Ltd. v. ICICI Bank, (2018) 1 SCC 407***, has  
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categorically held that once default is established and the application is complete in all respects, the Adjudicating Authority is duty-bound to admit the petition.

14. The plea for an opportunity to revive the company through a strategic investor or infusion of fresh funds may be explored during the CIRP stage, under the commercial wisdom of the Committee of Creditors. The Code provides adequate opportunity for the revival of viable businesses through the resolution process, and if the management is genuinely interested in resolution, they may participate under the framework of Section 29A, subject to eligibility. Hence, such revival pleas cannot be a ground to stall admission under Section 7.
15. The Hon'ble Apex Court in the afore-cited judgment has clearly pointed out to the records of the information utility reflecting the existence of a debt and a default to be a corroborative factor. In the instant matter the NeSL has also confirmed the date of default mentioned in Form D (Record of Default) and endorsed the existence of the debt and the default.
16. Accordingly, this **Company Petition bearing CP (IB) No. 249/BB/2024 is admitted** and moratorium is declared in terms of Section 14 of the Code. As a necessary corollary, following prohibitions are imposed for all concerned to comply with:
  - 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;



17. It is directed that the supply of essential goods or services to the Corporate Debtor, shall not be terminated or suspended or interrupted during the moratorium period in accordance with subsection (2) of Section 14 of the Code;
18. 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;
19. 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;
20. In Part-III of Form No.1 , **Mr G. Kishore Babu** ,bearing Registration No. IBBI/PA-003/ICAI-N-00384/2021-2022/13926 (validity of his registration has been checked on the website of IBBI) having registered address at 11-11-169, SOWBHAGYA PURAM Colony ,Road No 1, Kothapet ,Hyderabad, Telangana, 500035, contact no.: **+91 9866599424** and email:**gkishorebabu@gmail.com** has been proposed as an Interim Resolution Professional (IRP). His written consent and credentials have been given in Form No.2. In view of the settled legal proposition, we appoint **Mr G. Kishore Babu**, as the Interim Resolution Professional. 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.
21. 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. These expenses are subject to approval by the Committee of Creditors.
22. The IRP shall after collation of all the claims received against Corporate Debtor and the determination of the 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 Adjudicating Authority.

23. A copy of the order shall be communicated to both the parties. The learned Counsel for the Petitioner shall deliver a copy of this order to the IRP forthwith. The Registry is also directed to send the copy of this order to the Interim Resolution Professional at his email address forthwith.

**-Sd-**

**RADHAKRISHNA SREEPADA  
MEMBER (TECHNICAL)**

**-Sd-**

**SUNIL KUMAR AGGARWAL  
MEMBER (JUDICIAL)**