NATIONAL COMPANY LAW TRIBUNAL
MUMBAI BENCH COURT VI

Item No. P2.

C.P. (IB)/1390(MB)2025

CORAM:

SHRI SAMEER KAKAR
HON'BLE MEMBER (TECHNICAL)

SHRI NILESH SHARMA
HON'BLE MEMBER (JUDICIAL)

ORDER SHEET OF HEARING (HYBRID) DATED **12.06.2026**

NAME OF THE PARTIES: **Axis Bank Limited**

Vs

Tirumalla Groundnuts Industries India Private Limited

Under Section 7 of the IBC.

ORDER

The case is fixed for pronouncement of the order. The order is pronounced in the open court, *vide* separate order. Detailed order is being uploaded on the NCLT portal today.

Sd/-
NILESH SHARMA
MEMBER (JUDICIAL)

Sd/-
SAMEER KAKAR
MEMBER (TECHNICAL)

//VM//

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(MUMBAI BENCH)
CERTIFIED TO BE TRUE COPY
OF THE ORIGINAL

Diary No.: D-2427
Date of Application : 16.6.2026
Date Copy Ready : 17.6.2026
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Total Fee Paid : 5/-

JR/DR/AR
(Signature & Seal)

Ravi H Passi
Assistant Registrar
National Company Law Tribunal
Mumbai - 400 005.

IN THE NATIONAL COMPANY LAW TRIBUNAL MUMBAI BENCH-VI

CP (IB) No.1390/MB/2025

[Under Section 7 of the Insolvency and Bankruptcy Code, 2016 read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016]

IN THE MATTER OF:

AXIS BANK LIMITED

[CIN: L65110GJ1993PLC020769]

Trishul 3rd floor, Opp Samartheshwar
Temple Law Garden, Ellisbridge
Ahmedabad- 380006, Gujarat.

Branch office: 12,
Mittal Tower, A Wing, Nariman Point,
Mumbai - 400021, Maharashtra.

...Financial Creditor/Applicant

V/s

TIRUMALLA GROUNDNUTS INDUSTRIES INDIA PRIVATE LIMITED

[CIN: U15100MH2016PTC285467]

Office No. 1209, 12th Floor, The Pacific,
Plot No.229 Sector 13, Kharghar, Navi Mumbai
Raigarh, Panvel- 410210, Maharashtra.

...Corporate Debtor

Pronounced: 12.06.2026

CORAM:

HON'BLE SHRI NILESH SHARMA, MEMBER (JUDICIAL)

HON'BLE SHRI SAMEER KAKAR, MEMBER (TECHNICAL)

Appearances: Hybrid

Financial Creditor: Adv. Surbhi Pareek a/w Adv Anushka Vyas i/b Cyril Amarchand Mangaldas.

Corporate Debtor: Ex-Parte

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ORDER

[PER: BENCH]

1. **BACKGROUND**

1.1 This is an Application bearing C.P. (IB) No.1390/MB/2025 filed on 16.12.2025 by Axis Bank Limited, the Applicant (Financial Creditor) under Section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as "the Code") read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 (hereinafter referred to as "the AAA Rules") through Mr. Mateen Mohd Ibrahim Shaikh, Senior Manager of the Applicant authorised *vide* Power of Attorney dated 14.12.2023 for initiating Corporate Insolvency Resolution Process (hereinafter referred to as "CIRP") in respect of Tirumalla Groundnuts Industries India Private Limited, the Corporate Debtor (CD).

1.2 The Applicant is incorporated under the Companies Act, 1956 and is a banking company within the meaning of the Banking Regulation Act, 1949. The CD is a private limited company incorporated and registered under the Companies Act, 2013. The CD is engaged in the business of collection of groundnuts, manufacturing of edible groundnut oil and its derivates such as oil cakes from the best quality groundnuts.

1.3 The Applicant has proposed the name of Mr. Ritesh R. Mahajan having registration no. IBBI/IPA-002/IP-N00048/2017-18/10132, to act as an IRP, along with his written communication in Form-2 and valid AFA till 31.12.2025. The Applicant has filed an Additional Affidavit dated 23.02.2026, wherein it has attached the renewed copy of the AFA of the proposed IRP, which is valid till 31.12.2026.

1.4 The Applicant has relied on the following documents:

i. Copy of Master Data of the Applicant and CD as available on the website of MCA

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ii. Copy of power of attorney dated 14.12.2023 issued by the Financial Creditor authorizing the authorized signatory to file this application.

iii. Copy of Written Consent of the IRP in Form-2 along with certificate of registration and AFA

iv. Copies of the sanction letter dated 24.12.2021, modification letter dated 29.12.2021 and term loan agreement dated 29.12.2021 entered into between Financial Creditor and Corporate Debtor

v. Copy the working capital loan agreement dated 29.12.2021 entered into between Financial Creditor and Corporate Debtor.

vi. Copy of the disbursement schedule in relation to the Term Loan Facility and Working Capital Facility

vii. Copy of Statement of Accounts for the period from 30.12.2021 till 10.10.2025

viii. Copy of the recall notice dated 10.06.2024 sent by Financial Creditor to Corporate Debtor intimating regarding classification of account as non-performing asset.

ix. Copy of the letter dated 20.06.2024 sent by Financial Creditor to the Corporate Debtor

x. Copy of worksheet calculating the amounts in default by Corporate Debtor.

xi. Copies of certificate of registration of charges.

xii. Copy of records of default filed with National E-Governance Services Limited

xiii. Copy of Certificate under Section 2A of the Bankers' Book Evidence Act, 1891.

xiv. Copy of the audited financial statements dated 31.03.2022 and 31.03.2023, of Corporate Debtor.

xv. Copy of Notice under section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

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2. AVERMENTS OF THE APPLICANT

2.1 As per Part-IV of the Application, the total amount claimed to be in default by the Applicant is Rs. 63,97,16,574/- (Sixty-Three Crore Ninety-Seven Lakh Sixteen Thousand Five Hundred and Seventy-Four Rupees) as on 10.10.2025.

2.2 The date of default is mentioned as 31.01.2024 in respect of Term Loan and Working Capital Loan.

2.3 The CD approached the Applicant to avail financial assistance in respect of the project of groundnut crushing plant at Sr. No. 48, Village Taraf Khod, Dist. Beed and to meet working capital requirements in relation thereto.

2.4 At the request of the CD, the Applicant extended the following facilities to the CD:

i. term loan facility for an amount aggregating to Rs. 54,00,00,000/- ("Term Loan") pursuant to the sanction letter dated 24.12.2021, as modified by the letter dated 29.12.2021 (collectively "Sanction Letter") read with the Loan Agreement dated 29.12.2021 ("Term Loan Agreement");

ii. working capital loan in the form of a cash credit facility of Rs.11,00,00,000/- ("Working Capital Loan") pursuant to the terms of the Sanction Letter read with the Working Capital Loan Agreement dated 29.12.2021 ("Working Capital Loan Agreement").

2.5 The total amount of financial debt disbursed to the CD by the Applicant is Rs.65,00,00,000/-. Copies of Sanction Letter and the Term Loan Agreement are annexed as **Exhibit-7** to the Application. Copy of the Working Capital Loan Agreement is annexed as **Exhibit-8** to the Application. The disbursement schedule is annexed as **Exhibit-9** to the Application. Copy of the statement of account of the Financial Creditor

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with respect to the Term Loan and Working Capital Loan is annexed as **Exhibit- 10** to the Application.

2.6 It is submitted that as per Clause 6.1 read with the Schedule I of the Term Loan Agreement, the CD owed an obligation to repay the Term Loan on each repayment date in accordance with the repayment schedule. As per Sr. No. 17 of Schedule I to the Term Loan Agreement, the Term Loan was to be repaid in structured quarterly instalments after 6 months from the quarter end date of first disbursement. The repayment schedule stipulated in the Term Loan Agreement is as follows:

Quarters	Repayment (Rs crore)
1	2.29
2	2.30
3	1.82
4	1.82
5	1.83
6	1.83
7	2.32
8	2.32
9	2.33
10	2.33
11	2.51
12	2.51
13	2.51
14	2.51
15	2.74
16	2.74
17	2.74
18	2.74
19	2.95
20	2.95
21	2.95
22	2.96
Total	54.00

2.7 Further, according to Clause 5.1. (a) of the Term Loan Agreement, the CD was required to pay interest on the Term Loan, on the dates as specified in Sr. No. 13 of Schedule I to the Term Loan Agreement, at such interest rate as more particularly described in Sr. No. 11 of Schedule I at the prevailing interest rate. Sr. No. 13 of Schedule I stipulates that the interest shall be compounded on a monthly basis. In addition to this, Clause 5.1. (d) lays down that if any interest remains unpaid on the due date, then the unpaid

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interest is required to be compounded on a monthly basis. The relevant clause is reproduced below:

5. INTEREST & LOAN ACCOUNT

5.1 Interest

(a) The Borrower shall, during the tenor of the Facilities, pay to the Bank, interest on the Facilities, on the dates as specified in Sr. No. 13 of Schedule 1- Part 1 to this Agreement, at such interest rate as more particularly described in Sr. No. 11 of Schedule 1- Part 1 at the prevailing Interest Rate or as may be stipulated in the sanction letters subsequently issued for various Facility Products to be granted within the Overall Limit in multiple accounts. If the Facility(ies) is/are disbursed in multiple tranches in multiple accounts in terms of Clause 4.5 above, the Interest Rate applicable to each of such tranche will be decided at the time of disbursement of such tranche, as may be stipulated in the Sanction Letter.

(b) The Bank shall have the right to alter the Interest rate or the spread in accordance with change in Applicable Law. Without prejudice to the above, the Bank shall also have the right to alter the Interest rate or the spread or the Interest Reset Date upon occurrence of any of the following:

(i) RBI revising the standard provisioning requirements for banking assets; or

(ii) RBI enhancing the risk weightage norms for banking assets; or

(iii) RBI changing the norms for classification of banking assets; or

(iv) downward revision in the credit rating of any of the Obligors by a Credit Rating Agency, if applicable and/or internal ratings; or

(v) occurrence of an Event of Default or potential event of default; or

(vi) Bank's internal reviews and/or changes in externally prevailing directives of regulatory authorities; or

(vii) RBI changing the methodology for computation of Interest from time to time; or

(viii) If determined by the Bank upon annual review of the Borrower

(c) Upon reset of the Interest Rate or the spread in accordance with this Agreement, the Bank shall notify to the Borrower of such reset and the revised Interest Rate and the Borrower shall, from such date, pay to the Bank interest on the Facilities under the Financing Documents the revised Interest Rate.

(d) If any interest remains unpaid on the due date, then the unpaid interest shall be compounded monthly

(e) The Borrower is aware and confirms that the Bank shall be entitled to review and revise the rate of interest at such intervals and/or upon occurrence of such events as mutually agreed between the Parties, and such revised rate of interest shall always be construed as agreed to be paid by the Borrower and shall form part of the Loan Obligations. The Borrower shall be deemed to have notice of change in the rate of interest whenever the change in the rate of interest is displayed/notified at/by the branch of the Bank as specified in Sr. No. 4 of Schedule 1- Part 1. The Borrower shall be entitled to repay/prepay all amounts outstanding under the Facilities without any prepayment premium in the event of any such change in the rate of interest is not acceptable to the Borrower.

(f) Subject to clause 5.1 (f) the interest shall accrue from day to day and be calculated on the basis of the actual number of days elapsed and a year of 365 (three hundred and sixty five) days irrespective of leap year.

2.8 However, the CD defaulted on its obligations towards the Applicant on interest payments along with the principal repayments in respect of the Term Loan on 31.01.2024. The CD has continued to default in its obligations towards interest and principal repayment until the date of filing of the present Application. The total amount of debt in default under the Term Loan Agreement as on 10.10.2025 is Rs. 50,61,33,284/-. The CD was in default in paying the following amounts:

i. Interest: Rs. 7,03,63,272.80/-

ii. Principal: Rs. 43,57,10,011.22/-

2.9 It is stated that Clause 6.1 of the Working Capital Loan Agreement stipulates that the CD shall repay the loan on demand and in accordance with the terms of the Working Capital Loan Agreement. Clause 6.1 of the Working Capital Loan Agreement is reproduced as under:

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6. REPAYMENT

6.1 The Borrower shall repay the Loan on demand and in accordance with the terms of this Agreement. Credit for all payments by cheque, bank draft, RTGS will be given on realisation of the amount or the relative due date, whichever is later. Any payment which is due to be made on a day that is not a Business Day shall be made on the immediately preceding Business Day.

2.10 As per Clause 5.1.(a) of the Working Capital Loan Agreement, the CD is obligated to pay interest on the dates as specified in Sr. No. 13 of Schedule I at such interest rate more particularly described in Sr. No. 11 of the Schedule I. Further, if the facilities are disbursed in multiple tranches in multiple accounts, the interest rate will be decided at the time of disbursement of such tranche.

2.11 However, the CD defaulted on its obligations since 31.01.2024. The CD has continued to default in its obligations until the date of filing of the present Application. The total amount of debt in default under the Working Capital Loan Agreement as on 10.10.2025 is Rs. 13,35,83,290/- and the CD was in default in paying the following amounts:

(i) Interest: Rs.1,95,96,036.09/-

(ii) Principal: Rs. 11,39,87,254/-

2.12 On account of default by the CD in respect of the Term Loan and the Working Capital Loan, the CD's account was classified as a Non-Performing Asset ("NPA") on 30.04.2024. Copy of the letter dated 10.06.2024 sent by Applicant to the CD intimating regarding classification of account as NPA is annexed as **Exhibit-11** to the Application.

2.13 Subsequently, pursuant to the letter dated 20.06.2024 ("Recall Notice"), the Applicant recalled the credit facilities sanctioned to the CD and sought payment of the total outstanding amount as on 31.05.2024 aggregating Rs. 54,47,33,993/-, along with further interest and penal interest applicable from 06.06.2024 onwards at contractual rates as per the contractual terms of the sanctions, within 7 days from the date of the Recall Notice. Copy of the Recall Notice dated 20.06.2024 is annexed as **Exhibit-12**

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to the Application. It is submitted that as on the date of filing of the present Application, the CD has failed to make any payment.

3. CONTENTIONS OF CORPORATE DEBTOR

3.1 This Tribunal *vide* interim order dated 20.01.2026 records that the Applicant filed the Affidavit of Service dated 19.01.2026 which reflects that a copy of the Application has been served to the CD by way of speed post through Jail Superintendent, Jila Karagar, Beed on 10.01.2026. It is further recorded that the Application was delivered under a covering letter dated 06.01.2026, which gives the details of the order passed by this Tribunal in regard to issuance of notice.

3.2 The copy of the Court Notice was collected only on 19.01.2026. The service upon the CD has been made through the speed post on 10.01.2026. It was recorded by order dated 20.01.2026 that the service was complete upon the CD.

3.3 Despite service, none appeared on behalf of the CD. This Tribunal vide order dated 26.02.2026 gave last chance to the CD to make appearance and file reply within a period of 15 days and directed the Applicant to serve the order dated 20.01.2026 upon the CD through the Jail Superintendent.

3.4 Further, the Tribunal's interim order dated 26.02.2026 records as below:

> *"2. In the interest of justice, a final opportunity was granted to the Respondent to file its reply and to enter appearance through an authorised representative. The Applicant was directed to serve a copy of the order dated 20.01.2026 upon the Respondent through the Jail Superintendent and to file an Affidavit of Service.*
>
> *3. Ld. Counsel for the Applicant submits that an Affidavit of Service dated 23.02.2026 has been filed. A physical copy of the same has also been tendered across the bar.*
>
> *4. Upon perusal of the Affidavit of Service, it is observed that service through email upon the Respondent via the Jail Superintendent was effected on*

09.02.2026 and service through Speed Post via the Jail Superintendent was effected on 12.02.2026.

5. Accordingly, this Bench is satisfied that the directions regarding service of the order dated 20.01.2026 have been duly complied with.

6. It is further observed that no reply or Vakalatnama has been filed by the Respondent either on the DMS or physically before the Registry. Even today, none appears on behalf of the Respondent.

7. Considering the above, we hereby set the Respondent as ***ex-parte****."*

3.5 It was seen that no one appeared on behalf of the CD even after serving the court notice and no Vakalatnama and Reply was filed on DMS or physically. Therefore, this Tribunal *vide* interim order dated 26.02.2026, set the CD *ex-parte*.

3.6 The CD has also not filed any application to recall the above order.

4. WRITTEN SUBMISSIONS OF FINANCIAL CREDITOR

4.1 The Applicant has relied on the following judgment:

i. Hon'ble Supreme Court, in Innoventive Industries Ltd. v. ICICI Bank [(2018) 1 SCC 407].

5. ANALYSIS AND FINDINGS

5.1 We have heard the Ld. Counsel for the Applicant and have perused the records as placed before us. Our findings in the matter are as under: -

5.2 The CD approached the Applicant for financial assistance in respect of a project of groundnut crushing plant at Sr.No. 48, Village Taraf Khod, District Beed and meeting working capital needs. The Applicant sanctioned the facilities by way of a Sanction Letter dated 24.12.2021, for an amount of Rs. 65 Crores. The Applicant has attached the Sanction Letter dated 24.12.2021 on page no. 53 of the Application. The said sanction letter was modified *vide* letter dated 29.12.2021.

5.3 Additionally, a Term Loan Agreement dated 29.12.2021 and Working Capital Loan Agreement dated 29.12.2021 were executed between the parties. It is observed from the bank account statements attached on page nos. 107 and 136 of the Application that the amount was disbursed to the CD's account.

5.4 As per the repayment terms of Sanction Letter and the Loan Agreements as mentioned in above paras of this order, the CD was required to make payments to the Applicant. However, the CD failed to meet the obligations and defaulted in making payment to the Applicant as per Clause 5 and 6 of the Agreements.

5.5 Thereafter, the Applicant issued a notice dated 10.06.2024, informing the CD that his account has slipped into NPA w.e.f. 30.04.2024, despite repeated reminders from the Applicant to regularise the account. In the said notice, the outstanding amount of Rs. 55.47 crores was recalled by the Applicant as per the terms and conditions of sanctions and the same was to be paid by the CD within 7 days from date of the said notice.

5.6 The Applicant has placed on record audited financial statements of the CD for the year ended 31.03.2023 and 31.03.2022, wherein the CD has acknowledged the loan under the head Long Term Borrowings (Non-Current Liabilities Note-4) and Short-Term Borrowings (Current Liabilities Note-7).

5.7 The date of default mentioned by the Applicant is 31.01.2024 with respect to Term Loan and Working Capital Loan. The date of default is the date 90 days prior to the date of NPA (i.e., 30.04.2024). The Applicant has filed the Application on 16.12.2025. Therefore, the Application is filed within limitation period.

5.8 It is seen that the Applicant has placed on record the certificate under Section 2A of the Bankers Book Evidence Act, 1891.

5.9 The Applicant has placed on record the NeSL record of default in Form C.

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5.10 The CD has been set *ex-parte* as there was no representation from the CD even after notice was served upon the CD.

5.11 This Tribunal places reliance on the judgment of ***Hon'ble Supreme Court in Power Trust (Promoter of Hiranmaye Energy Ltd.) v. Bhuvan Madan, IRP of Hiranmaye Energy Ltd. and Ors. [Civil Appeal No(s). 2211/2024 decided on 18.02.2026]*** while examining the validity of the admission of the Corporate Debtor to CIRP has laid down as under :-

> ***"B. Validity of CIRP Admission***
>
> *28. The other aspect on which the Appellant has heavily relied is the acceptance of various sums of money paid by the Corporate Debtor purportedly under the 1st and 2nd restructuring proposals, which according to them amounts to deemed approval of such proposal. As discussed earlier, such argument flies in the face of the fact that the 2nd Respondent had resolutely maintained and rightly so, that the restructuring proposals were underpinned on pre-implementation conditions which the Corporate Debtor had failed to fulfil. Under such circumstances, receipt of various sums of money would not amount to acceptance of the restructuring proposals, thereby novating the earlier loan agreement. Neither would such part payments constitute full satisfaction of the existing debt so as to render the Section 7 application inadmissible.*
>
> *29. It has also been vociferously contended that the Corporate Debtor is an ongoing concern and does not lack the ability to repay the debt. It has a subsisting PPA for 25 years with WBSEDCL, and has raised bills of Rs. 906 crore from 01.11.2024 to 31.03.2025. It also has a continuous fuel supply arrangement with Mahanadi Coalfields Ltd. under the SHAKTI scheme and had earned EBIDTA of Rs. 20 crore per month during the CIRP. These facts though attractive at first blush, do not yield either legal or factual justification to rebut the admission of the Section 7 application.*
>
> *30. On the legal score, one must bear in mind the scope and purpose for which IBC was promulgated. The main objective of its enactment was to create a complete code for easy, prompt and seamless resolution of insolvency process and thereby ensure that the net worth of the corporate debtor is not dissipated and the entity is salvaged from corporate death through a viable resolution plan accepted by its CoC. The Code prescribes whenever a corporate debtor defaults on a debt that is due and payable, an insolvency process may be initiated. Section 3(12) defines "default" as non payment of a debt which has become due and payable, and includes default in respect of a part or instalment thereof. Such insolvency process may be initiated either by the corporate debtor itself, or by its creditors who are classified as financial creditor or operational creditor. "Financial creditor" is defined as any person to whom a financial debt is owed and includes a person to whom such debt has been*

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legally assigned.26 A "financial debt" means a debt along with interest if any, which is disbursed against the consideration for time value of money and includes money borrowed against payment of interest.27 "Operational creditor" is defined as a person to whom an operational debt is owed and includes any person to whom such debt has been legally assigned.28 "Operational debt" is a claim in respect of the provision of goods or services including employment or a debt in respect of payment of dues arising under any law for the time being in force and payable to the Central or State government, or any local authority.29 31. In Swiss Ribbons (P) Ltd. v. Union of India [(2019) ibclaw.in 03 SC],30 such classification of creditors as financial creditors and operational creditors has been held to be constitutionally valid. The Bench underscored the essential differences between a financial creditor and operational creditor and held that financial creditors were mostly secured creditors like banks and financial institutions who extended finance to enable a corporate debtor to set up and/or operate its business. Such credit is extended to a corporate debtor under well-defined loan agreements having specified repayment schedules and reserving rights to recall the loan in case of default or restructure the same enabling a corporate debtor to tide over unforeseen financial stress. On the contrary, operational creditors are mostly unsecured creditors and their claims are relatable to supply of goods and services in the operation of the business. Ordinarily, operational debts are not based on admitted documents and the possibility of genuine disputes with regard to such debts is much higher compared to financial debts.

32. In light of such classification, the Code makes a distinction in the manner in which an insolvency process may be initiated by a financial creditor under Section 7, IBC in contradistinction to an operational creditor under Section 8 and 9, IBC. Unlike an operational creditor, a financial creditor may trigger an insolvency process under Section 7 in respect of default of any financial debt, whether owed to itself or to any other financial creditor. While the financial creditor may directly file an application under Section 7 setting out the particulars of the financial debt and evidence of default, the operational creditor, on the occurrence of a default, is to first deliver a demand notice of the unpaid debt to a corporate debtor and the latter may within 10 days of receipt of such demand notice bring to the notice of the operational creditor the existence of a dispute or record the pendency of a pre-existing suit or arbitration proceeding in respect of such debt. Once a corporate debtor demonstrates a dispute regarding the existence of the debt, the insolvency process stands aborted vis-à-vis the operational creditor. But when the financial creditor initiates the insolvency process for the purposes of admission, the Adjudicating Authority is only to ascertain the existence of a default from the records of the information utility or the evidence furnished by the financial creditor within fourteen days from the receipt of such application. At this stage, neither is a corporate debtor entitled nor is the Adjudicating Authority required to examine any dispute regarding the existence of such debt. This significantly reduces the scope of enquiry at the stage of a time-bound admission of an insolvency process by a financial creditor which has been succinctly summed up in Innoventive (supra):

"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."

33. Reiterating the ratio in Innoventive (supra), this Court in ES Krishnamurthy v. Bharath Hi-Tech Builders (P) Ltd. [(2021) ibclaw.in 173 SC]32 held as follows: "34. The adjudicating authority has clearly acted outside the terms of its jurisdiction under Section 7(5) IBC. The adjudicating authority is empowered only to verify whether a default has occurred or if a default has not occurred. Based upon its decision, the adjudicating authority must then either admit or reject an application, respectively. These are the only two courses of action which are open to the adjudicating authority in accordance with Section 7(5). The adjudicating authority cannot compel a party to the proceedings before it to settle a dispute."

34. In a similar vein, the Adjudicating Authority is not required to go into the inability of a corporate debtor to pay its debt. This is a clear departure from the scheme of winding up envisaged under Section 433(e) of the erstwhile Companies Act, 1956 which required the Adjudicating Authority to come to a finding with regard to the inability of the company to pay the debt and thereby arrive at a requisite satisfaction whether it is just and equitable to wind up the company.

The Code restricts the scope of enquiry for admission of an insolvency process by a financial creditor merely to the existence of default of a debt due and payable and nothing more. The legislative intent behind such prompt and summary intervention is "to ensure revival and continuation of the corporate debtor by protecting the corporate debtor from its own management and from a corporate death by liquidation."

35. The Appellant has heavily relied on Vidarbha (supra) to argue that the Adjudicating Authority has ample discretion to apply its mind to relevant factors including the feasibility of initiation of insolvency process notwithstanding the existence of default on a debt due and payable by the Corporate Debtor. In Vidarbha (supra), this Court observed:-

"61. In our view, the Appellate Authority (NCLAT) erred in holding that the adjudicating authority (NCLT) was only required to see whether there had been a debt and the corporate debtor had defaulted in making repayment of the debt, and that these two aspects, if satisfied, would trigger the CIRP. The existence of a financial debt and default in payment thereof only gave the financial creditor the right to apply for initiation of CIRP. The adjudicating authority (NCLT) was required to apply its mind to relevant factors including the feasibility of initiation of CIRP, against an electricity generating company operated under statutory control, the impact of MERC's appeal, pending in this Court, order of Aptel referred to above and the overall financial health and viability of the corporate debtor under its existing management.

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90. We are clearly of the view that the adjudicating authority (NCLT) as also the Appellate Tribunal (NCLAT) fell in error in holding that once it was found that a debt existed and a corporate debtor was in default in payment of the debt there would be no option to the adjudicating authority (NCLT) but to admit the petition under Section 7 IBC."

36. However, in review, this Court clarified that observations made in Paragraph 90 are restricted to the facts of Vidarbha (supra):-

"6. The elucidation in para 90 and other paragraphs [of the judgment under review] were made in the context of the case at hand. It is well settled that judgments and observations in judgments are not to be read as provisions of statute. Judicial utterances and/or pronouncements are in the setting of the facts of a particular case."

37. Finally, the apparent dichotomy between Innoventive (supra) and Vidarbha (supra) was set at rest in M. Suresh Kumar Reddy (supra), wherein this Court observed: "14. Thus, it was clarified by the order in review that the decision in Vidarbha Industries was in the setting of facts of the case before this Court. Hence, the decision in Vidarbha Industries cannot be read and understood as taking a view which is contrary to the view taken in Innoventive Industries and E.S. Krishnamurthy. The view taken in Innoventive Industries still holds good."

38. In light of the ratio in M. Suresh Kumar Reddy (supra) there is no cavil that the ratio in Innoventive (supra) lays down the correct proposition of law and the observations in Vidarbha (supra) were made in the facts of the case and do not operate as binding precedent.

39. Even otherwise on facts, Vidarbha (supra) does not come to the aid of the Appellant. In Vidarbha (supra), this Court had taken note of an award passed by APTEL in favour of the corporate debtor which far exceeded the claim of the financial creditor, and held in the setting of such facts, initiation of CIRP was unwarranted. In the present case, Appellant's contention regarding Corporate Debtor's viability is highly dubious. Though the Corporate Debtor strenuously demonstrates its commercial viability, the NCLAT has noted that the extent of outstanding liability as on 02.01.2024 was Rs. 3103.31 crore, which far exceeds the bills raised on WBSEDCL to the tune of Rs 906 crore and EBITDA of Rs. 20 crore per month during the CIRP.

40. For these reasons, we are of the opinion the admission of the Section 7 application was lawful and does not call for interference."

(emphasis wherever required supplied)

5.12 To summarize the above judgment, we observe as under: -

a. The Code prescribes whenever a corporate debtor defaults on a debt that is due and payable, an insolvency process must be initiated. Section 3(12)

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defines "default" as non-payment of a debt which has become due and payable, and includes default in respect of a part or instalment thereof.

b. When the financial creditor initiates the insolvency process for the purposes of admission, the Adjudicating Authority is only to ascertain the existence of a default from the records of the information utility or the evidence furnished by the financial creditor within fourteen days from the receipt of such application. At this stage, neither is a corporate debtor entitled nor is the Adjudicating Authority required to examine any dispute regarding the existence of such debt. This significantly reduces the scope of enquiry at the stage of a time-bound admission of an insolvency process by a financial creditor.

c. The adjudicating authority is empowered only to verify whether a default has occurred or if a default has not occurred. Based upon its decision, the adjudicating authority must then either admit or reject an application, respectively. These are the only two courses of action which are open to the adjudicating authority in accordance with Section 7(5).

d. The Adjudicating Authority is not required to go into the inability of a corporate debtor to pay its debt.

e. The Code restricts the scope of enquiry for admission of an insolvency process by a financial creditor merely to the existence of default of a debt due and payable and nothing more.

5.13 Thus, it is clear from perusal of the record including copies of the sanction letters, copies of Term Loan and Working Capital Agreements, copies of statement of accounts of the CD in the books of the Applicant backed by the Bankers Book Evidence Act, Certificate reflecting disbursement and outstanding, copies of

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Certificates of Registration of Charges, copies of audited financial statements of the CD for the F.Ys 2021-22 and 2022-23 reflecting and acknowledging the debt payable by the CD to the Applicant and copies of notices etc. issued by the Applicant to the CD, that an amount of more than the threshold limit of Rs.1 Crore under Section 4 of the Code was due and payable by the CD to the Applicant and that the CD has defaulted in making payment of the same. Hence, we find that the Applicant has been able to substantiate the existence of a financial debt due and payable by the CD which remained unpaid. The debt so owed by the CD to the Applicant falls within the definition of "financial debt" under Section 5(8) of the Code. Further, the Application contains all the required details and documents and therefore, we hold that the Application is complete.

5.14 The Applicant has proposed the name of Mr. Ritesh R Mahajan to act as the Interim Resolution Professional (IRP) and has given his declaration in Form 2, *inter alia*, stating that no disciplinary proceeding is pending against him. The Applicant has attached valid AFA in Form B of the IRP which is valid till 31.12.2026.

5.15 In view of the above and relying on the Power Trust judgment (Supra), we find that requisite conditions necessary to trigger CIRP in respect of the CD are fulfilled. As a result, the Application deserves to be admitted under Section 7 of the Code.

5.16 We make it clear that at this stage we have not crystalized the amount as claimed in this Application, the same is left to be collated by the IRP.

ORDER

In view of the aforesaid findings, Application bearing C.P.(IB) No.1390/MB/2025 filed under Section 7 of the Code by Axis Bank Limited, the Applicant, for initiating

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CIRP in respect of **Tirumalla Groundnuts Industries India Private Limited**, the Corporate Debtor is hereby **admitted**.

We further declare moratorium under Section 14 of the Code with consequential directions as mentioned below: -

I. We prohibit-

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 Securitisation 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 possession of the Corporate Debtor.

II. That the supply of essential goods or services to the Corporate Debtor, if continuing, shall not be terminated or suspended or interrupted during the moratorium period.

III. That the order of moratorium shall have effect from the date of this order till the completion of the CIRP or until this Tribunal approves the resolution plan under Section 31(1) of the Code or passes an order for the liquidation of the Corporate Debtor under Section 33 thereof, as the case may be.

IV. That the public announcement of the CIRP shall be made in immediately as specified under Section 13 of the Code read with Regulation 6 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 and other Rules and Regulations made thereunder.

V. That this Bench hereby appoints **Mr. Ritesh R. Mahajan** a registered Insolvency Professional having Registration Number **IBBI/IPA-002/IP-N00048/2017-18/10132** and e-mail address ritesh@riteshmahajan.in having valid Authorisation for Assignment up to 31.12.2026 as the IRP to carry out the functions under the Code.

VI. That the fee payable to IRP/RP shall be in accordance with such Regulations/Circulars/ Directions as may be issued by the IBBI.

VII. That during the CIRP Period, the management of the Corporate Debtor shall vest in the IRP or, as the case may be, the RP in terms of Section 17 or Section 25, as the case may be, of the Code. The officers and managers of the Corporate Debtor the Corporate Debtor is directed to provide effective assistance to the IRP as and when he takes charge of the assets and management of the Corporate Debtor. Coercive steps will follow against them under the provisions of the Code read with Rule 11 of the NCLT Rules for any violation of law.

VIII. That the IRP/IP shall submit to this Tribunal monthly reports with regard to the progress of the CIRP in respect of the Corporate Debtor.

IX. In exercise of the powers under Rule 11 of the NCLT Rules, 2016, the Applicant is directed to deposit a sum of Rs.3,00,000/- (Rupees Three Lakh)

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with the IRP to meet the initial CIRP cost arising out of issuing public notice and inviting claims, etc. The amount so deposited shall be interim finance and paid back to the Applicant on priority upon the funds available with IRP/RP from the Committee of Creditors (CoC). The expenses incurred by IRP out of this fund are subject to approval by the CoC.

X. A copy of this Order be sent to the Registrar of Companies, Maharashtra, Mumbai for updating the Master Data of the Corporate Debtor..

XI. The IRP is directed to issue notice of admission upon all the statutory authorities of the Corporate Debtor without fail.

XII. A copy of the Order shall also be forwarded to the IBBI for record and dissemination on their website.

XIII. The Registry is directed to immediately communicate this Order to the Applicant, the Corporate Debtor and the IRP by way of Speed Post, e-mail and WhatsApp.

XIV. **Compliance report of the order by Designated Registrar is to be submitted today.**

Sd/-

NILESH SHARMA
MEMBER (JUDICIAL)

Sd/-

SAMEER KAKAR
MEMBER (TECHNICAL)

//VM//

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CERTIFIED TO BE TRUE COPY
OF THE ORIGINAL

Diary No.: D-2427
Date of Application : 16.6.2026
Date Copy Ready : 17.6.2026
Date of Delivery : 17.6.2026
No. of Pages : 19
Fee Paid : 95/-
Deficient Fee : -
Total Fee Paid : 95/-

JR/DR/AR
(Signature & Seal)

Ravi H Passi
Assistant Registrar
National Company Law Tribunal
Mumbai - 400 005.