



**IN THE NATIONAL COMPANY LAW TRIBUNAL  
ALLAHABAD BENCH, PRAYAGRAJ**

**CP (IB) No.119/ALD/2024**

*[An application filed 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:**

**IDBI BANK LTD.,**

having its Registered Office at  
IDBI Tower, WTC Complex,  
Cuffee Parade, Mumbai 400 005  
Branch Office, at 16/98 Ground Floor,  
Jiwan Vikas Building (LIC Building)  
MG Road Phool Bagh Kanpur -208001

**.....Applicant /Financial Creditor**

**Versus**

**LAXMI OIL & VANASPATI PRIVATE LTD.**

(CIN) U15141UP2003PTC027424  
registered address is 704, KAN CHAMBER,  
7th FLOOR, 14/113, CIVIL LINES,  
KANPUR UP 208002.

**.....Respondent/Corporate Debtor**

**Order Pronounced on: 12.12.2025**

***CORAM:***

|                   |   |                    |
|-------------------|---|--------------------|
| Sh. Praveen Gupta | : | Member (Judicial)  |
| Sh. Ashish Verma  | : | Member (Technical) |

***APPEARANCES:***

|                             |   |                            |
|-----------------------------|---|----------------------------|
| Sh. Madan Mohan Dixit, Adv. | : | For the Financial Creditor |
| Sh. Shubhankar Tiwari, Adv. | : | For the Corporate Debtor   |

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## ORDER

1. This Application has been filed on 30.05.2024 by the Applicant Financial Creditor namely, IDBI Bank Ltd. under section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred as the “*IBC/the Code*”) read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 against the Respondent Corporate Debtor namely, M/s Laxmi Oil and Vanaspati Private Limited in Form 1 containing all the information as required in Part I, II, III, IV and V of the Form showing a total financial debt of Rs.50,22,31,631 till 31.03.2024 along with future and *pendente lite* interest @ 11.75% (MCLR i.e. 9.05%+ 2.70%) and declaring date of default to be 29.09.2019.
2. M/s Laxmi Oil and Vanaspati Pvt. Ltd., the Respondent/Corporate Debtor was incorporated on 23 April 2003, having its registered address at 704, KAN CHAMBER 7th FLOOR, 14/113, CIVIL LINES, KANPUR UP 208002. The Corporate Debtor is engaged in the production of Oil and Vanaspati.
3. The details of financial facilities provided by the Applicant Bank which resulted in debt under default are provided in the Application discussed herein as under.

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4. The Corporate Debtor approached the Applicant Bank in the Year 2015 and requested to take over and enhance the credit facility already running with Bank of Baroda and submitted a letter of request dated 03-06-2015.
5. Upon the request of the Corporate Debtor, the Applicant Financial Creditor sanctioned Working Capital Facility in the form of Cash Credit Limit of Rs.30 Crore (Rupees Thirty Crore only) (hereinafter referred to as "Facility/cash credit facility") in favour of Corporate Debtor on the terms and conditions as stated in the Sanction Letter dated 07.09.2015. The said facility is repayable together with interest @ Bank's Base Rate (BBR 10%) plus 2.50% i.e. at 12.50% subject to change from time to time as per RBI Guidelines, with monthly rests, cost, and expenses.
6. The said financial facility of Rs.30 Crore of the Corporate Debtor was disbursed on 21-11-2015 through Cash Credit/Loan Account No. 0141655100000408, opened with the Bank in the name of the Corporate Debtor after having executed the loan and security documents on 19-11-2015 in favour of the Bank for securing the repayment of the loan, which was subsequently renewed in accordance with the terms and conditions stipulated in the sanction letter dated 03.07.2017 and also duly secured vide security documents executed on 14.07.2017 in continuation of the documents dated 19.11.2015 in favour of the Bank to secure the repayment of Cash Credit Limit/Facility of Rs.30 Crore.

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7. For the purpose of securing the repayment of credit facility, the Corporate Debtor confirmed and allowed to Applicant to hold the title deeds of immovable properties as continuing security originally deposited on 07-12-2015 and entered in its record under Memorandum of Entry dated 07.12.2015 whereby the Corporate Debtor hypothecated all plant and Machinery and stocks with all moveable assets belonging to Corporate Debtor in favour of the Applicant Bank by way of first charge as security for the Cash Credit Limit and also for all indebtedness or liabilities of the Corporate Debtor to the Applicant bank together with interest, commissions, costs, charges and expenses payable to or incurred by the Bank. Guarantor of Corporate Debtor also mortgaged a land, the Gata No. 97, situated at Mauza Khan Chandrapur, Tehsil Akbarpur, District (in short "Mortgaged Property").
8. Existing credit facility is further extended for next one year on the terms and conditions mentioned in the sanction Letter dated 08.05.2018. The Corporate Debtor acknowledged the debt availed from the Applicant Bank vide confirmation of Security letter dated 27.04.2018 acknowledging debt and confirming that all the loan and security documents executed by them in favour of the Bank in respect of the Facility for the sum of Rs.30 Crore, are subsisting, valid and effective and are fully enforceable against them.

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9. Applicant contends that after availing of aforesaid Cash Credit Limit/Facility from the Applicant Bank, the Corporate Debtor started committing breach of various terms and conditions of the sanction letters and Facility Agreements upon which the aforesaid Cash Credit Limit was granted, and they failed to liquidate the Bank's dues as per terms of Sanction Letter and Facility & Security Agreement.
10. The Corporate Debtor could not produce the necessary financial documents, stock statements, audited Balance Sheet and Income Tax returns etc. and also did not route out the sale proceeds through its loan accounts, and hence the loan account was considered as stressed. The borrower /corporate debtor thereafter defaulted on 29-09-2019, resulting into the loan account becoming irregular and subsequently classified as Non-Performing Assets on 29.09.2019.
11. As a consequence of default in repayment of the debt, the Applicant sent a Recall Notice to the Corporate Debtor dated 01.11.2019 along with its Guarantors on 18-11-2019 wherein the Applicant withdrew all the facilities and also demanded to Repay the entire debt availed by the Corporate Debtor within time as stipulated in the Recall Notice dated 01.11.2019.
12. The Corporate Debtor, after receiving the loan recall notice, and acknowledging the debts mentioned therein, submitted One-Time Settlement (in short OTS) proposal dated 21.01.2020 and offered to pay the

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part of the said amount of debts, which was not accepted by the Bank. In continuation of acknowledging its liability, the Corporate Debtor again submitted OTS by enhancing the amount vide another proposal letters dated 11.02.2020 & 26.11.2020 and requested to settle the dues. However, the Applicant Bank did not accept the same.

13. After the refusal of the aforesaid OTS proposal by the Applicant Bank, the Corporate Debtor sent another OTS proposals vide letter dated 14.01.2021, and again on 11.03.2022 and again on 21.07.2023 in which the debts/dues of the Applicant bank has been acknowledged. However, the Applicant did not accept the settlement proposals on the amount proposed/offered to be paid. Thereafter, again, the Debtor submitted OTS proposal dated 19.04.2024 for payment of 13.75 crores and also deposited Rs.1.15 Crore as pre-condition for submitting the OTS. However, Applicant Bank still did not find it reasonable to proceed with the OTS Proposal of the Corporate Debtor. Last such OTS proposal was submitted on 19.04.2024, which also rejected. Thus, the OTS proposals repeatedly submitted by the Corporate Debtor were rejected by the Applicant Bank due to the proposed amount in the OTS letters was found unreasonable as compared to the outstanding debt. Thereafter, the present Application u/s 7 has been filed on 30.05.2024 for initiation of CIRP against the Corporate Debtor.

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14. On issuing of notice to the Corporate Debtor, neither any reply was filed nor any submission was made from the side of the Corporate Debtor. Therefore, this Tribunal vide order dated 11.06.2025 set the Corporate Debtor as ex-parte. The relevant order is reproduced as under: -

**ORDER**

*Ld. Counsel representing the Financial Creditor is present through VC.*

*However, none present for the Corporate Debtor.*

- 1. Ld. Counsel representing the Financial Creditor states that there is no response filed by the Corporate Debtor.*
- 2. We see from the previous orders that there is no representation on behalf of the Corporate Debtor on many of the previous occasions.*
- 3. We also see that vide order dated 18.10.2024, the notices had been issued to the Corporate Debtor and the service had also been affected on 25.10.2024, and thereafter on 26.11.2024, 16.01.2025 and on 14.05.2025 there has not been any representation on behalf of the Corporate Debtor. There is also no reply available on DMS nor any copy has been supplied to the other side.*
- 4. Therefore, the Respondent/ Corporate Debtor is set ex-parte.*
- 5. Let the matter be adjourned for ex-parte hearing on 8<sup>th</sup> July, 2025.*

15. Subsequently, on 08.07.2025, Ld. Counsel for the Corporate Debtor Shri Shikhar Kaushal appeared and stated to represent the Corporate Debtor by filing vakalatnama. Thereafter, in the hearing held on 29.07.2025, he informed that an OTS proposal has been filed by the Corporate Debtor which is accepted by the Financial Creditor for which the Ld. Counsel for the

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Financial Creditor agreed to file an affidavit. Relevant part of the order dated 29.07.2025 is reproduced as under:

*“2. Ld. Counsel representing the Corporate Debtor submits that according to his instructions one of the recent OTS was rather accepted by the Financial Creditor/IDBI Bank.*

*3. After arguing for some, the Ld. Counsel representing the Financial Creditor/IDBI Bank seeks a short accommodation to file an affidavit to clarify with respect to any of pending OTS or acceptance or rejection thereof by the concerned Authorities of the Bank. It may be made clear that this affidavit is being furnished by the IDBI Bank only in the context of the acknowledgement of debt or otherwise and we are not expressing any opinion with respect to the settlement inter se between the parties as per OTS”*

16. In compliance of the said order dated 29th July 2025, the Applicant Financial Creditor has filed an affidavit on 07.08.2025 wherein details of all the OTS letters submitted by the Corporate Debtor to Bank have been submitted informing that an OTS Letter dated 26.9.2024 was submitted after filing of the present section 7 Application, in which Rs. 18.24 crores have been offered to pay the outstanding dues but the Corporate Debtor failed to meet the terms of the Letter of Approval (hereinafter referred as “**LOA**”) issued by the Bank on the above OTS letter , and asked for some extension of time to make payments as per the terms further decided by the Bank, for which it was submitted in the affidavit that the request of Corporate Debtor is under

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scrutiny. The relevant part of the said affidavit is reproduced as under: -

“ That the Corporate Debtor again submitted an OTS letter dated 2nd August 2025 acknowledging their liabilities of debts. In the letter dated August 2nd, 2025, the Corporate Debtor confirmed the submissions of its earlier letters and communications going on with IDBI Bank for One Time Settlement against its Cash Credit Limit of Rs. 30.00 crores. The Corporate Debtor also acknowledged final intimation from. IDBI Bank vide its letter dated March 06th, 2025 stating that their OTS proposal submitted vide letter dated September 26, 2024, 2024 was sanctioned by the competent authority authorities of IDBI Bank for full and final settlement against their outstanding dues at Rs. 18.24 crore and the Corporate Debtor was advised to take delivery of Letter of Approval (LOA) by making payment of Rs. 3.10 crore. Till that date the Corporate Debtor had already deposited Rs. 1.90 crore to IDBI Bank in "NO LIEN ACCOUNT ". However, the Corporate Debtor failed to deposit Rs.3.10 crore within the stipulated time, due to which IDBI Bank informed the Corporate Debtor vide its letter dated April 5th,2025, about the lapse of One Time Settlement Proposal. The Corporate Debtor through their letter dated August 2nd, 2025, received by IDBI Bank only on August 04th,2025 sought some more time for repayment of OTS amount and change in the terms of payment. Since the Corporate Debtor is seeking extension of time for repayment of OTS amount and change in the terms of payment which were originally approved by Competent Authority, the request of Corporate Debtor is under scrutiny”

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17. It is also submitted by the Applicant that each OTS Letter given by the Corporate Debtor corroborates the acknowledgement of liability towards the Applicant bank and also extends the periods of limitation.
18. The Applicant has also filed Record of Default in Form-D in respect of debt and default details of which are given below:-

### FORM D

#### RECORD OF DEFAULT (RoD)

Issued by Information Utility under Regulation 21(4) of the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017)

| S. No. | Particulars                                | Details                                     |
|--------|--|---|
| (a)    | Name of the Submitter                      | M/s IDBI Bank Limited                       |
| (b)    | Schedule-2 Bank (Y/N)                      | Y   |
| (c)    | Name of Corporate Debtor                   | M/s Laxmi Oil and Vanaspati Pvt. Ltd.       |
| (d)    | Unique Debt Identifier Number              | AABCJ8842G 0141 6551<br>00000408            |
| (e)    | Registered Address                         | IDBI Tower, Cuffe Parade,<br>Colaba, Mumbai |
| (f)    | Total Outstanding Amount                   | ₹ 49,60,82,407.11                           |
| (g)    | Default Amount                             | ₹ 49,60,82,407.11                           |
| (h)    | Date of Default                            | 29-09-2019                                  |
| (i)    | Status of Authentication of Default        | Authenticated                               |
| (j)    | Date of Last Acknowledgement of Debt (AoD) | Not Available                               |
| (k)    | Fraud                                      | Yes   |
| (l)    | Wilful Defaulter                           | Yes   |

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19. The Corporate Debtor being aggrieved by the order 11.06.2025 setting it *ex parte*, filed an application bearing I.A. No. 617 of 2025 for recalling of said order along with condonation of delay of 16 days. This Tribunal vide order dated 16.9.2025 allowed the present application for recalling the *ex parte* order as also for filing the reply. Further directed to file the written submissions if any, within a period of ten days by both the parties. The relevant part of this order is reproduced as under: -

*“7. Be that as it may, without entering into the merit of the present application of the objections thereof, we deem it appropriate, in the interest of principles of natural justice to allow the present application for recalling the ex-parte order as also for filing the reply. However, this would be with the condition of payment of cost of Rs.20,000/- to be deposited by the Applicant/Corporate Debtor in the Prime Minister’s National Relief Fund. It is made clear that this reply and the submissions made by the Applicant/Corporate Debtor in any case would be taken on record subject to the deposit of the cost of Rs.20,000/- and furnishing of the proof thereof within a period of two weeks.*

*8. Ld. Counsel representing the Applicant/Corporate Debtor has also pointed out to an affidavit with respect to the OTS proposal which was submitted by the Corporate Debtor to the Financial Creditor. In the said affidavit filed by the Ld. Counsel representing the Financial Creditor, it has been mentioned in Para No.13 that the request of the Corporate Debtor is under scrutiny. However, during the course of the argument today, the*

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*Ld. Counsel representing the Financial Creditor on instructions states that as of now there is no OTS proposal pending with the bank, and therefore this matter is ripe for argument, and therefore he proceeded with the present petition.*

20. As held by us, in the above order to allow the application filed by the Corporate Debtor for recall of the *ex-parte* order dated 11.6.2025, and as also for filing the reply, we have taken on record the said reply subject to payment of Rs.20,000 which was paid by the Corporate Debtor on 07.10.2025.
21. In the said reply, the Corporate Debtor admitted the existence of debt but explained the reason for which default has occurred as due to genuine financial distress and unforeseeable circumstances. However, it has been emphasized that admission of CIRP is not only remedy as the Corporate Debtor is actively working on a OTS proposals and also looking for potential investors to come up with a restructuring/refinancing plan.
22. In this reply, a chronological detail of submission of various OTS proposals have been provided which we have already discussed in this order. By referring to all these OTS proposals, efforts have been made by the Corporate Debtor for getting its OTS proposal approve by the Financial Creditor Bank. It has been submitted that the admission of CIRP against the Corporate Debtor would be premature, counter-productive and

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commercially unwise. Thus, Corporate Debtor prayed for reasonable time and support to effectuate payment and resolution of debt.

23. In counter to the affidavit filed by the Financial Creditor on 07.08.2025, the Corporate Debtor has also filed an affidavit on 08.10.2025 wherein it has submitted details of recent follow ups made by the Corporate Debtor for issuance of fresh LOA by the bank for payment of remaining OTS amount out of Rs.18.24 crores earlier approved by the Bank, which was under their consideration as mentioned in their affidavit filed on 07.08.2025. As submitted by the Corporate Debtor in their Affidavit, the Financial Creditor (Bank) finally issued a Letter of Approval (LoA) dated 29.09.2025, approving the Corporate Debtor's OTS proposal of Rs. 18.24 Crores towards full and final settlement of its dues subject to payment of initial amount of Rs. 2.9 crores which the Corporate Debtor claimed to have already paid and balance Rs. 15.34 crores are to be paid in three equal monthly instalments within 90 days. The Corporate Debtor further submitted in its affidavit that it remains fully committed to honouring the terms and conditions contained in the LoA and to ensuring due compliance with the payment schedule within the stipulated period/deadline, and therefore , it prayed that this Tribunal may monitor the progress of the OTS implementation and may consider deferring the present proceedings for a period of about 30 days, as within the said period, substantial clarity and progress are expected in the matter. The

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relevant part of the affidavit of the Corporate Debtor is reproduced as under:-

*“6. That thereafter, the Financial Creditor (Bank) has finally been pleased to issue a Letter of Approval (LoA) dated 29.09.2025, approving the Corporate Debtor's OTS proposal of Rs. 18.24 Crores towards full and final settlement of its dues. The said approval is subject to the payment schedule and other terms and conditions stipulated in Annexure-1 to the LoA.*

*7. That it is rudimentary to mention that the Financial Creditor, in its LoA, has acknowledged the receipt of an upfront payment Rs. 2,9 crores (as on 25.09.2025) made by the Corporate Debtor. The Bank has accepted the undertaking of the Corporate Debtor and, as per the terms of the LoA, directed that the balance amount of Rs. 15.34 Crores be deposited in three al monthly instalments within 90 days.*

*8. That the Corporate Debtor has at all times acted in utmost good faith, and has remained in constant dialogue with the Financial Creditor. Its bona fide conduct and willingness to amicably resolve the matter may kindly appreciated. Corporate Debtor has never shied away from its responsibility let alone denied its liability.*

*Moreover, the fact of deposit of Rs. 2.90 Crores upfront, as on 25.09.2025, further underscores its sincerity and commitment.*

*9. That the Corporate Debtor remains fully committed to honouring the terms and conditions contained in the LoA and to ensuring due compliance with the payment schedule within the stipulated period/deadline.*

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*10. That this Hon'ble Tribunal may kindly monitor the progress of the OTS implementation and may consider deferring the present proceedings for a period of about 30 days, as within the said period, substantial clarity and progress are expected in the matter.”*

24. Subsequent to filing of affidavits by the Financial Creditor and Corporate Debtor as discussed above regarding the status of the OTS, four hearings were held on 28.10.2025,07.11.2025,11.11.2025 and 19.11.2025. In first three hearings, the matter was adjourned for some reason or other and also keeping in view the fact that the Corporate Debtor was given time for payment of three monthly instalments for the amount offered under OTS. Finally, on 19.11.2025, the Ld. Counsel for the Financial Creditor informed that the Corporate Debtor has failed to comply with the terms of LOA through which, the OTS was approved and insisted for final hearing of the case as the pleadings in this case had already been completed and written submission was also filed. However, the Ld. Counsel for the Corporate Debtor requested for some more time to meet the terms of OTS. The relevant part of the order passed by this Tribunal on 19.11.2025 is reproduced as under:-

**ORDER**

*Ld. Counsel representing the Financial Creditor has already argued the matter.*

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2. *Ld. Counsel representing the Corporate Debtor states that there is some OTS proposal, which has already been forwarded to the Petitioner Bank, and therefore he does not have anything to say in*
3. *defence on behalf of the Corporate Debtor.*
4. *Ld. Counsel representing the Financial Creditor submits that the terms of the OTS has not been complied with, and therefore he wishes to pursue the present petition filed U/s 7 of the Code to its logical end.*
5. *Heard. Order reserved.*
6. *Meanwhile, the written submissions if any be filed by the respective parties positively within a period of five days. It is made clear that no documents whatsoever would be attached with the written submissions.*

25. Thus, as per our above order , we finally heard this case on 19.11.2025 after the Ld. Counsel for the Financial Creditor informed that OTS by the Corporate Debtor has not succeeded and having drawn our attention to the fact that the debt and default in this case is proved at the end of the Corporate Debtor from the NeSL Certificate as well as various OTS applications filed by the Corporate Debtor and also , considering the fact that its Counsel had nothing to say in defence on behalf of the Corporate Debtor except that there is some OTS proposal, which has already been forwarded to the Petitioner Bank but despite submitting repeated OTS proposals , the Corporate Debtor has so far failed to comply with the terms set by the Financial Creditor in its LOA and the outstanding debt is still not discharged. In our considered opinion, NCLT forum cannot be used by the Corporate Debtor for

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negotiation and finalisation of its OTS with the Financial Creditor and in the guise of pending OTS, the proceeding of CIRP cannot be kept in abeyance for an indefinite time, therefore we decided not to keep this Application pending and finally heard the case.

**WRITTEN SUBMISSION ON BEHALF OF THE CORPORATE DEBTOR  
AND FINANCIAL CREDITOR**

26. The Respondent Corporate Debtor submitted that it proposed for One Time Settlement vide the letters, amongst others, dated 07.12.2020, 06.06.2021, 4.03.2022, 20.7.2024 and 02.08.2025 which were not accepted by the Applicant Financial Creditor. Further, the Respondent Corporate Debtor raised amount from 13.05 to 17 Cr, and also deposited the upfront amount of Rs. 1.90Cr, as evident from the affidavit dated 07.08.2025 filed by applicant financial creditor.
27. It is also submitted that the Respondent Corporate Debtor vide letter dated 19.09.2025 raised the amount to 18.24Cr and deposited further 1.0 Cr making the total upfront amount as Rs.2.90Cr, as sought by the applicant financial creditor. This proposal has been duly accepted by the Applicant financial creditor as evident from the affidavit dated 08.10.2025 filed by the respondent corporate debtor. In this respect, Corporate Debtor has placed reliance on the case of **IFCI Ltd Vs M/s Patil Construction & Infrastructure Ltd. C.P.(I.B.) No. 142/MB/2023 NCLT Mumbai Bench,**

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**Court V** was dealing with issue whether the existence of alleged binding OTS arrangement bars admission of the petition under section 7 of the Code and held that: -

“:...

*Further, it is submitted by the Corporate Debtor that the OTS Proposal was rejected by the Applicant only after a substantial amount had already been paid by the Corporate Debtor, however, the Financial Creditor cannot now be permitted to abandon this re-payment arrangement (OTS) when substantial compliance has already been achieved. Furthermore, the conduct of the Financial Creditor in accepting substantial OTS payments while simultaneously pursuing CIRP proceedings and rejecting the said OTS proposal at a later stage is clearly an attempt on part of the Financial Creditor to use the IBC as a recovery mechanism, which goes against the very spirit and objectives of the Code. Moreover, as evidenced by the facts of the present case, the Financial Creditor itself has been liberal in granting extension to the Corporate Debtor with respect to OTS Proposals and now the attempt of the Financial Creditor is simply to arm-twist the Corporate Debtor to extract more money and the same cannot be allowed.*

*The Hon'ble Supreme Court and Hon'ble NCLAT have consistently held that the IBC is not intended to be used as a mechanism for debt recovery but rather as a process for resolution of the Corporate Debtor.”*

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The NCLT, Mumbai Bench eventually rejected the petition of the corporate debtor.

28. Written submission has also been filed by the Financial Creditor wherein all the details of debt and default and its subsequent acknowledgement in various OTS proposals filed by the Corporate Debtor have been provided as already discussed in the order and hence not repeated for the sake of brevity. A substantial amount of debt is still outstanding despite numerous OTS filed repeatedly by the Corporate Debtotr and very little amount has been paid as compared to amount proposed in the OTS letters, which was successively enhanced to Rs. 18.24 crores but only Rs. 2.9 crores are paid so far, and thus prayer has been made to admit the Application as the same is filed within limitation.

### **FINDINGS OF THE TRIBUNAL**

29. We have heard the Ld. Counsel for the Applicant and perused the records, exhibits/annexures and after considering arguments advanced by respective Learned Advocates, the main issues which are before us to be decided in respect of the present Application u/s 7 are:
- i. Whether the application is filed within the period of limitation.
  - ii. Whether there is debt and default within the meaning of the IBC.

#### **(i) Limitation**

30. With regard to the first issue of filing of this Application within limitation

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period is concerned, we find that after availing of the credit facility in 2015 and its successive renewal from time to time, the Corporate Debtor defaulted in its repayment since 29.09.2019 being the date of default as mentioned in Part-IV of the Application. The same date of default is also mentioned in the NeSL certificated issued in Form D. After the default has occurred and consequently a recall notice dated 01.11.2019 has also been issued by the Financial Creditor, the Corporate Debtor though made endeavour for repayment of the cash credit facility by offering OTS proposals successively on various dates on 21.01.2020, 11.02.2020, 26.11.2020, 14.01.2021, 11.3.2022, 02.11.2022, 21.7.2023, and 19.4.2024, all these OTS Proposals could not be complied with and substantial amount of debt still remained outstanding. Consequently, the present Application has been filed on 30.05.2024 after the first date of default being 29.09.2019 and thereafter, having been acknowledged continuously through successive OTS letters till 19.04.2024. Therefore, we find that the present application has been filed within three years of the limitation period as provided in Article 137 of the Limitation Act, 1963 read with section 18 of the Limitation Act, as per which such acknowledgement of liability by the Corporate Debtor has further extended the period of limitation much beyond the year 2024 in which this Application has been filed. The Corporate Debtor has also not filed any objection either in its reply or in written submission challenging the present

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Application on the ground of limitation. In view of above facts and there being no objection from the Corporate Debtor on the point of limitation, we hold that the present Application has been filed within limitation.

(ii) **Debt and Default**

31. As regards the second issue of whether there is a debt and default or not, we noted from the record that in this case, neither the existence of a legally payable debt nor default in paying the said debt is disputed. The Ld. Counsel of the Corporate Debtor while making his submission in the hearing held on 19.11.2025 has admitted that the Corporate Debtor has taken loan from the Applicant Bank and despite various OTS, a substantial amount of this loan is still outstanding. Default in repaying the said debt is undisputedly established by the NeSL certificate filed in Form D in which the default amount of Rs. 49.9 crores with date of default shown as 29.09.2019 is authenticated. The only defence of the Ld. Counsel representing the Corporate Debtor is that there is some OTS proposal, which has already been forwarded to the Petitioner Bank.
32. We have already dealt with the details of various OTS proposals submitted by the Corporate Debtor in earlier part of this order. Despite such various OTS Proposals, a substantial amount of debt is still outstanding. The total amount of loan disbursed is Rs. 30 crore and along with interest, the total outstanding amount of Rs. 50.22 crore is shown in the Application filed u/s

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7 of the Code. In the latest OTS dated 19.09.2025, the Corporate Debtor raised the amount of OTS to Rs. 18.24 crores but the total amount so far deposited is only Rs.2.9 crores. For balance amount of Rs. 15.34 cores , it is submitted by the Corporate Debtor that the Bank has accepted the undertaking of the Corporate Debtor and, as per the terms of the LoA, directed that the balance amount of Rs. 15.34 Crores be deposited in three equal monthly instalments within 90 days. However, in the hearing held on 19.11.2025, the Ld. Counsel for the Financial Creditor informed that the terms of the OTS has not been complied with, and therefore balance amount proposed to be paid in OTS is still outstanding.

33. The above facts establish that Corporate Debtor has failed to repay its debt. Thus, the ‘debt’ and ‘default’ on the part of the Corporate Debtor is clearly proved. Therefore, we do not see any reason as to why the present application is not to be admitted under section 7 for starting CIRP against the Corporate Debtor keeping in view the provision of section 7(5) and the decision the Hon’ble Supreme Court in case of **M/S. Innoventive Industries Ltd. Vs ICICI Bank & Anr. (Civil Appeal Nos. 8337-8338 OF 2017) dated 31.08.2017** wherein it is held that “The moment the adjudicating authority is satisfied that a default has occurred, the application must be admitted unless it is incomplete”. The same position of law has been reiterated again in the judgment delivered by the Hon’ble

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Supreme Court in case of **M. Suresh Kumar Reddy vs Canara Bank and others, reported in (2023)8 SCC 387**. On the issue of admission of the Application u/s 7 during the time period when OTS proposal is submitted by the Corporate Debtor to the Financial Creditor awaiting its consideration for approval, the Hon'ble NCLAT in its recent judgment in case of ***Rajender Kumar Pahwa v. Canara Bank and Ors., (2025) ibclaw.in 697 NCLAT*** that “ *in the guise of pending OTS the proceeding of CIRP may not be kept in abeyance for a long time.*” and “*the OTS proposal cannot be claimed by a borrower as a matter of right*” . The relevant part of this decision is reproduced as under:

*“57. We are in agreement with the submissions made by Ld. counsel for the Respondent No.1 Canara Bank and Respondent No. 3 Punjab National Bank that **in the guise of pending OTS the proceeding of CIRP may not be kept in abeyance for a long time.** The record would reveal that many proposals of the appellant, made earlier have also been rejected by the consortium and only one proposal was pending pertaining to which only one member of the consortium i.e. Respondent No.1 Canara Bank has given its approval, that too subject to the condition that the other members of the consortium must also approve the same. Thus the same was conditional. The other members of the consortium have sent the proposal to their Higher authorities and till date the said proposal has not been approved by the head office of any of the member Bank.”*

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64.-----Thus it is clear from the above placed legal precedents that the statutory right of a Financial Creditor bestowed under Section 7 of the 'IBC' cannot be curtailed or made subservient to any 'Inter-Creditor Agreement' or Consortium agreement executed between the lender banks, as the same was only for regulating the inter se affairs of the consortium **and the OTS proposal cannot be claimed by a borrower as a matter of right. Thus the 'Petition/Application moved under Section 7 of the IBC, 2016 must be decided within the purview of Section 7 of the Code and the same is to be considered by the Adjudicating Authority, on its own merits, taking into consideration the facts of the particular case and the Law established, in this regard. However, there is no much discretion available to the Adjudicating authority, if all the requirement as mentioned under section 7 of the IBC are satisfied by a Creditor Applicant. It is also to be remembered that any reason or inability of Corporate Debtor, to pay the Debt, is also not required to be looked into at this stage by the Adjudicating Authority. The reliance of the appellant on the law laid down by the Hon'ble Delhi High Court in Ambience Pvt. Ltd. (Supra) is also of no help to the appellant due to the difference of factual matrix. In that case the approval/sanction of OTS was absolute, while in the instant case the approval has been given only by the Respondent No. 1, that too, subject to the approval of all members of the consortium and admittedly other members of the consortium have never approved the OTS proposal of the appellant."**

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34. Decision of Coordinate Mumbai Bench in case of *IFCI Ltd Vs M/s Patil Construction & Infrastructure Ltd(supra)* as relied upon by the Corporate Debtor is not applicable in the present case as in that case substantial payments under OTS have already been made, which is not case here, and also, in view of the judgment of Hon'ble NCLAT in case of *Rajender Kumar Pahwa v. Canara Bank(supra)* that the OTS proposal cannot be claimed by a borrower as a matter of right, we are not inclined to follow the judgment of coordinate Mumbai Bench cited by the Corporate Debtor.
35. Thus, in view of our aforesaid findings and analysis, the Applicant/ Financial Creditor has proved that there is a 'debt' and 'default' on the part of the Corporate Debtor and outstanding debt is more than the threshold limit of Rs.1 crore. The application is also filed within limitation period and complete in all respect. The registered office of the Corporate Debtor is located in Kanpur, and hence this Tribunal has jurisdiction to decide the matter. A resolution professional is also proposed as per section 7(3)(b). Accordingly, the present application under Section 7, has been found fit fulfilling all the conditions for admissions of the Application and initiation of Corporate Insolvency Resolution Process (CIRP) against the Corporate Debtor i.e. M/s Laxmi Oil & Vanaspati Private Limited, and hence this Tribunal allow this application and order to initiate the CIRP against the Corporate Debtor.

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36. We note that the Financial Creditor has proposed the name of an Insolvency Professional to be appointed as Insolvency Resolution Professional ('hereinafter referred as '*IRP*') in Part-III of the Application. The name of Mr. Rohit Sehgal is proposed to be appointed as IRP having Registration Number: IBBI/IPA-001/IP-P00528/2017-2018/10953, Email ID: iamrs101@gmail.com R/o- A-604, Sujjan Vihar, Sector-43, Gurgaon, Haryana ,122002. The IRP has duly given the consent in Form No. 2 dated 03.02.2024 annexed as Annexure- II with the Application. The Law Research Associate of this Tribunal, Ms. Ankita Sharma, has checked the credentials of Mr. Rohit Sehgal, and found that there are no disciplinary proceedings pending against the proposed Insolvency Professional and also there is nothing adverse against him. Upon verification from the website of IBBI, it is found that Insolvency Professional holds valid authorization till 31.12.2025. After considering these details, we appoint Mr. Rohit Sehgal having registration No. IBBI/IPA-001/IP-P00528/2017-2018/10953, as Interim Resolution Professional (IRP).

37. Accordingly, this application is admitted u/s 7 of the Code, 2016, under the following terms and conditions.

- i. The application filed by the Financial Creditor under Section 7 of the Insolvency & Bankruptcy Code, 2016 for initiating the Corporate Insolvency Resolution Process against the Corporate Debtor i.e., M/s

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Laxmi Oil & Vanaspati Private Limited. is hereby admitted.

- ii. We hereby declare a moratorium and public announcement in accordance with Sections 13 and 15 of the Code.
- iii. This Adjudicating Authority hereby appoints Mr. Rohit Sehgal to act as the IRP under Section 13(1)(c) of the Code as decided by us in para 36 above.
- iv. The IRP shall cause a public announcement for the initiation of the Corporate Insolvency Resolution Process against the Corporate Debtor and call for the submission of claims under Section 15. The public announcement referred to in clause (b) of sub-section (1) of Section 15 of the Insolvency & Bankruptcy Code, 2016 shall be made immediately.
- v. Moratorium under Section 14 of the Insolvency & Bankruptcy Code, 2016 has commenced from the date of this order prohibiting the following:
  - 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;

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- 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 (54 of 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.
- vi. Apart from above prohibitions in respect of the corporate debtor, it is further directed that the supply of essential goods or services to the corporate debtor as may be specified, shall not be terminated or suspended or interrupted during the moratorium period.
- vii. The provisions of Section 14(3) 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.
- viii. The order of moratorium shall have effect from the date of this order till completion of the corporate insolvency resolution process or until this Bench approves the resolution plan under sub-section (1) of Section 31 or passes an order for liquidation of the corporate debtor under Section 33 as the case may be.

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- ix. The IRP is directed to take steps as mandated under section 13 and 15 of the IBC for making public announcement about the commencement of CIRP against the Corporate Debtor and moratorium against it u/s 14, and also take necessary actions as per sections 17, 18, 20 and 21 of IBC, 2016.
- x. The IRP shall after collation of all the claims received against the Corporate Debtor and the determination of the financial position of the Corporate Debtor and to constitute a Committee of Creditors (hereinafter referred as "COC") and shall file a report certifying the constitution of the COC to this Tribunal on or before the expiry of thirty days from the date of his appointment, and shall convene the first meeting of the COC within seven days of filing the report of the constitution of the COC.
- xi. As the authorisation of the IRP appointed herein is valid only up to 31.12.2025, he will ensure that his authorization is renewed after 31.12.2025 failing which, necessary action may be taken by the CoC as per law for appointment of a new IRP.
- xii. The COC in its first meeting shall appoint a Resolution Professional (hereinafter referred as "RP") as per the provision of section 22(2) and file an application before this Tribunal for confirmation of the appointment of the RP.

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- xiii. The Suspended Board of Directors of the corporate debtor is directed to give to IRP/RP complete access to the Books of Accounts of the corporate debtor maintained under section 128 of the Companies Act. In case, the books are maintained in the electronic mode, the Suspended Board of Directors are to share with the IRP/RP all the information regarding maintaining the Backup and regarding service provider kept under Rule 3(5) and Rule 3(6) of the Companies Accounts Rules, 2014 respectively as effective from 11.08.2022, especially the name of the service provider, the internet protocol of the service provider and its location, and also address of the location of the Books of Accounts maintained in the cloud. In case, accounting software for maintaining the books of accounts is used by the corporate debtor, then IRP/RP is to check that the audit trail in the same is not disabled as required under the notification dated 24.03.2021 of the Ministry of Corporate Affairs.
- xiv. The Statutory Auditor is directed to share with the Resolution Professional the audit documentation and the audit trails, which they are mandated to retain pursuant to SA-230 (Audit Documentation) prescribed by the Auditing and Assurance Standards Board ICAI.
- xv. The IRP/RP is directed to take custody and control of all the records of information relating to assets of the Corporate Debtor, its Books of

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Account in physical form or the computer systems storing the electronic records at the earliest in accordance with the provision of Regulation 3A of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (hereinafter referred to as "CIRP Regulations, 2016").

- xvi. The Financial Creditor shall also provide necessary assistance to IRP/RP in obtaining the necessary information about the Corporate Debtor as envisaged in Regulation 4(3) of the CIRP Regulations, 2016.
- xvii. In case of any non-cooperation by the Suspended Board of Directors or the Statutory Auditors, IRP/RP may take the help of the police authorities to enforce this order. The concerned police authorities are directed to extend help to the IRP/RP in implementing this order for the retrieval of relevant information from the systems of the corporate debtor.
- xviii. The IRP/RP may take the assistance of Digital Forensic Experts empanelled with this Bench/IBBI/MCA for this purpose.
- xix. The Suspended Board of Directors is also directed to hand over all user IDs and passwords relating to the corporate debtor, particularly for government portals, for various compliances.
- xx. The IRP/RP is also directed to make a specific mention of non-

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compliance, if any, in this regard in his status report filed before this Adjudicating Authority immediately after a month of the initiation of the CIRP.

xxi. The IRP/RP is directed to approach the Government Departments, Banks, Corporate Bodies and other entities with requests for information/documents available with those authorities'/institutions/others pertaining to the Corporate Debtor which would be relevant in the CIR proceedings.

xxii. The IRP/RP is directed to approach all the concerned Government Departments and authorities as discernible from the books of account of the Corporate Debtor requesting them to file claims if any amount is outstanding against the Corporate Debtor.

xxiii. The Government Departments, Banks, Corporate Bodies and other entities are directed to render the necessary information and cooperation to the IRP/RP to enable him to conduct the CIR Proceedings as per law.

xxiv. The IRP/RP shall collate the data obtained from (a) the claim(s) made before it and (b) information gathered from the records including those maintained by the Corporate Debtor.

xxv. The IRP/RP is further directed to send regular progress reports to this Tribunal every month.

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38. We direct the Financial Creditor to deposit a sum of Rs. 2,00,000/-with the Interim Resolution Professional, to meet out the expenses to perform the functions assigned to him in accordance with Regulation 6 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Person) Regulations, 2016. The amount, however, is subject to adjustment by the Committee of Creditors as accounted for by the Interim Resolution Professional on the conclusion of CIRP.
39. A certified copy of the order shall be communicated to both the Applicant Financial Creditor and the Respondent Corporate Debtor. The learned counsel for the Applicant Financial Creditor shall deliver a certified copy of this order to the IRP forthwith. The Registry is also directed to send a certified copy of this order to the IRP at his e-mail address forthwith.
40. List **CP (IB) 119/ALD/2024** on 16.01.2026 for filing of the progress report/further proceeding.

**-Sd-**  
**(Ashish Verma)**  
**Member (Technical)**

**-Sd-**  
**(Praveen Gupta)**  
**Member (Judicial)**

**Date: -12.12.2025**