IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH

[Through Physical hearing/ VC Mode (Hybrid)]

ITEM No.02

CP(IB)No.267/BB/2025

IN THE MATTER OF:

Sivakumar Vondivillu & Ors ... Petitioner

Vs.

Truweight Wellness Private Limited ... Respondent

Petition under Sec 7 of I&B code 2016

Order delivered on: 20.07.2026

CORAM:

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

SHRI. RADHAKRISHNA SREEPADA
HON'BLE MEMBER (TECHNICAL)

COUNSELS PRESENT:

For the CD	:	Adv. Rajan Thakur
For the OC	:	Adv. Sabhay Choudary & Adv. Areen Gulati

ORDER

1. Heard the Ld. Counsel for the parties.
2. Vide Separate order the Corporate Debtor has been admitted to CIRP.
3. The IPE proposed by the petitioner is appointed as IRP subject to it furnishing its AFA, constituting members/ persons, assignment currently being handled by it as well as its constituting members under IBC and Companies Act within 01 week.
4. List on **22.09.2026** for IRP report.

-Sd-	**-Sd-**
RADHAKRISHNA SREEPADA	**SUNIL KUMAR AGGARWAL**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**

Jones

<u>IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH</u>

<u>(Exercising powers of Adjudicating Authority under The Insolvency and Bankruptcy Code, 2016)</u>

CP (IB) No. 267/BB/2025

<u>(Application u/s. 7 of the Insolvency and Bankruptcy Code, 2016 read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016.)</u>

<u>IN THE MATTER OF:</u>

Sivakumar Vondivillu
S/o Vondivillu Krishna Rao
R/o 402, 3 LH, Lanco Hills Apartment,
Lanco hills Road, Manikonda,
Hyderabad, Telangana - 500089 …Petitioner No. 1/Financial Creditor No. 1

Ramkumar Sankar
S/o Sankar Ramakrishna Iyer
R/o 4081, Sobba Jasmine,
Bellandur, Bangalore,
Karnataka - 560103 …Petitioner No. 2/ Financial Creditor No. 2

Sumit Rungta
C/o Ravi Kumar Rungta
R/o 4021, Sobha Jasmine Apartments,
Bellandur, Bangalore,
Karnataka - 560103 …Petitioner No. 3/Financial Creditor No. 3

VERSUS

Truweight Wellness Private Limited
No. 56/13, 284, Garvebhavi Palya,
Opp. Shirdi Sai Baba Temple,
Hosur Road, Bommanahalli
Bangalore, Karnataka-560068 … Respondent/Corporate Debtor

<u>Order delivered on: 20.07.2026</u>

Coram: **Shri Sunil Kumar Aggarwal, Hon'ble Member (Judicial)**
Shri Radhakrishna Sreepada, Hon'ble Member (Technical)

O R D E R

1. The present Petition has been filed under Section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as the "IBC"/"Code") read with Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 by three individual petitioners (hereinafter referred to as "the Financial Creditors") seeking initiation of the Corporate Insolvency Resolution Process ("CIRP") against **Truweight Wellness Private Limited** (hereinafter referred to as the "Respondent/Corporate Debtor") for non-payment of cumulative debt of **₹2,92,89,310/- (Rupees Two Crore Ninety-Two Lakhs Eighty-Nine Thousand Three Hundred and Ten Only)** with date of default being **31.10.2023**, when the Corporate Debtor failed to repay the principal amount together with the agreed interest in terms of the Optionally Convertible Debentures Agreements.

2. The Petitioners claim to have separately advanced financial assistance to the Corporate Debtor by subscribing to Optionally Convertible Debentures issued by the Corporate Debtor. The Respondent/Corporate Debtor is a private limited company incorporated on **19.02.2015** under the provisions of the Companies Act, 2013 and has Corporate Identification Number **- U74900KA2015PTC078918**.

3. Brief facts of the case narrated by Petitioners are given hereunder:
   i. During the month of **October 2021**, the Corporate Debtor had approached them for seeking financial assistance for its business requirements and working capital needs. Pursuant thereto, the Petitioners agreed to subscribe to the Optionally Convertible Debentures proposed to be issued by the Corporate Debtor. The parties executed separate **Optionally Convertible Debentures Agreements**, under

which the Corporate Debtor agreed to issue Optionally Convertible Debentures carrying interest at the rate of **16% per annum**. It was agreed that the principal amount together with the accrued interest would be repaid on or before **31.10.2023**.

ii. That as security for repayment of the amounts advanced together with interest, the promoters of the Corporate Debtor, namely Mr. Vishnu Saraf and Ms. Megha More had pledged 2,77,120 equity shares held by them in favour of the Petitioners.

iii. During the subsistence of the aforesaid arrangements, the Corporate Debtor had again approached the Petitioners seeking further financial assistance for expansion of its business, pursuant to which the Petitioners had subscribed to additional debentures on the same terms and conditions. The Petitioners state that they had advanced an aggregate amount of **₹2,15,00,000/-** to the Corporate Debtor on different dates.

iv. Although the Corporate Debtor made part payment towards the interest component, yet it failed to repay the outstanding principal together with remaining interest by the stipulated due date **31.10.2023**, thereby committing default under the terms of the agreements. The Petitioners compute the aggregate amount in default at **₹2,92,89,310/-**, comprising ₹34,45,044/- payable to Mr. Sivakumar Vondivillu, ₹1,84,84,584/- payable to Mr. Ramkumar Sankar and ₹73,59,682/- payable to Mr. Sumit Rungta.

v. It is further stated that despite repeated email communications dated **07.06.2024** and **20.07.2024** calling upon the Corporate Debtor to discharge the outstanding liability, no payment has forthcome. The Petitioners have, therefore, filed the present Petition seeking initiation of the CIRP against the Corporate Debtor under Section 7 of the Code.

4. The Respondent has filed the Statement of Objections, vide diary no 1476 dated 25.03.2026 and contended as under:
   i. The Petition is liable to be dismissed in limine as the Petitioners have failed to establish the existence of a financial debt and the occurrence of default in terms of Section 7 of the Code, 2016.

   ii. Although the Petitioners have relied upon the Optionally Convertible Debentures Agreements dated 12.11.2021 and 23.11.2021 to contend that a financial debt exists, they have failed to produce sufficient contemporaneous material establishing the enforceable repayment obligations, agreed interest terms and the computation of the alleged default amount. The Petitioners have not demonstrated that the alleged transaction satisfies the essential ingredients of a "financial debt" under Section 5(8) of the Code, namely, a disbursal against consideration for the time value of money and having the commercial effect of borrowing.

   iii. The monies advanced by the Petitioners were not in the nature of a commercial lending transaction but constituted a "friendly rescue" extended to enable the Corporate Debtor to meet its immediate operational requirements, including payment of employee salaries during a period of financial stress. In support of the said contention, reliance is placed upon an email dated 07.06.2024 allegedly sent by one of the Petitioners, wherein it was stated that the Petitioners had invested primarily to rescue a friend's company without undertaking any commercial or economic analysis. The said communication demonstrates that the transaction lacked the commercial orientation ordinarily associated with a borrowing and therefore raises a substantial question regarding the characterization of the alleged debt as a financial debt under the Code.

   iv. The quantum of default claimed by the Petitioners is disputed. It is stated that the amount of ₹2,92,89,310/- includes compound interest calculated at the rate of 16% per annum, whereas the understanding between the parties was that the interest component would be waived or relaxed to facilitate the survival of the Company. Reliance is again placed on the email dated 07.06.2024, wherein the Petitioners themselves had acknowledged that the issue relating to interest has become contentious. It is, therefore, contended that the computation of the default amount is disputed being inflated.

v. In its para-wise reply, the Corporate Debtor has specifically denied that any default has occurred on 31.10.2023. Clause 1.5 of the Optionally Convertible Debentures Agreements conferred upon the Petitioners an option to convert the outstanding debt into equity at a discounted valuation, which option was consciously not exercised. Instead of exploring restructuring or conversion into equity, the Petitioners have invoked the insolvency jurisdiction of this Tribunal with the object of coercing recovery of the alleged dues.

vi. With regard to the documents relied upon by the Petitioners, the Corporate Debtor submits that while the receipt of the amounts reflected in the bank statements is not disputed, the legal character of such receipts is seriously contested. It is argued that the NeSL record does not by itself establish the existence, enforceability, quantum or due date of the alleged financial debt. The Corporate Debtor maintains that the amounts received were advanced only as financial support in a rescue context to meet operational exigencies and not as commercial borrowings constituting a financial debt under Section 5(8) of the Code.

vii. Lastly, the Corporate Debtor submits that it is presently facing liquidity constraints and cash-flow stress and is therefore not in a position to discharge the alleged liability immediately. However, the said statement is made without prejudice to its rights and without admitting the existence, nature, enforceability or quantum of the alleged financial debt or default. On the aforesaid grounds, the Corporate Debtor has prayed for dismissal of the Petition.

5. The Financial Creditors has placed reliance upon the following judicial precedents in support of the maintainability of Petition:
   i. In ***Arul Prasad Senniappan v. Viprah Technologies Ltd. Arul Prasad Senniappan v. Viprah Technologies Ltd., IBA/1297(CHE)/2019***, the NCLT, Chennai reiterated that while examining an application under the Code, the Adjudicating Authority is required to ascertain whether the statutory ingredients prescribed under the Code are satisfied on the basis of material placed on record. The decision emphasizes that the existence of the debt and the occurrence of default are matters to be examined on the evidence produced by the parties before admitting the petition.
   ii. Reliance is also placed on the decision of Hon'ble NCLAT in ***Vijay Kumar Singhania v. Bank of Baroda***, ***Company Appeal (AT) (Insolvency) No. 1058 of 2023***, wherein the Appellate Tribunal discussed the nature of financial debt and the scope of inquiry to be undertaken by the Adjudicating Authority while considering an application under the Code.
   iii. In ***Vijay Kumar Singhania v. Bank of Baroda***, Civil Appeal Diary No. 5768 of 2024, the principles enunciated by Hon'ble NCLAT have received affirmation. The said decision has been cited in aid of the submissions advanced by the Financial Creditors regarding the interpretation of the provisions governing financial debt and the maintainability of proceedings under the Code.
6. We have heard Ld. Counsels for both the Parties and perused the pleadings, documents placed on record and the judgments relied upon.

7. The principal issue that arises for consideration is whether the amounts advanced by the Petitioners pursuant to the Optionally Convertible Debentures Agreements constitutes a "financial debt" within the meaning of Section 5(8) of

the Code, 2016 and whether the Corporate Debtor has committed default in repayment thereof.

8. The Petitioners have placed on record the Optionally Convertible Debentures Agreements executed between the parties, the Debenture Certificates, bank statements evidencing disbursement of the amounts, NeSL records, and the correspondence exchanged between the parties. The documents disclose that an aggregate sum of ₹2,15,00,000/- was advanced by the Petitioners to the Corporate Debtor under written agreements carrying interest at the rate of 16% per annum and stipulating repayment on or before 31.10.2023. The Corporate Debtor has not disputed the execution of the said agreements nor the receipt of the amounts reflected in the bank statements. Its defence is confined principally to disputing the character of the transaction as a financial debt and the computation of the amount claimed.

9. The contention of the Corporate Debtor that the advances constituted merely a "friendly rescue" to enable payment of salaries and operational expenses cannot, by itself, alter the legal character of a transaction which has been consciously reduced into formal contractual documents. The parties elected to structure their arrangement through Optionally Convertible Debentures Agreements prescribing the amounts advanced, the agreed rate of interest, the repayment date and the option of conversion. Such contractual stipulations clearly indicate that the disbursement was intended to have the commercial effect of borrowing and was made against consideration for time value of money, thereby satisfying the ingredients of a financial debt under Section 5(8) of the Code.

10. The reliance placed by the Corporate Debtor on the email dated 07.06.2024 to contend that the Petitioners intended merely to rescue a friend's company also does not advance its case. At best the email reflects the circumstances under which the Petitioners had agreed to extend financial assistance. It does not override or supersede the express contractual obligations embodied in the executed Debenture Agreements. Commercial motivations behind a transaction

cannot prevail over the written contractual terms voluntarily accepted by the parties.

11. Equally untenable is the submission that the dispute regarding the interest component renders the Petition non-maintainable. The alleged understanding that interest would be waived has not been substantiated by any written amendment, novation or subsequent agreement modifying the terms of the OCD Agreements.

12. The Corporate Debtor has also contended that the Petitioners have failed to exercise their contractual option to convert the debentures into equity. This submission is equally misconceived. The option to convert was merely an enabling contractual right available to the Petitioners. Non-exercise of such an option cannot deprive the Petitioners of their independent contractual right to seek repayment upon the occurrence of the stipulated redemption date.

13. The Corporate Debtor has admitted receipt of the amounts advanced by the Petitioners while simultaneously disputing only the legal characterization of the transaction and the interest computation. Such objections, in the opinion of this Authority, do not constitute a valid defence to a petition under Section 7 where the foundational documents evidencing the financial debt and the occurrence of default remain substantially undisputed. The same rather have been corroborated by Record of Default issued by the Information Utility.

14. The judgments relied upon by the Petitioners also reiterate the settled principle that the Adjudicating Authority is required to examine whether a financial debt exists and whether default has occurred on the basis of the material placed before it. Applying the said principles to the facts of the present case, this Tribunal is satisfied that the Petitioners have established the existence of a financial debt as well as the occurrence of default within the meaning of the Code.

15. Accordingly, **Company Petition bearing CP (IB) No. 267/BB/2025** is hereby **allowed**. Consequently, the Corporate Debtor **Truweight Wellness Private Limited** is admitted to the Corporate Insolvency Resolution Process and moratorium under Section 14 of the Code, 2016 is declared. Accordingly, the following prohibitions are imposed to be complied with by all concerned:

    a. The institution of suits or continuation of pending suits or proceedings against the Corporate Debtor, including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;
    b. Transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein;
    c. Any action to foreclose, recover or enforce any security interest created by the Corporate Debtor in respect of its property, including any action under the 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 the possession of the Corporate Debtor.

16. It is further directed that the supply of essential goods or services to the Corporate Debtor, as may be specified, shall not be terminated, suspended or interrupted during the moratorium period in terms of Section 14(2) of the Code.

17. The provisions of Section 14(3) of the Code shall, however, apply in accordance with law. The moratorium shall have effect from the date of this Order till the completion of the CIRP or until this Adjudicating Authority approves the Resolution Plan under Section 31(1) of the Code or passes an order for liquidation of the Corporate Debtor under Section 33 of the Code, as the case may be.

18. The Petitioners have proposed **M/s. Efficax Resolution Professionals Private Limited,** IBBI/IPE-0l53/IPA-3/2023-24/50063 as the Interim Resolution Professional ("IRP"), and the written communication in **Form-2** along with the requisite disclosures has been filed along with the Petition.

19. Since no disciplinary proceedings are stated to be pending against the proposed IPE, **M/s. Efficax Resolution Professionals Private Limited** address - 70D, IIIrd floor, Krishna Park Extension, Vikas Puri, New Delhi-110018, acting through its authorised Insolvency Professional, is appointed as the IRP of Corporate Debtor to carry out the functions contemplated under the Code, 2016. The IRP shall forthwith take all necessary steps as contemplated under Sections 15, 17, 18, 20 and 21 of the Code and perform all duties in accordance with the provisions of the Code and the Regulations framed thereunder.

20. The Financial Creditors shall deposit a sum of **₹2,00,000/- (Rupees Two Lakhs Only)** with the IRP for meeting the initial expenses viz. issuance of public announcement and inviting claims. The said expenses shall be subject to ratification by the Committee of Creditors (CoC). The fee and other expenses of the IRP/RP shall thereafter be pragmatically determined by the CoC from time to time commensurate with work performance/undertaken keeping in view the provisions of the Code, 2016 and the relevant IBBI Regulations.

21. The IRP shall issue the public announcement in accordance with Section 15 of the Code and make all necessary compliances as contemplated under the Code, 2016 and the Regulations framed thereunder. The IRP shall also issue notices to the concerned statutory authorities, including the Jurisdictional Income Tax Authority, Goods and Services Tax Authorities, Employees' Provident Fund Organisation, Employees' State Insurance Corporation and such other authorities as may be required under law, and place documentary proof of such compliances in the first progress report.

22. The IRP shall, upon collation of all claims received against the Corporate Debtor and determination of its financial position, constitute the CoC in accordance with Section 21 of the Code and file a report certifying the constitution of the Committee within the period prescribed under the Code. Thereafter, the IRP shall convene the first meeting of the CoC in accordance with the provisions of the Code and the applicable Regulations.

23. The IRP shall also submit monthly progress reports to this Adjudicating Authority along with photographs depicting the inside and outside of the registered office, warehouse, installations, project site, plant, machinery, equipment and other assets, if any, of the Corporate Debtor. Upon taking control of the assets and management of the Corporate Debtor, the IRP/RP shall display, at a conspicuous place outside the premises of the Corporate Debtor, a board indicating that the Corporate Debtor is undergoing the CIRP, mentioning the case number and title together with the name and contact particulars of the IRP/RP to facilitate enquiries and submission of claims by stakeholders within the prescribed timelines. Photographs of the displayed board and the assets of the Corporate Debtor from various angles shall also be filed along with the progress report. The IRP shall perform all duties and exercise all powers conferred under Sections 17, 18, 20, 21 and other applicable provisions of the Insolvency and Bankruptcy Code, 2016.

24. The Board of Directors of the Corporate Debtor stand displaced their position and be obliged to co-operate with the IRP/RP in smooth conduct of CIRP by handing over entire control management and custody of physical/virtual books of accounts, financial statements, property documents, information including various passwords, other assets of corporate debtor to the IRP/RP against receipt.

25. A copy of this Order shall be communicated to the Financial Creditors for onward communication to the IRP. The Registry is also directed to forthwith

transmit a softcopy of this Order to the IRP and Registrar of Companies, Karnataka by e-mail for necessary action.

-Sd-	**-Sd-**
RADHAKRISHNA SREEPADA	**SUNIL KUMAR AGGARWAL**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**