



**IN THE NATIONAL COMPANY LAW TRIBUNAL  
DIVISION BENCH (COURT- I) CHENNAI**

ATTENDANCE CUM ORDER SHEET OF THE HEARING  
HELD ON **10.02.2026** THROUGH VIDEO CONFERENCING

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**PRESENT:** HON'BLE SHRI. SANJIV JAIN, MEMBER (JUDICIAL)  
HON'BLE SHRI. VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)

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**APPLICATION NUMBER** :  
**PETITION NUMBER** : CP(IB)/159(CHE)/2024  
**NAME OF THE PETITIONER(S)** : Laxmi Jewels & Gold Pvt Ltd  
**NAME OF THE RESPONDENTS** : Allites Life Sciences Pvt Ltd  
**UNDER SECTION** : Sec 7 Rule 4 of IBC, 2016

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**ORDER**

Present: Ld. Counsel Shri. Srenik Jain for the Petitioner.

Ld. Counsel Shri. V. Manivannan for the Respondent.

Vide separate order pronounced in Open Court, petition is admitted.  
CIRP is initiated against the Corporate Debtor Allites Life Sciences Pvt Ltd.  
Mr. K.J.Vinod is appointed as the IRP.

Sd/-

**(VENKATARAMAN SUBRAMANIAM)**  
MEMBER (TECHNICAL)

MG

Date: 10.02.2026

Sd/-

**(SANJIV JAIN)**  
MEMBER (JUDICIAL)



**IN THE NATIONAL COMPANY LAW TRIBUNAL,  
DIVISION BENCH – I, CHENNAI**

**CP/159/IB/CB/2024**

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

***In the matter of Allites Life Sciences Private Limited***

**1. Laxmi Jewels & Gold Private Limited**

Represented by its Director/Managing Director:

Mr. Bhavin K LJain

At New No.7, Old No. 30,

Erulappan Street, 2nd Floor, (N.S.C. Bose Road),

Sowcarpet, Chennai – 600079

**2. Mr. Kantilal T Hirani**

Proprietor of M/ s BHAVANA CORP.

At No.31 / 13, Mokathal Street,

Purasaiwakkam, Chennai- 600007

**3. M/s. Kiran Jain Huf**

Represented by its Karta: Mr. Kiran Jain

At No. 839, Heera Market,

Anna Salai, Mount Road,

Chennai- 600002

**4. M/s Kesar Investment**

Represented by its Partner: Mr. Vinith Kumar Jain

At No. 5/3, Shop No.12,1st Floor,

Badriah Garden Street, Park Town,

Chennai- 600003

**5. Ruchi Kothari**

At Flat No.5B-5th Floor Windsor Palace

33-34 Balfour Road, Kellys,

Kilpauk,

Chennai-600010



**6. Mr. Pratik Mukesh Mehta**

Proprietor of M/s. Mehta Investment  
At No.4, Badria Garden Street,  
Sowcarpet, Chennai- 600003

**7. M/s. Ravi Enterprises**

Represented by its Partner Mr. Ravi J Jain  
At No.72/ 1, Jermiah Road, Vepery,  
Chennai-600007

**8. Mr. Kayur Ramesh Khanter,**

Proprietor of M/s LUXURIA FINVEST  
At 1<sup>st</sup> Floor, 56-57, Sayar Nivas,  
Ponnappa Chetty Street,  
Sowcarpet, Chennai-600 079

*... Petitioners*

*Versus*

**Allites Life Sciences Private Limited**

Represented by its Directors,

**CIN: U7499TN2017PTC116100**

Plot No 67, First Floor,  
Second Main Road, Chandran Nagar,  
Chrompet,  
Chennai-600044.

*... Respondent*

*Order pronounced on 10<sup>th</sup> February, 2026*

**CORAM:**

**SANJIV JAIN, MEMBER (JUDICIAL)**

**VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)**

*For Petitioners:*

*For Allites Life Sciences Private Limited :*

*Ld. Counsel Srenik Jain & A.Vikash*

*Ld . Counsel Shri.V.Manivannan &  
Arvind Rajagopal*



## ORDER

(Heard Through Hybrid Mode)

1. This petition *CP IB 159 CHE 2024* has been filed by 1. M/s Laxmi Jewels & Gold Private Limited, 2. Mr. Kantilal T Hirani Proprietor of M/s. Bhavana Corp., 3. M/s. Kiran Jain Huf, 4. M/s Kesar Investment, 5. Ms. Ruchi Kothari, 6. Mr. Pratik Mukesh Mehta Proprietor of M/s. Mehta Investment, 7. M/s. Ravi Enterprises and 8. Mr. Kayur Ramesh Khanter, Proprietor of M/s. Luxuria Finvest as financial creditors on 06.05.2024 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 (Petition to Adjudicating Authority) Rules, 2016 (hereinafter referred to as “the AAA Rules”) for initiating Corporate Insolvency Resolution Process (hereinafter referred to as “CIRP”) in respect of ALLITES LIFE SCIENCES PRIVATE LIMITED, the Corporate Debtor (CD).
2. It is stated that the petitioners are financial creditors consisting of private limited companies, partnership firms, HUF and individuals incorporated / residing in Chennai who had given the loan to the



Corporate Debtor. Corporate Debtor is a private limited company having registered office at Chennai. It was incorporated on 18.04.2017.

3. It is stated that Corporate Debtor approached the financial Creditors and availed an aggregate loan of Rs.1,75,00,000/- for its business purpose as stated in the tabulation below for which the Corporate Debtor executed Promissory Notes dated 02.03.2023 in favour of respective Financial Creditors and as per terms of the same, Corporate Debtor had agreed to repay borrowed amount within 5 months along with interest fully described below:

#### **LIST OF LOANS AVAILED**

<b>SL No</b>	<b>Financial Creditors</b>	<b>Loan amount Rs.</b>	<b>Int rate per month</b>
<b>LOAN-1</b>			
1	Lakshmi Jewels & Gold Private ltd	20,00,000	2.8%
2	M/s. Bhavana Corp	10,00,000	2.8%
3	M/s. Kiran Jain HUF	25,00,000	2.8%



4	M/s. Kesar Investment	10,00,000	2.8%
5	Ruchi Kothari	10,00,000	2.8%
6	M/s. Mehta Investment	10,00,000	2.8%
<b>LOAN -2</b>			
7	M/s. Ravi Enterprises	80,00,000	2%
8	M/s. Luxuria Finvest	10,00,000	2%
<b>TOTAL</b>		<b>1,75,00,000</b>	

4. The promissory notes executed by the CD in favour of the financial creditors are enclosed as Annexures. The details of amount transferred and disbursed to the Corporate Debtor's account by financial creditors are evidenced by bank statements of each financial creditors and are marked as Annexure.

**Amount lent, loan repaid and amount due are furnished below:**

<b>SL No</b>	<b>Name</b>	<b>Loan amount Rs.</b>	<b>Amount Repaid Rs.</b>	<b>Principal amount due Rs.</b>
1	Lakshmi Jewels & Gold Private ltd	20,00,000	8,00,000	12,00,000
2	M/s. Bhavana Corp	10,00,000	3,00,000	7,00,000
3	M/s. Kiran Jain HUF	25,00,000	7,50,000	17,50,000



4	M/s. Kesar Investment	10,00,000	4,00,000	6,00,000
5	Ruchi Kothari	10,00,000	3,00,000	7,00,000
6	M/s. Mehta Investment	10,00,000	4,00,000	6,00,000
7	M/s. Ravi Enterprises	80,00,000	29,00,000	51,00,000
8	M/s. Luxuria Finvest	10,00,000	3,00,000	7,00,000
	<b>TOTAL</b>	<b>1,75,00,000</b>		<b>1,13,50,000</b>

5. It is stated the amount fell due on 01.05.2023, 16.04.2023, 16.04.2023, 01.05.2023, 16.04.2023, 01.05.2023 for Loan-1 and 01.04.2023 for Loan-2 and Corporate Debtor defaulted in payment.
6. It is stated that financial creditors issued legal notice to Corporate Debtor on 13.10.2023 calling upon the corporate debtor to pay the outstanding amount and the legal notices were duly received and acknowledged by the Corporate Debtor. Thus, the total outstanding amount due and payable by the Corporate Debtor inclusive of interest until the date of filing of this Petitioner is as follows:



### Principal outstanding and interest

SL No	Name	Principal outstanding Rs.	Interest amount Rs.
1	Lakshmi Jewels & Gold Private ltd	12,00,000	3,02,400
2	M/s. Bhavana Corp	7,00,000	1,76,400
3	M/s. Kiran Jain HUF	17,50,000	4,41,000
4	M/s. Kesar Investment	6,00,000	1,51,200
5	Ruchi Kothari	7,00,000	1,76,400
6	M/s. Mehta Investment	6,00,000	1, 51,200
7	M/s. Ravi Enterprises	51,00,000	9,18,000
8	M/s. Luxuria Finvest	7,00,000	1,26,000
	<b>TOTAL</b>	<b>1,13,50,000</b>	<b>24,42,000</b>
	<b>TOTAL</b>	<b>Rs. 1,37,92,600</b>	

7. In *Part III* of the Petition, Petitioner has recommended the name of *Mr. K.J. Vinod, IBBI /IPA-003/IP-N00291/2020-21/13451* at Flat No 9, Floor No 3, Block A, Trident Serenity, Nanjundapuram Road, Ramanathapuram, Coimbatore, 641036 as Interim Resolution Professional. Written consent is also obtained.
8. As per *Part IV* of the petition, loans fell due on 01.05.2023, 16.04.2023, 16.04.2023, 01.05.2023, 16.04.2023, 01.05.2023 for Loan-1 and



01.04.2023 for Loan-2 and Corporate Debtor defaulted in payment and the outstanding as on 06.05.2024 i.e. date of filing was Rs.1,37,92,600 ( Rs. One crore thirty seven lakhs, ninety two thousand and six hundred only).

9. The petitioners relied on following documents to prove the debt and default:

i) Promissory Notes dated 02.03.2023 issued by the Corporate Debtor in favor of Financial Creditors No. 1 to 8.

ii) Copies of Bank statements, ledger statements of the financial creditors.

iii) Legal notices issued by financial creditors.

## **10. Reply by Respondent along with written submissions**

10.1. It is stated that present petition is not maintainable for the following reasons:

*A. The Petitioners have not submitted sufficient documents to establish financial debt and capacity as financial creditors.*



*B. The Petitioners are not legally competent to be financial creditors as the transaction claimed by them is inconsistent with the law and hence should not be permitted to maintain the present Petition.*

*A. The Petitioners have not submitted sufficient documents to establish financial debt and capacity as financial creditors*

With respect to first Petitioner:

10.2. The 1st Petitioner claimed to have paid a sum of Rs.20,00,000/- (Rupees Twenty Lakhs Only) to the Respondent. In the Ledger the 1<sup>st</sup> Petitioner has recorded to have paid only Rs.17,20,000/- on 02.03.2023 while a sum of Rs. 2,80,000/- (Rupees Two Lakh Eighty Thousand Only) has been entered on 02.03.2023 with the narration "Interest received in Advance" being not actually disbursed but rather retained towards undefined future repayment on the date of payment itself. The 1<sup>st</sup> Petitioner has not enclosed the bank statement in the Petition in support of the transaction. It is stated that the 1<sup>st</sup> Petitioner has not set out the compliance under **Section 397 of the Companies Act, 2013**. It is submitted that 1<sup>st</sup> Petitioner is a private limited company and the Petitioner has not proved that the lending activity is in accordance with



its Memorandum of Association and its objectives and hence it is ultra vires of its objectives and Memorandum.

10.3. It is stated that in absence of passing and filing of appropriate resolutions under provisions of **Section 117 and Section 175 of Companies Act 2013**, the petition should not be allowed. Further, **Section 186 (2)(a) of the Companies Act, 2013** prohibits 1<sup>st</sup> Petitioner not to give any loan directly or indirectly to any person, including Respondent, whose amount exceeds 60% of its paid-up share capital, free reserves and securities premium account or one hundred per cent of its free reserves and securities premium account, whichever is more. In the present case the paid up capital of the 1<sup>st</sup> Petitioner as per its MCA Master Data is Rs.1,00,000/- (Rupees One Lakh Only) and details of the free reserves and securities premium account has not been produced by 1<sup>st</sup> Petitioner. It is stated that 1<sup>st</sup> Petitioner, however, claimed a Financial Debt of Rs. 20,00,000/- (Rupees Twenty Lakhs Only) which far exceeds said threshold and hence is ultra vires with the provisions of the Companies Act, 2013.

**With respect to Petitioners 2 to 8**



10.4. The 2<sup>nd</sup> Petitioner has claimed to have paid a sum of Rs. 10,00,000/- (Rupees Ten Lakhs Only) to the Respondent. In the Ledger the 2<sup>nd</sup> Petitioner has recorded to have paid only Rs. 8,60,000/ on 02.03.2023 while a sum of Rs. 1,40,000/- (Rupees One Lakh forty thousand only) has been entered on 02.03.2023 with the narration “Interest received in Advance” being not actually disbursed but retained towards undefined future repayment on the date of payment itself. The 2<sup>nd</sup> Petitioner has not enclosed the bank statement in the Petition in support of the transaction.

10.5. Similar contentions have been made about Petitioners 3, 4, 5, 6 and 8 as under:

	Loan amount claimed to be disbursed Rs	Interest deducted in advance Rs.	Amount actually disbursed Rs.
Petitioner 3	2500000	350000	2150000
Petitioner 4	1000000	140000	860000
Petitioner 5	1000000	140000	860000
Petitioner 6	1000000	140000	860000
Petitioner 8	1000000	140000	860000



10.6. With respect to Petitioner 7 it is stated that Petitioner 7 has not produced any bank statement to prove the disbursement of Rs.80,00,000/- to the respondent.

10.7. It is stated that Petitioners have relied only on the Demand Promissory Notes and legal notices without disclosing the terms of underlying transactions to establish financial debt.

10.8. It is stated that Petitioners have not complied with Regulation 20 (1A) of IBBI Information Utilities regulations 2017 which requires the petitioners to file the default information with information utility and produce the record of default.

10.9. In the matter of **Company Appeal (AT) (Ins.) No. 1145 of 2024 Imdadali M Momin & 5 Others -Vs- Pellucid Lifesciences Pvt. Ltd.,** Hon'ble NCLAT held as under:

*"13. In the instant case, we see absence of any written loan agreement or any other document showing the tenure of the loan or the rate of interest or periodicity of interest payment. In view of the same the aforesaid loans to CD by appellants cannot be classified as financial debt as defined under Section 5 (8) of the Code. The question of default would only arise if the aforesaid amount is classified as financial debt."*



10.10 It is stated that respondent also relies on the order of National Company Law Tribunal, New Delhi Court -IV in the matter of **LAXMI PUBLICATIONS PVT. LTD. -Vs- BLISS INNS PVT. LTD.** vide., CP (IB)-557(ND)/2024 dated 05.08.2025 which has held as follows:

*"Para 5.*

*...*

*iii. However, for an Petition under Section 7 to be admitted, the Petitioner must establish the existence of a "financial debt" as defined under Section 5(8) of the Code, which necessarily requires disbursement of money against the consideration for the time value of money. This essential element must be supported by cogent evidence.*

*iv. The concept of "time value of money" is central to the definition of financial debt under the Code. It implies that money disbursed must be with an expectation of compensation for the period it remains with the borrower, usually in the form of interest or other forms of financial return. This distinguishes a financial debt from other monetary claims.*

*It is not sufficient for the creditor to merely establish that money was advanced or reflected in the books; the creditor must demonstrate that such disbursement was made under terms that envisaged repayment with financial consideration over time. In the present case, there is no loan agreement, promissory note, or document to indicate that the parties agreed to any specific interest rate, repayment timeline, or method of*



*accrual. The claimed rate of 24% per annum appears arbitrary and is unsupported by any documentary evidence. As such, the requirement of time value of money, which is a sine qua non for establishing a financial debt, remains unproven.”*

10.11. It is stated that reliance placed by petitioners on their own balance sheets, ledger entries and the alleged acknowledgments in the books of the Corporate Debtor is insufficient in the absence of any documentary evidence to prove the nature of the transaction and that it involved consideration for time value of money. Mere accounting entries or internal ledgers cannot substitute the requirement of proving the existence of a financial debt in absence of documents proving that there was any time value of money involved in the transaction.

10.12. Following case laws for non-maintainability of petition have been reproduced:-

- i) **Hon'ble Supreme Court in Anuj Jain, Interim Resolution Professional for Jaypee Infratech Ltd. -Vs- Axis Bank Ltd. in Civil Appeal Nos. 8512-8527 of 2019 dated 26.02.2020**
- ii) **Hon'ble Supreme Court in Vidarbha Industries Power Limited -VS- Axis Bank Limited vide., in Civil Appeal No. 4633 of 2021 dated 12.07.2022.**



- iii) Hon'ble NCLAT in **Mr. Jag Mohan Daga -Vs- Mr. Bimal Kanti Chowdhary, Interim Resolution Professional of M/s. Vindhya Industries Pvt. Ltd. & Anr. In Company Appeal (AT) (Insolvency) No. 848/2022** dated 31.10.2022.

*B. The Petitioners are not legally the financial creditors as the transaction claimed by them is inconsistent with the law and hence they should not be permitted to maintain the present Petition.*

10.13. The nature of transaction claimed by the Petitioners against the Respondent and the rate of interest claimed by the Petitioners are illegal in terms of:

- i) **The TAMIL NADU MONEY-LENDERS ACT, 1957 and The TAMIL NADU MONEY-LENDERS RULES, 1959** - As per the provisions of the above laws, any money lending business has to be conducted with a license as per Section 3 of the above Act. Further, as per Section 7 of the Act, no Money Lender is to charge interest on any loan at a rate exceeding interest such rate as the Government by notification fixes from time to time and a money lender shall not demand or take from a debtor any interest, profit or other sum what so ever in excess of what is payable under the said Section 7. As per



the rules cited above, the Government has fixed the rate of interest for secured loans not to exceed 9% per annum, simple interest and for unsecured loans, the rate of interest should not exceed 12% per annum simple interest. The Petitioners 1 to 6 are claiming an interest of 2.8 % per month and the Petitioners 7 to 8 are claiming an interest of 2 % per month, which is very much in excess of the interest prescribed under law.

ii) **THE USURIOUS LOANS ACT, 1918**; This Act was enacted with the objective *to give additional powers to Courts to deal in certain cases with usurious loans of money or in kind*. It is worthy to state that as per Section 4 of the Act, any Petition relating to the admission or amount of proof of a loan in any insolvency proceedings, the Court may exercise the like powers as may be exercised under Section 3 of the Act in a suit to which this Act applies.

iii) **The Tamil Nadu Prohibition of Charging Exorbitant Interest Act, 2003**. The above Act was enacted with the objective to *prohibit the charging of exorbitant interest by any person and matters incidental thereto*. As per Section 3 of the Act, no person should charge



exorbitant interest on any loan advanced by them and as per Section 2 (3) interest charged on loans should not exceed the rate fixed by the Government under Section 7 of the Moneylenders Act, 1957.

10.14. It is stated that Tribunal may take cognizance of the acts and claims of the Petitioners and invoke *Section 65 of the Insolvency and Bankruptcy Code, 2016* against the Petitioners, as the Petitioners have preferred the present Petition with fraudulent and malicious intention and with the sole intention to extract unwarranted interest on an unfair money lending transaction and not for resolution of insolvency process of the Respondent, which is otherwise a functional company.

## **11.Rejoinder and Written submissions by Petitioner**

11.1. It is stated that allegations about the discrepancies with Ledger statement filed by the 1st Financial Creditor is false, as the Financial Creditors have filed these documents to substantiate their claim and are in correlation with the Bank entries filed along with Petition and substantiate the loan amount availed by the Corporate Debtor and part payments made therein. It is stated that Ledger Statement can be considered as a piece of evidence to narrate a transaction, especially in



the context of Financial Debt and the Ledger statement along with the Bank statement and other supporting documents can be used as records to show the details of the Loan transaction that transpired between the parties and the amount so transferred to the account of the Corporate Debtor after deduction of interest payable for the initial 5 months. It is stated that the deduction is done only with the mutual understanding between the Parties and the same is evident from the supporting documents filed and the repayments made by the Corporate Debtor. It is stated that Corporate Debtor has not disputed the receipt of the Loan transaction in any manner and that itself is an admission of the fact that Corporate Debtor admits the financial transaction transpired between the parties and it squarely falls within the meaning of the term "Financial Debt" as defined under Section 5 (8) read with Section 5 (7) and Section 3 (10) & (11) of the IBC Code. It is stated that even in the legal notice sent by the Corporate Debtor on 13.10.2023, the above issues were not raised.

11.2. It is stated that financial creditors have produced sufficient documents to substantiate their claims which are in correlation to the



bank entries filed along with the Petition. It is stated that contention raised by Corporate Debtor by placing reliance on Section 117 and 175 of the Companies Act, 2013 is irrelevant for the present proceedings and by raising the same, the Corporate Debtor has been misleading with inappropriate provisions of law which are applicable for other aspects of internal management of the Company. It is stated that as per status of Information Utility submitted by the respective Financial Creditors which seems to be "DEEMED TO BE AUTHENTICATED", the status indicates that the Debtor has been given multiple opportunities to respond to the default notification by NeSL and has not responded.

11.3. It is stated that the financial creditors rely on the following judgements to substantiate their claims:

a) Hon'ble Supreme Court in the case of *Innoventive Industries Ltd Vs ICICI Bank-2018 (1) SCC 407* has held as under:

*"2 7. The scheme Of the Code is to ensure that when a default takes place, in the sense that a debt becomes due and is not paid, the insolvency resolution process begins. Default is defined in Section 3(12) in very wide terms as meaning non-payment of a debt once it becomes due and payable,*



*which includes non-payment of even part thereof or an instalment amount."*

b) Hon'ble NCLAT in the case of *M/s. Agarwal Polysacks Limited Vs M/s K.K. Agro Foods and Storage Limited* in *Company Appeal (AT) (Insolvency) No.1126 of 2022* vide its order dated 11.09.2023.

c) Hon'ble NCLAT in the case of *Satish Balan vs Mrs. Neeta Navin Nagda and another* in *Company Appeal (AT) (Insolvency) No.718 of 2023* vide its order dated 04.07.2023.

d) Hon'ble NCLAT in the case of *Vijay Kumar Singhania v. Bank of Baroda and Anr* in *Company Appeal (AT) (Insolvency) No. 1058 of 2023* vide its order dated 13.12.2023.

e) Hon'ble Supreme Court in *Swiss Ribbons Pvt Ltd and another vs Union of India and other -2019 (4) SCC 17* affirmed that while information from information utilities is significant, financial creditors can also rely on other forms of evidence such as certified bank statements or court orders to prove default.

11.4. It is stated that Corporate Debtor has narrated the other Acts and Rules which do not bind the IBC Code, as The Tamil Nadu Money



Lenders Act and the Insolvency and Bankruptcy Code (IBC) operate within different legal spheres, the Act does not directly override or supersede the IBC, as IBC primarily deals with corporate insolvency and bankruptcy proceedings.

11.5. It is stated that allegation raised by Corporate Debtor that Financial Creditors fall within the purview of Tamil Nadu Money- Lenders Act, 1957 is false, misleading and baseless. The very definition of money lender as defined under Sec 2(8) of the Act, is reiterated hereunder:

*"... 'moneylender' means a person whose main or subsidiary occupation is the business of advancing and realizing loans, but excludes a bank or a co-operative, society."*

11.6. It is stated that from the facts of present case, Financial Creditors are those whose neither main business nor subsidiary occupation is the business of advancing & realizing loans, and as such the said Act of 1957 does not apply in the present case. Consequentially, Usurious Loan Act, 1918 and Tamil Nadu Prohibition of charging Exorbitant Interest Act, 2003 shall have no bearing on the present case, more so when disbursement of loan, rate of interest and execution of promissory note has been admitted, accepted & acknowledged by the Corporate Debtor.



11.7. It is stated that a Promissory note in itself is a contract for a loan and is also treated as agreement for loan since 1881 and the same has also been defined under Section 4 of the Negotiable Instruments (NI) Act and further rights of a company to execute a promissory note is also supported by Section 22 of the Companies Act, 2013 read with Section 32 of the NI Act.

11.8. It is stated that as per Section 32 of The Negotiable Instruments Act, 1881, which provides the liability of maker of note and acceptor of bill-

*"In the absence of a contract to the contrary, the maker of a promissory note and the acceptor before maturity of a bill of exchange are bound to pay the amount thereof at maturity according to the apparent tenor of the note or acceptance respectively, and the acceptor of a bill of exchange at or after maturity is bound to pay the amount thereof to the holder on demand. In default of such payment as aforesaid, such maker or acceptor is bound to compensate any party to the note or bill for any loss or damage sustained by him and caused by such default."* It is

evident from the signed promissory note that the Corporate Debtor has admitted the loan amount and rate of interest as specified in it. The reply by respondent placing various other acts and laws would not absolve or



invalidate the liability on the part of the Corporate Debtor. It is stated that financial Creditor has approached this tribunal with substantial documents, on a debt acknowledged by Corporate Debtor which the Corporate Debtor is estopped from denying subsequently.

11.9. It is stated that in so far as the defence of compulsory execution of written agreement between parties to prove its loan & disbursement is concerned, the Financial Creditors rely on the judgment of Hon'ble NCLAT in *M/s. Agarwal Polysacks Limited Vs. M/s. K.K. Agro Foods & Storage Limited in CA (AT) (Insolvency) No.1126 of 2022* dated 11.09.2023 and in the case of *Satish Balan Vs. Neeta Navin Nagda in CA (AT) (Insolvency) No.718 of 2023* dated 04.07.2023, wherein Hon'ble NCLAT has held that requirement of written financial contract is not a pre-condition for proving debt.

11.10. In so far as the defence of promissory note not being in proper format & stamped, it is stated that Corporate Debtor does not deny issuance of promissory note and Promissory Note accompanied by other supporting materials brought on record (Ledger statements along with the Bank statements, part-payments made by the Corporate Debtor etc.)



is sufficient proof for disbursement of loan and default, and hence non-stamping of promissory note is inconsequential and cannot be a reason to reject Section 7 Petition. For this, the Financial Creditors relies on the judgment of the *Hon'ble NCLAT in CA (AT) (Insolvency) No. 1059 of 2022 & I.A. No.3090 of 2022 in Ravi Auto Ltd. Vs. Surana Mercantile Ltd.*, dated 27.11.2024 (Para 16 & 17 of the Judgment filed along with the written synopsis).

## **12. Analysis and findings**

12.1. Heard the submissions of the parties and perused pleadings, documents submitted and the written submissions placed on record.

12.2. Ld. Counsel for petitioners submits that Corporate Debtor availed the loan from the Petitioners by executing Demand Promissory Notes. It is also stated that all financial transactions were through the bank and the petitioners have produced ledger accounts, bank statements, Demand Promissory Notes and legal notices issued as evidences.

12.3. Per contra Ld. Counsel for Corporate Debtor submits that petitioners have not produced any loan agreement executed by Corporate Debtor. In respect of Petitioner No1 (which is a private limited company) it is stated



that the petitioner violated Sections 117, 175, 186(2) and 397 of Companies Act 2013. It is further stated that petitioners violated Tamilnadu Money Lenders Act 1957 and Tamilnadu Prohibition of charging Exorbitant Interest Act 2003. Further it is stated that NeSL Default Certificate was not obtained by the petitioners.

12.4. For analysis, a sample Demand Promissory Note executed by Corporate Debtor in favour of Ravi Enterprises (Financier) is appended below:

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**ALLITES LIFE SCIENCES PVT LTD**  
No. 67, 1st Floor, 2nd Main Road,  
Chendran Nagar, Chrompet,  
Chennai - 600 044.  
Phone : 044 2244 8668/2241 0968

**Rs. 80,00,000/-** Place Chennai  
Date 2/3/2023

**ON DEMAND** WE JOINTLY AND SEVERALLY **promise to pay to**  
**Mr. Ravi Enterprises** **or order**  
**the sum of Rupees Eighty Lakhs Only**  
**only together with**  
**interest at the rate of 2% P.M** **percent per annum for**  
**value received in**  CASH  CHEQUE / RTGS

Cheque / UTR No. \_\_\_\_\_  
Dated \_\_\_\_\_  
On \_\_\_\_\_

For ALLITES LIFE SCIENCES PVT. LTD.  
MANAGING DIRECTOR  
MUTHUKRISHNAN

For ALLITES LIFE SCIENCES PVT. LTD.  
MANAGING DIRECTOR

12.5. It is observed that Corporate Debtor had executed a Demand Promissory Note acknowledging the debt amount. Interest rate payable is also mentioned in Promissory Note.



12.6. From the provisions of Section 32 of Negotiable Instruments Act 1881, it is clear that maker of a Promissory Note is bound to pay the amount on demand in the absence of a contract to the contrary.

12.7. We also concur with Ld. Counsel of Petitioner that Promissory Note accompanied with Ledger accounts and bank statements is sufficient to prove financial debt. Further, the Corporate Debtor has not denied receipt of loan amount.

12.8. Non-obtention of NeSL certificate by the petitioners does not vitiate the proceedings, as debt and default has been proved by the other documentary evidences.

12.9. It is seen that petitioners are not the money lenders by profession. Having agreed to pay interest at a certain percentage which is higher than market rate, Corporate Debtor cannot later question the same. There is no allegation of cheating or forgery. Having accepted the terms, Corporate Debtor cannot turnback now and question the same.

12.10. It is stated by respondent in para 10.1 of the counter that 7<sup>th</sup> Petitioner Ravi Enterprises has not produced any bank statement to prove the disbursement of Rs. 80,00,000/- to the respondent. On analysis, it is



seen that bank statements of Axis Bank and HDFC Bank belonging to Petitioner No 7 are annexed in pages 113 to 118 of the Petition. The Ledger statement maintained by 7<sup>th</sup> Petitioner is annexed in Page 17 of Rejoinder giving the details of receipts and payments with the Corporate Debtor.

12.11. It is seen that Corporate Debtor obtained loan from the 1<sup>st</sup> Petitioner despite knowing that the 1<sup>st</sup> petitioner is violating provisions of Companies Act. This issue has been addressed by NCLT Kolkata Bench on 08.02.2024 in *EDCL Infrastructure Ltd. v. Urban Infraprojects Pvt. Ltd.* (2024) *ibclaw.in* 200 NCLT where NCLT held as under:

*37. In the given facts, we are of the view that the Corporate Debtor who is beneficiary of the violation committed by the Financial Creditor, cannot be aggrieved and consequently cannot challenge such violation. In the case in hand, the Financial Creditor could not have advanced loan in breach of Section 186(2) of the Companies Act, 2013 to the Corporate Debtor and yet the Corporate Debtor who took loans from the Financial Creditor cannot be aggrieved to challenge such disbursements to him.*

*38. Section 186(2) of the Companies Act, 2013, is a protection mechanism to the shareholders/ stakeholders of the Company (Financial Creditor in this case) so that the persons who are managing the company cannot and should not give loan in excess of limits prescribed which would be in excess*



*of their capacity and could land the company in deep trouble should there be a default of the loan lent. That is why Section 182 of the Companies Act, 2013, provides that in case the company wishes to give loan in excess of the limits prescribed, the same can be done only with the approval of shareholders by passing special resolution.*

*39. Therefore, aggrieved party in such violation under Section 186(2) of the Companies Act, 2013, would be the shareholder/ stakeholders of the Financial Creditor and Regulators. It is not open for the Corporate Debtor to take shelter under such violations and refuse to repay money borrowed.*

12.12. Hon'ble Supreme Court in **M/s. Innoventive Industries Ltd. v. ICICI Bank & Anr. (vide Judgment dated August 31, 2017 in Civil Appeal Nos. 8337-8338 of 2017)** has inter-alia, held that if adjudicating authority is satisfied about debt and default, it should admit petition filed under Section 7 of IBC. It was held:

*"28. When it comes to a financial creditor triggering the process, Section 7 becomes relevant. It is at the stage of Section 7(5), where the adjudicating authority is to be satisfied that a default has occurred, that the corporate debtor is entitled to point out that a default has not occurred in the sense that the "debt", which may also include a disputed. claim, is not due. A debt may not be due if it is not payable in law or in fact. **The moment the adjudicating authority is satisfied that a default has occurred, the Petition must be admitted unless it is incomplete, in which case it may***



*give notice to the Petitioner to rectify the defect within 7 days of receipt of a notice from the adjudicating authority. Under sub-section (7), the adjudicating authority shall then communicate the order passed to the financial creditor and corporate debtor within 7 days of admission or rejection of such Petition, as the case may be.*

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

*(Emphasis Supplied)*

12.13. In view of the above discussions and findings, we conclude that the Corporate Debtor committed a default in repaying the financial debt to the Financial Creditors for a sum well beyond Rupees One Crore. Thus, the present petition satisfies the minimum threshold of default of Rs.1 crore prescribed U/S 4 of the Code for initiating the CIRP of the Corporate Debtor. It is trite to say that the Adjudicating Authority need not ascertain



the exact amount of default committed by the Corporate Debtor for the purpose of admitting the Petition U/S. 7 of the Code, as the same is the duty of the IRP/RP while verifying and collating the claim of the Petitioner during the course of the CIRP of the Corporate Debtor. We are satisfied that the Petition filed under Section 7 of the Code is complete in all respects. Hence, in light of the law laid down by *Hon'ble Supreme Court in Innoventive Industries Ltd. v. ICICI Bank (supra)*, **the present petition is bound to be admitted under Section 7(5)(a) of the Code**, Accordingly, we pass the following order:

### ORDER

- i. Corporate Debtor, namely, ALLITES LIFE SCIENCES PRIVATE LIMITED [CIN: U7499TN2017PTC116100], is hereby admitted into the Corporate Insolvency Resolution Process under Section 7(5)(a) of IBC.
- ii. As a consequence thereof, moratorium under Section 14 of Insolvency and Bankruptcy Code, 2016 is declared for prohibiting all of the following in terms of Section 14(1) of the Code:



- a. The institution of suits or continuation of pending suits or proceedings against the Corporate Debtor including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;
- b. transferring, encumbering, alienating or disposing of by the Corporate Debtor any of its assets or any legal right or beneficial interest therein;
- c. any action to foreclose, recover or enforce any security interest created by the Corporate Debtor in respect of its property including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
- d. the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the Corporate Debtor;
- e. The provisions of sub-section (1) shall however, not apply to such transactions, agreements 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 the Corporate Debtor.



iii. The order of moratorium shall have effect from the date of this order till the completion of the Corporate Insolvency Resolution Process or until this Adjudicating Authority approves the Resolution Plan under subsection (1) of Section 31 or passes an order for liquidation of Corporate Debtor under Section 33 of the IBC, 2016, as the case may be.

iv. It is further directed that the supply of essential goods/services to the Corporate Debtor, if continuing, shall not be terminated or suspended or interrupted during the moratorium period as per provisions of subsections (2) and (2A) of Section 14 of IBC, 2016.

v. We appoint **Mr.K.J.Vinod**, with e-mail (kjvinod05@rediffmail.com), **IBBI /IPA-003 /IP-N00291/ 2020 - 2021 / 13451** , residing at Flat No B , 602, Santha Towers Phase 1, Paruthipattu, Avadi, Chennai - 600071, nominated by the petitioners as the Interim Resolution Professional ('IRP') of the Corporate Debtor as his AFA is available till 30.06.2026.

vi. Petitioners are directed to pay an advance of Rs. 3,00,000/- (Rupees Three Lakhs Only) to the above-named IRP within a period of 7 days from



the date of this order to meet the cost of CIRP arising out of issuing public notice and inviting claims etc. till the CoC decides about his fees/expenses.

vii) The IRP shall perform all his functions as contemplated, inter-alia, under Sections 17, 18, 20 & 21 of the IBC, 2016. It is further made clear that all personnel connected with the Corporate Debtor, its Promoters or any other person associated with the management of the Corporate Debtor are under legal obligation under section 19 of the IBC, 2016 for extending assistance and co-operation to the IRP. Where any personnel of the Corporate Debtor, its Promoter or any other person required to assist or co-operate with IRP, do not assist or co-operate, the IRP is at liberty to make appropriate Petition to this Adjudicating Authority with a prayer for passing an appropriate order.

viii. This Adjudicating Authority directs the IRP to make a public announcement for the initiation of CIRP and call for the submission of claims under Section 15, as required by section 13(1)(b) of the IBC, 2016.

ix. The IRP is expected to take full charge of the Corporate Debtor's assets, and documents without any delay whatsoever.



X. The IRP or the RP, as the case may be, shall submit to this Adjudicating Authority periodic reports with regard to the progress of the CIRP in respect of the Corporate Debtor.

xi. The IRP shall be under duty to protect and preserve the value of the property of the Corporate Debtor and manage the operations of the Corporate Debtor as a going concern, to the extent possible, as a part of obligation imposed by Section 20 of the IBC, 2016.

xii. Registry is directed to communicate a copy of this order to the Financial Creditor, Corporate Debtor and to the IRP and the concerned Registrar of Companies, after completion of necessary formalities, on the same day and upload the same on the NCLT portal immediately after the pronouncement of the order. The Registrar of Companies shall update its website by updating the Master Data of the Corporate Debtor in MCA portal specifically mentioning regarding admission of this Petition and shall forward the compliance report to the Registrar, NCLT.

xiii. The commencement of the Corporate Insolvency Resolution Process shall be effective from the date of this order.



12.14. Accordingly, **CP (IB)/159 CHE 2024 stands admitted**. A certified copy of this order may be issued, if applied for, upon compliance with all requisite formalities.

**-Sd-**  
**VENKATARAMAN SUBRAMANIAM**  
MEMBER (TECHNICAL)

**-Sd-**  
**SANJIV JAIN**  
MEMBER (JUDICIAL)