IN THE NATIONAL COMPANY LAW TRIBUNAL
AMARAVATI BENCH
(Through Hybrid Mode)

Item No.1
CP (IB)/2/10/AMR/2026

IN THE MATTER OF:

Seven Hills Solvents Private Limited

… Petitioner/ Corporate Applicant

Under Section: 10 of IBC, 2016

Order delivered on 03.07.2026

CORAM:

SHRI KISHORE VEMULAPALLI, HON'BLE MEMBER (JUDICIAL)
SHRI UMESH KUMAR SHUKLA, HON'BLE MEMBER (TECHNICAL)

PRESENT:

For the Corporate Applicant	:	Mr. S. Sarath Chandra, Adv.
For the State Bank of India	:	Mr. G.P. Yashvardhan, Adv.

ORDER

Order pronounced and recorded *vide* separate sheets. The Company Petition bearing **CP (IB)/2/10/AMR/2026** filed by the Petitioner/ Corporate Applicant under Section 10 of the IBC, 2016 is **dismissed with a cost of Rs.1,00,000/- (Rupees One Lakh Only).**

Sd/-	**Sd/-**
(UMESH KUMAR SHUKLA)	**(KISHORE VEMULAPALLI)**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**

Jahnavi (Steno)

IN THE NATIONAL COMPANY LAW TRIBUNAL
AMARAVATI BENCH AT MANGALAGIRI
(Exercising powers of Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016)

CP (IB)/2/10/AMR/2026

Under Section 10 of the Insolvency and Bankruptcy Code, 2016 read with Rule 7 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016

IN THE MATTER OF:

Seven Hills Solvents Private Limited
Registered Office at
Plot No.42 to 46 & 50 to 52, I.D.A.,
Nellimarla, Vizianagaram-535217, Andhra Pradesh
Postal Address
Singapore City, Sunflower East Block, (A Block),
4th Floor, Flat No-407, Revenue Ward-7, Dasannapeta,
Vizianagaram, Andhra Pradesh.
Represented by its Director Mr. Arun Jhawar
… Petitioner/ Corporate Applicant

ORDER DELIVERED ON: 03.07.2026

CORAM: HON'BLE SHRI KISHORE VEMULAPALLI, MEMBER (JUDICIAL)
HON'BLE SHRI UMESH KUMAR SHUKLA, MEMBER (TECHNICAL)

PRESENT:

For the Corporate Applicant	: Mr. S. Sarath Chandra, Advocate
For the State Bank of India	: Mr. G.P Yashvardhan, Advocate

[ORDER]
[PER: BENCH]

The present Petition bearing no. CP(IB)/2/10AMR/2026 (hereinafter referred to as **"CP 2/2026"** or the **"Petition"**) was originally e-filed on 06.09.2025 and physically filed vide Diary No.1811 dated 09.09.2025, by Mr. Arun Jhawar, Director, Seven Hills Solvents Private Limited (hereinafter referred to as the "**Petitioner**" or **"Corporate Applicant"**) under Section 10 the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as the **"IBC"** or the **"Code"**) read with Rule 7 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 (hereinafter referred to as the **"IB Rules"**) seeking initiation of the Corporate Insolvency Resolution Process (hereinafter referred to as the **"CIRP"**) against Seven Hills Solvents Private Limited (hereinafter referred to as the "**Corporate Debtor**") for having defaulted an amount of Rs.9,76,05,997/- of secured financial debt, Rs.6,11,42,762.95/- of unsecured financial debt and Rs.4,22,67,983/- of operational debt.

2. The Corporate Debtor is a Company having registered address of at Plot No. 42 to 44 & 50 to 52, IDA, Nellimarla, Vizianagaram-535217, Andhra Pradesh. Therefore, the territorial jurisdiction of the Corporate Applicant lies within this Adjudicating Authority.

3. The facts averred by the Corporate Applicant in the Petition are summarised below:

(i) The Corporate Debtor was incorporated on 28.08.1997 under the provisions of the Companies Act, 1956. Its main objects, as given in the Memorandum of Association (hereinafter referred to as the "**MoA**"), are to carry on the business of establishing and operating a solvent extraction and crushing plant to extract oils and manufacture de-oiled cakes from various raw materials, including rice bran, cotton seed, and oil cakes such as sesame (gingilly), niger, karanja, groundnut, and mango kernel.

(ii) The Corporate Debtor commenced operations on 01.01.1999 with Mr. Nirmal Kumar Jhawar, as Managing Director and Mr. Gopal Jhawar (since deceased) as Director.

(iii) The Corporate Debtor approached ING Vysya Bank (now Kotak Mahindra Bank) for a loan/ credit facility, which sanctioned a Cash Credit Limit of Rs.11,45,00,000/- and a Term Loan of Rs.85,00,000/-.

(iv) The Corporate Debtor was initially established as a joint family business. Subsequently, due to internal disputes between the family members in the year 2019, it was mutually agreed between the shareholder of the Corporate Debtor, who are also the family members, to part ways, wherein the factory and associated business came under the sole share of Mr. Gopal Jhawar (Late) as full and final settlement. In addition to the above, by the end of the year 2019, the Corporate Debtor had fully repaid all dues of Kotak Mahindra Bank and all statutory liabilities were cleared and thus, there were no pending financial or statutory obligations.

(v) When late Mr. Gopal Jhawar in 2019 assumed the role of Chairman and Managing Director, along with his family members his son and his wife, who were appointed as Directors, the Corporate Debtor availed a loan of Rs.2.95 crores from the State Bank of India, Special SME Branch, Visakhapatnam (hereinafter referred to as the **"SBI"**) on 30.03.2019, for which all three shareholders have given security as personal guarantors. Further, the said loan limit kept enhancing from time to time on several occasions wherein, on

09.08.2024, the loan limit was enhanced to Rs.12.78 crore (Including GECL loans), out of which 2 crores was returned and total cash credit limit stands at Rs.10.78 crore (Including GECL outstanding loans).

(vi) The erstwhile Managing Director of the Corporate Debtor, late Mr. Gopal Jhawar used to manage all key aspects of the business, including procurement, sales, & finances and other two shareholders i.e., Arun Jhawar (son of the Gopal Jhawar) and Radha Devi Jhawar (wife of Gopal Jhawar) always remained a dummy partners in the operations of the business and was merely a part of the Corporate Debtor as a signing authority in the business.

(vii) Mr. Gopal Jhawar passed away on 11.04.2025 due to some illness, but one year prior to his demise, the operations of the Corporate Debtor faced disruptions due to his serious illness. Consequently, his son, Mr. Arun Jhawar, conducted the operations to ensure the Corporate Debtor ensuring that the status of going concern is not effected.

(viii) However, the factory operations came to a halt, as Mr. Arun Jhawar could not conduct the operations of the Corporate Debtor and after the demise of Mr. Gopal Jhawar, the commercial relationships of the Corporate Debtor were disrupted, severely impacting its financial transactions. Consequently, various financial, operational, and trade creditors began visiting the residence of Mr. Arun Jhawar, escalating pressure and harassment for the recovery of their respective dues.

(ix) In view of the prevailing circumstances, Mr. Arun Jhawar informed the sole Financial Creditor, SBI, regarding the demise of Mr. Gopal Jhawar, the escalating demands from other creditors, and the true financial and operational status of the Corporate Debtor, while assuring them of steps to resume profitable operations. However, SBI froze the bank accounts of the Corporate Debtor with effect from 09.05.2025, severely crippling its financial and operational capabilities. Given that the business was the primary source of income for the family, Mr. Arun Jhawar was left without recourse to manage the unforeseen and mounting liabilities of the Corporate Debtor.

(x) The current shareholders, who are mother and son, faced severe disruptions from various creditors, including unverified persons demanding recovery without establishing their relationship with the Corporate Debtor. Under these circumstances, the Directors were of the view that if the operations continues in a similar way, it will incur irreparable loss to the Corporate Debtor.

(xi) Since the sole Financial Creditor froze the bank accounts, the expenditure required to sustain the basic operations of the Corporate Debtor is being borne personally by the Directors, causing a severe financial burden. Accordingly, the Corporate Debtor intends to initiate the CIRP, so that funds currently utilized merely to sustain the Corporate Debtor can be effectively channelled towards the welfare and resolution of other stakeholders.

(xii) The particulars of the financial/ operational debt as mentioned in Part-III of the Form 6 are summarised below:

Secured financial creditors

Name of the Bank and Type of Facility	Loan Account Number	Loan Sanctioned limit (Rs.)	Outstanding as on 11.08.2025 (Rs.)
SBI (Cash Credit)	38397613195	9,99,00,000	9,26,07,254
SBI (Term Loan (GECL)	40612007129	95,00,000	49,98,743
Total Outstanding as on 11.08.2025			9,76,05,997

Unsecured financial creditors

S. N.	Name of Unsecured Financial Creditor	Amount (Rs.)	Interest
1.	Chanda Devi Karwa	8,00,000.00	Payable
2.	Axis Bank Loan	21,66,254.00	Payable
3.	Bajaj Finance Limited	11,73,798.00	Payable
4.	Tata Capital Business Loan	23,60,563.00	Payable
5.	Arun Jhawar	60,82,743.09	Non-Payable
6.	Gopal Jhawar	2,26,06,476.86	Non-Payable
7.	Gopal Jhawar (HUF)	48,46,721.00	Non-Payable
8.	Niranjanlal Jhawar (HUF):	37,06,834.00	Non-Payable
9.	Radha Devi Jhawar	1,26,59,103.00	Non-Payable
10.	Seven Hills Traders (Loan)	47,40,000.00	Non-Payable
Total		6,11,42,762.95	

Operational creditors

Rs.4,22,67,983/- as per the list certified by the Chartered Accountant

(xiii) Further, in Part-III of the Form 6, the total debt raised and amount in default has been stated to be secured financial loan and unsecured financial loan amounting to Rs.9,76,05,997/- and Rs.6,11,42,762.95 respectively.

(xiv) It is stated to have been enclosed the following documents with the Petition:

Annexure No.	Particulars	Page Nos.
1.	Board resolution authorising the initiation of CIRP under section 10 of IBC.	35-38
2.	Written communication by proposed Interim Resolution Professional (hereinafter referred to as the **"IRP"**)	39-40
3.	Certificate of Incorporation	41
4.	Memorandum of Association and Articles of Association	42-58
5.	Master Data of the Corporate Debtor	59-60
6.	Extra-ordinary general meeting and minutes of meeting	61-70
7.	Income Tax Returns and audited financial statements for assessment year 2022 to 2023, 2023 to 2024 and 2024 to 2025	71-219
8.	Projected financial statements for the period 01.04.2024 to 12.08.2025	220-223
9.	Bank statements for period 31.03.2024 to 31.03.2025	224-729
10.	Certificate of list of Financial Creditors	730-731
11.	Legal Notice from the Financial Creditor	732-754
12.	Section 13(2) notice from the Financial Creditor disclosing the details of security documents and creation of mortgage	755-761
13.	Certificate of list of unsecured Financial Creditors	762-763
14.	Loan sanction letter from unsecured Financial Creditors	764-773
15.	Certificate of Directors loan to the Corporate Applicant	774
16.	Notice from Tata Capital Limited intimating the merger of Tata Capital Financial Services Limited and Tata Cleantech Capital Limited and intimation to repay the outstanding dues	775-776
17.	Certificate of list of Unsecured Creditors	777-779
18.	Certificate of list of all assets including the debtors, deposits, and other related assets	780-785
19.	Electricity bill disclosing the electricity department holding the deposits of the Corporate Applicant as security	786
20.	Certificate of list of shareholders and directors	787
21.	Notice from GST department dated 26.06.2025	788-789
22.	Reply to the notice from GST department	790-792

Annexure No.	Particulars	Page Nos.
	dated 17.07.2025	
23.	Death certificate of Mr. Gopal Jhawar	793
24.	DIR 12 disclosing the cessation of Mr. Gopal Jhawar as Director	794-799
25.	Board resolutions and other related documents by the erstwhile shareholders for effecting the settlement results in the year 2018	800-804
26.	Board resolution to appoint Arun Jhawar and Radha Devi Jhawar as Directors. Dated 01.12.2018	805-806
27.	Vakalathnama	807-808
28.	Acknowledgement for filing in the portal of IBBI	
29.	Proof of service as served to Departments	
30.	Payment of court fees	

4. During the course of scrutiny of the Application, the Registrar, NCLT, Amaravati Bench (hereinafter referred to as the **"Registrar"**) vide e-notice no. 320/2025 dated 19.09.2025 raised various objections such as audited financial statements as on 31.03.2025; list of Corporate Debtor assets & its estimated value; in case of any property, on which a claim against the Corporate Debtor is made, particulars of claim and asset value, proof of service to the Financial Creditors; registration certificate & valid assignment of the Insolvency Resolution Professional (hereinafter referred to as the **"IRP"**). Pursuant to the above e-notice, the Corporate Applicant vide Diary No.1939 dated 25.09.2025, filed a Memo dated 22.09.2025 stating that the Code has not mandated to serve a copy to the Financial Creditors and there is only one Financial Creditor i.e., SBI and also attached the following documents with the Memo:

(i) provisional financial statements as of 31.03.2025 of the Corporate Debtor along with an affidavit/ undertaking that the audited financial statements shall be filed upon completion of the statutory audit.

(ii) list of assets of the Corporate Debtor and their estimated value as provided by the Chartered Accountant.

(iii) registration certificate and assignment of the IRP.

5. After examination of the documents filed by the Petitioner, the Registrar vide its order dated 07.10.2025, passed under Rule 28(4) of the National Company Law Tribunal Rules, 2016 (hereinafter referred to as the **"NCLT Rules"**) stating that the Corporate Applicant have failed to cure the following defects:

> "Audited Financial Statement as on 31.03.2025, Addresses of FCs and OCs, Proof of service to them"

6. Against the above order of the Registrar, the Corporate Applicant filed an Appeal bearing no. Rule 63 Appeal/4/2025 under Rule 63 of the NCLT Rules.

7. The Hon'ble Member (Judicial), vide its Order dated 31.10.2025, directed that the Petitioner shall file the audited balance sheet as on 31.03.2025 and the accompanying auditor's report within 45 days and the issue of service upon the Financial Creditors & Operational Creditors shall be considered at the time of hearing of the Petition. In compliance of the above Order, the Corporate Applicant vide Diary No. 2492 dated 15.12.2025, filed the audited financial statements as at 31.03.2025 of the Corporate Debtor.

8. Thereafter, Hon'ble Member (Judicial) vide Order dated 19.12.2025, directed the Registry is to number the Petition and list the

same in the regular course.

9. Pursuant to the above Order, the Petitioner refiled the same Petition in the DMS portal on 09.01.2026, which was listed before the Bench on 30.01.2026.

10. During the course of hearing dated 30.01.2026, it was observed that the Petition was incomplete, as many documents required to be annexed in terms of Regulation 7 of the IB Rules have not been enclosed. The Corporate Applicant undertook to submit the requisite documents and subsequently, vide Diary No. 228 dated 05.02.2026 filed Memo dated 05.02.2026. The documents recorded in the Order dated 30.01.2026 and submitted vide Memo dated 05.02.2026, by the Corporate Applicant are summarised below:

Order dated 30.01.2026	**Memo dated 05.02.2026**
(i) Copy of the provisional financial statements for the financial year 2025-26 made up to a date not earlier than 14 days from the date of the Petition.	Provisional Balance Sheet and Provisional Profit and loss account up to 31.12.2025 enclosed with the Memo. *But the same is not in the proper format i.e. in which the Financial statements are prepared.*
(ii) A statement of affairs made up to a date not earlier than 14 days from the date of Petition (corelatable with the financial statements for the financial year 2025-26 as above), including the following documents:	
(a) a list of the Corporate Debtor's assets and liabilities, divided into such categories, as are appropriate for easy identification, with estimated values assigned to each category;	Submitted only the details of sundry debtors (page-15), loans and advances (pages-17 &18), sundry creditors (page-19), unsecured loans (page-22), *leaving other assets and liabilities.*
(b) in the case of any property on which a claim against the Corporate Debtor is wholly or partly secured, particulars of the claim and its amount, and of how	Late Gopal Jhawar, founder of Corporate debtor, has given the personal guarantee. In addition the Corporate Applicant doesn't have

Order dated 30.01.2026	Memo dated 05.02.2026
and when the security was created;	details of securities, but SARFAESI notice states the list of securities, which is at page 757 of the Petition.
(c) the names and addresses of the financial creditors and operational creditors of the Corporate Debtor, with the amounts due to each of them;	Submitted the name and addresses of the Financial creditors and Operational creditors at pages 23 to 33, and amount due to them in pages 18 to 21 respectively.
(d) particulars of any debts owed by or to the Corporate Debtor to or by persons connected with it;	list of Sundry Debtors and Sundry Creditors provided as pages 15, 16 & 19 to 21, *but the list does not contain the amount owed to or by the persons connected with the Corporate debtor separately.*
(e) whether any, and if so what, guarantees have been given in relation to the debts of the Corporate Debtor by other persons, specifying which, if any, of the guarantors is a related party to the Corporate Debtor and the Corporate Applicant; and	It is stated that no third party securities and guarantees given on behalf of the Corporate debtor. *On perusal of Section 13(2) SARFAESI demand notice dated 12.08.2025, guarantees were given by the directors, i.e., Arun Jhawar and Radhadevi Jhawar to the SBI.*
(f) the names and addresses of the members of the Corporate Debtor with details of their respective shareholdings.	It is stated that the list of shareholders is at page no. 787 in Vol 6 of the Petition. *However, the same is as on 13.08.2025 and doesn't contain the addresses of the shareholders.*
(iii) Revised Form-6 with clear mention of the date of default.	Revised Form-6 annexed with memo..
(iv) Valid authorization of assignment of the IRP.	Authorisation For Assignment of IRP valid up to 31.12.2026 submitted.

11. During the course of next hearing dated 06.02.2026, the Registry was directed to issue notice to all the Financial Creditors of the Corporate Debtor and Income Tax Department intimating the next date of hearing. In compliance of above order, the Registry issued the notices dated

10.02.2026 to Financial Creditors namely SBI, Tata Capital Limited, Axis Bank Limited, Seven Hills Traders, Jhawar & Family, Chanda Devi Karwa & Bajaj Finance Limited and Income Tax Department.

12. During the course of hearing on 01.04.2026, the Corporate Applicant was permitted to takeout fresh personal notice to whom the notices has not been served, i.e., Bajaj Finance Limited, Seven Hills Traders and Jhawar & Family and file proofs of service thereto alongside the proof of service of notice to the GST Department; Mr. P. Ram Teja, Bajaj Finance Limited, sought time to file objections. The Corporate Applicant also undertook to file the provisional financial statements as of 31.12.2025 in the proper format, i.e., in which the financial statements are prepared. Additionally, the Registry was directed to issue a notice to the SBI to appear on the next date of hearing.

13. Pursuant to the above order, the Corporate Applicant vide Diary No. 623 dated 09.04.2026 filed Memo dated 07.04.2026 enclosing therewith provisional financial statement for the period ended 31.12.2025 and also stated that

(i) Email dated 02.04.2026 was sent to Bajaj Finserv & email dated 05.04.2026 was sent to Seven Hills Traders and Jhawar & Family attaching therewith six volumes of the Petition and two Memos.

(ii) Notice to the GST department was served prior to the filing of the Petition by email dated 05.09.2025 (copy enclosed with the Memo).

14. During the hearing dated 10.04.2026, the Counsels appearing on behalf of SBI, Income Tax Department, and GST Department sought and

was granted time to file their Vakalatnama and Counters.

15. Pursuant to the above order, the SBI vide Diary No.889 dated 22.05.2026, filed its Counter dated 08.05.2026, stating that:

(i) The Petition is liable to be rejected for non-compliance with Section 10(3) of the Code.

(ii) The Board Resolution dated 01.07.2025 merely authorizes the filing of the Petition under Section 10 without recording any satisfaction regarding the existence of default, insolvency, or inability to pay debts and thus fails to disclose any application of mind to the financial position of the Corporate Debtor or contain any deliberation warranting the initiation of the CIRP.

(iii) Section 10(3)(c) of the Code mandatorily requires a shareholders' special resolution to approve the filing a Petition, which not been placed on record, and the Board Resolution dated 01.07.2025 explicitly notes that member approval was still pending for a proposed Extraordinary General Meeting. Even, if the Directors and Shareholders are the same individuals, no resolution was ever passed by them in their capacity as shareholders.

(iv) The chronology of events clearly demonstrates that the Corporate Debtor chose to file the present Petition only after the SBI initiated statutory recovery measures, including the issuance of a notice under Section 13(2) of the SARFAESI. It is settled law that the provisions of the Code cannot be invoked as a shield against enforcement actions initiated by secured creditors. This sequence establishes that the Petition was not a genuine insolvency trigger, but was filed with the sole intention of frustrating the recovery proceedings initiated by the SBI by obtaining the benefit of a moratorium under Section 14 of the Code.

(v) The facts on record indicate mere financial stress and operational difficulties arising out of internal issues and mismanagement, which do not ipso facto constitute a case for initiation of CIRP under the Code. The Corporate Debtor failed to demonstrate any genuine intent or feasibility of resolution. Further, the Corporate Debtor's own proposal for settlement at approximately 50% of the outstanding dues clearly indicates that it was pursuing a negotiated settlement outside the framework of the Code. Having failed in such attempts, it cannot now invoke Section 10 of the Code as an alternative remedy, which amounts to abuse of the process of law.

(vi) The Corporate Debtor, engaged in the manufacturing, processing, and marketing of solvent oils and allied products, availed various credit facilities from the SBI for its operational and working capital requirements. Initially, a fund-based working capital (hereinafter referred to as the "**FBWC**") facility of Rs.2.95 crore was sanctioned on 30.03.2019. Upon the Corporate Debtor's requests, the SBI enhanced these facilities, including increasing the cash credit limit to Rs.10 crore on 02.07.2023 with total proposed exposure increasing to Rs.11.10 crore. Subsequently, SBI sanctioned an ad hoc cash credit facility of Rs.2 crore on 12.08.2024, renewed the Rs.10.00 crores FBWC facility, and extended GECL 1.0 and GECL

Extension 1.0 loans (with outstandings of Rs.3.00 lakhs and Rs.75.00 lakhs, respectively), bringing the total exposure to Rs.12.78 crores.

(vii) The security provided by the Corporate Debtor is as follows:

PRIMARY SECURITY

Facility	Details
Cash Credit, Adhoc, GECL 1.0, GECL 1.0 Ext	Hypothecation of stocks, receivables, and all other current assets of the Company

COLLATERAL SECURITY

Facility	Details of Collateral Security	Owned by
Cash Credit, Adhoc, GECL 1.0, GECL 1.0 Ext	01. Factory Land & Buildings at Plot Nos 42,43,44,50,51,52 situated at SY No 326P and 327P, APIIC IDA, Nellimarla, Vizianagaram,535217	M/S. Seven Hills Solvents pvt. ltd
Cash Credit, Adhoc, GECL 1.0, GECL 1.0 Ext	01. Commercial Plot Nos 45 & 46 situated at SY No 325,326 and 327, APIIC IDA, Nellimarla, Vizianagaram,531125	M/S. Seven Hills Solvents pvt. ltd

Personal Guarantees:

Facility	Details of Guarantors
Cash Credit, Adhoc, GECL 1.0, GECL 1.0 Ext	1. Shri. Gopal Jhawar S/o. Surajmal Jhawar 2. Shri. Radhadevi Jhawar W/o. Gopal Jhawar 3. Shri. Arun Jhawar S/o. Gopal Jhawar

(viii) The Collateral security was created via equitable mortgage over immovable properties by deposit of title deeds. The Corporate Debtor executed confirmations for the creation and extension of this mortgage on 04.04.2019, 01.01.2020, 05.02.2021, 01.12.2021, 13.04.2022, 21.07.2023, and 13.08.2024.

(ix) The working capital facilities availed by the Corporate Debtor were repayable on demand, with interest to be serviced monthly. However, the Corporate Debtor defaulted on repayments and interest servicing, leading to the loan account being classified as a non-performing asset (hereinafter referred to as the **"NPA"**) on 10.08.2025. The Corporate Debtor has also admitted its liability and acknowledged outstanding amounts due to the Financial Creditor.

(x) The SBI issued pre-NPA notices to the Corporate Debtor on 23.06.2025, 01.07.2025, and 01.08.2025, followed by another notice on 06.08.2025 served on its director, demanding account regularisation and repayment. The SBI subsequently issued a legal demand notice on 28.11.2025, which returned unserved with the endorsement "addressee left without instructions..

(xi) As the Corporate Debtor's continued failure to comply with these demands compelled SBI to initiate recovery measures, a demand notice under Section 13(2) of the SARFAESI was issued and served on the Corporate Debtor on 12.08.2025 and 13.08.2025, followed by a possession notice under Section 13(4) on 14.10.2025, calling upon it to discharge its outstanding liabilities in full, failing which the SBI would be entitled to enforce its security interest. Thereafter, a sale notice dated 14.11.2025 was issued to the Corporate Debtor and published in the newspaper on 18.11.2025.

(xii) The SBI filed Crl. M.P. No. 70/2025 dated 22.12.2025 before the Hon'ble CJM-cum-SCJ, Vizianagaram, which appointed an Advocate Commissioner, who took physical possession of the secured asset on 06.02.2026. Subsequently, a first e-auction notice was issued on 18.02.2026 for an auction conducted on 25.03.2026, which failed due to non-participation of bidders.

(xiii) The SBI also instituted recovery proceedings by filing Original Application (O.A.) No. 1299/2025 before the Hon'ble Debts Recovery Tribunal, Visakhapatnam (hereinafter referred to as the **"DRT"**) against the Corporate Debtor and its guarantors for the recovery of outstanding dues, which is currently pending adjudication.

(xiv) The Corporate Debtor executed a balance confirmation letter dated 31.03.2024, acknowledging and confirming the outstanding liability due to SBI. Subsequently, on 12.08.2024, the Corporate Debtor executed renewal documents further confirming and acknowledging the subsisting debt and liability towards SBI.

(xv) The present Petition under Section 10 of the Code is initiated subsequent to the initiation of SARFAESI and DRT proceedings, demonstrates that the Corporate Debtor initiated these proceedings with the sole intention of avoiding repayment and obstructing, delaying, and frustrating lawful recovery actions undertaken by SBI.

(xvi) The Director of the Corporate Debtor issued a letter dated 29.07.2025, categorically admitting its liability and financial distress. It acknowledged outstanding dues of approximately Rs.9,20,00,000/- under cash credit and Rs.49,00,000/- under GECL facilities. The Corporate Debtor also admitted to a blockage of funds of approximately Rs.6,00,00,000/-, inability to recover receivables, cessation of debtor payments, lack of funds and stock to run operations, and inability to realize sufficient value from the sale of its unit.

(xvii) The financial distress of the Corporate Debtor is self-inflicted and cannot be attributed solely to the demise of Mr. Gopal Jhawar. In its communication to SBI dated 29.07.2025, the Corporate Debtor admitted that Rs. 6,00,00,000/- were blocked in fish ponds leased by Mr. Gopal Jhawar. However, its MoA restricts its objects to solvent extraction, oil manufacturing, and allied operations, which include setting up a solvent extraction plant for manufacturing de-oiled cakes and crushing oil cakes like sesame, niger, groundnut, karanja, mohua, mango kernel, rice bran, and cotton seed for extraction. The objects clause demonstrates that the Corporate Debtor was never authorized to undertake fish farming, aquaculture, or leasing of fish ponds. Therefore, the diversion of substantial funds into fish pond activities was outside the scope of its authorized business and in direct violation of its MoA and SBI's sanction conditions.

(xviii) The sanction terms governing the credit facilities granted by SBI specifically stipulated that the Corporate Debtor and the guarantors shall not undertake any trading or business activity other than the sale of produce arising out of its manufacturing/ trading operations. In clear violation of these sanction conditions, the Corporate Debtor diverted substantial funds into fish farming/ aquaculture activities, which were neither connected with nor incidental to its sanctioned line of business. Such unauthorized diversion of funds into speculative and unrelated activities constitutes a breach of the sanction terms and materially contributed to the financial distress.

(xix) Substantial funds of the Corporate Debtor were diverted into an unrelated and speculative venture, resulting in losses of nearly Rs.13,00,00,000/- by its own admission. Consequently, the Corporate Debtor cannot justify its default on the ground of financial distress, as this distress arose from unauthorized, unrelated business activities undertaken without disclosure to the SBI.

(xx) The Corporate Debtor failed to maintain proper governance, internal controls, and records. Mr. Arun Jhawar admitted that he could not trace any debtors, as the names, addresses, and phone numbers in the bills did not match the actuals. This inability to identify or verify its own debtors reflects gross mismanagement and non-maintenance of proper books of account, disentitling the Corporate Debtor from seeking equitable relief under the Code.

(xxi) The Corporate Debtor attempted to dispose of its running industrial unit at a distress value of Rs.7 to 8 Crores without informing or obtaining consent from SBI. Since the outstanding dues to SBI alone exceed Rs.9.70 Crores, and liabilities to other creditors exceed Rs. 4.24 Crores, this proposed sale would not have satisfied even the secured debt. This conduct demonstrates an attempt to undervalue the secured assets and settle affairs outside the due process of law, prejudicing the rights of the secured creditor and other stakeholders.

(xxii) The Director of the Corporate Debtor admitted that various facilities availed from YES Bank, Tata Capital, Axis Bank, and Bajaj Finserv stand in the name of the Corporate Debtor with the Directors as co-applicants, reflecting an intermingling of personal and corporate liabilities. Despite this, the Corporate Debtor is attempting to invoke CIRP proceedings to such liabilities.

(xxiii) The allegation that SBI arbitrarily froze the Corporate Debtor's account is false, baseless, and denied. The Corporate Debtor provided no material record to substantiate this claim. Furthermore, the letter dated 29.07.2025 by Director Mr. Arun Jhawar makes no mention of any account freezing, demonstrating that the allegation is an afterthought engineered solely for this Petition.

(xxiv) The averment that Mr. Arun Jhawar and Ms. Radha Devi Jhawar had no role in the business operations and were merely dummy partners or signing authorities is false and contrary to the record. In his letter dated 29.07.2025 addressed to SBI, Director Mr. Arun Jhawar categorically admitted that he looked after the plant maintenance and production activities.

(xxv) Section 10 of the Code is intended to facilitate insolvency resolution and cannot be invoked to stall lawful recovery actions. The present Petition was filed after the initiation of recovery proceedings under the SARFAESI Act and the filing of an Original Application before the Hon'ble DRT. The Corporate Debtor has failed to place any material on record to demonstrate that the present case warrants the initiation of CIRP or that it would serve the object of resolution under the Code. In the absence of such material, the petition does not merit admission.

(xxvi) Due to the Corporate Debtor's defaults, the SBI has been adversely affected. Initiating CIRP without justifying material would impose a moratorium and procedural expenses, further impacting the SBI. The facts and admissions demonstrate that this Petition is not a bona fide attempt at insolvency resolution, but a calculated strategy to evade repayment and stall recovery. Consequently, the Petition constitutes an abuse of the process of law and is liable to be rejected with exemplary costs.

16. No counter has been filed by Bajaj Finserv, GST department, Income Tax department and any other creditor.

17. During the hearing dated 08.06.2026, the Counsel for the SBI submitted that the present Petition has been filed mainly to defeat the purpose of the Original Application filed by them under the provisions of SARFAESI Act before the Hon’ble DRT and in support of his contentions referred to paras 10 to 15 of the Order dated 19.01.2026 passed by the

Co-ordinate NCLT, New Delhi Bench in the matter of Jakhodia Traexim Private Limited (CP(IB)-156(ND)2025), which are reproduced as under:

> *"10. As a result of said default on the part of the applicant, the account of the applicant was declared as a NPA on 19.07.2016. the Respondent bank had issued notice u/s 13(2) of SARFAESI Act on 31.05.2017 for Recovery of Rs.7.59 Crore. The applicant, being the borrower, had raised the objection, vide response/ notice dated 20.07.2017, wherein the applicant had informed the Bank about the death of one of the Mortgagor, namely Mrs. Prem Lata Jakhodia. That the said objection notice was duly replied by the bank on 01.08.2017. The Bank had filed an original application in March 2018 before the Hon'ble DRT Delhi for recovery of an amount of Rs. 8.72 Crore after impeding all the Legal Heirs of the Mortgagor.*
>
> *11. On perusal of the records, it is observed that the present application had been filed with a fraudulent intent to deprive the creditor of their rightful dues. On the basis of aforesaid material, we are of view that the Corporate Debtor trying to seek benefit of moratorium under Section 14 of the Insolvency and Bankruptcy Code, 2016 and other advantages in accordance with other provisions of the IBC.*
>
> *12. It is useful to refer the judgment of the **Hon'ble NCLAT in Unigreen Global Pvt. Ltd. VS. Punjab National Bank & Ors. CA (AT) (Ins. 81/2017)** wherein it was held that "if a corporate debtor has adopted measures to defraud creditors or has malicious intent behind filing an application under Section 10 of the IBC, such an application is liable to be rejected. The tribunal underscored that the IBC should not be used as a tool to circumvent legitimate dues owed to creditors."*
>
> *13. It is an inevitable conclusion that the Corporate Debtor has filed the application not for the genuine purpose of resolution, but rather with an ulterior motive to prevent HDFC Bank from recovering its legitimate dues from the corporate debtor.*
>
> *14. Further, it is on record that HDFC Bank Financial Creditor has strongly opposed the admission of section 10 application by filing their detailed counter reply. Upon careful consideration, it is evident that the promoters' primary intent is not a bona fide resolution but rather to secure admission under the Insolvency and Bankruptcy*

> *Code (IBC), trigger the moratorium, and consequently stall all recovery proceedings.*
>
> *15. The Adjudicating Authority have discretion to reject the debtor's application where the debtors misuse the provisions for CIRP under the IBC. Moreover, the IBC, as a special legislation, is designed to facilitate genuine insolvency resolution and not to be exploited as a shield against creditor rights. Any misuse of its provisions to create an unfair advantage for one party at the expense of another goes against the fundamental objectives of the Code. Therefore, such an attempt to manipulate the insolvency framework must be viewed critically to prevent any abuse of the process."*

18. During the hearing dated 08.06.2026, the Counsel for the Corporate Debtor in support of his submissions relied on paras 31 to 34 of the Judgment dated 21.11.2024 passed by the ***Hon'ble NCLAT in the matter of Getz Cables Private Limited vs. State Bank of India & Anr. (Company Appeal (AT) (Insolvency) No.1953 of 2024)***, which are reproduced as under:

> *31. We in the present case are considering the question as to whether rejection of Section 10 application on the ground of invoking Section 65 is justified or not. There are no other facts and ground pleaded to prove any fraudulent and malicious intent by the CD in filing Section 10 application. For allowing Section 65 application, fraudulent and malicious intent of CD has to be proved from some materials on record. <u>Merely because proceeding under Section 13, sub-section (2) and (4) has been initiated by the creditor prior to filing of Section 10 application, cannot be a ground to hold that Section 10 application is filed with malicious and fraudulent intent</u>. For proving fraudulent and malicious intent, something more is required to be pleaded and proved apart from initiation of proceedings under Section 13, sub-section (2) and (4) by the creditor against the Corporate Applicant.*
>
> *32. In view of the foregoing discussions, we are satisfied that Adjudicating Authority committed error in allowing Section 65 application filed by the SBI and rejecting Section 10 application. In event a proposition of law is accepted that when a creditor has initiated proceedings under Section 13, sub-section (2) against the*

CD, he is precluded to file Section 10 application, that proposition will be clearly against the intent and purpose of Section 10 of the IBC. However, in appropriate cases, where it is proved that initiation of Section 10 application is for purpose other than resolution of the Corporate Debtor and has been initiated with malicious and fraudulent intent, the Adjudicating Authority is fully justified in rejecting Section 10 application, which proposition has been laid down and accepted by this Tribunal in cases as noted above.

33. As observed above, the basis of rejection of Section 10 application is the finding by the Adjudicating Authority that application has been filed with malicious and fraudulent intent to delay and halt the recovery proceedings. There mere fact that application is filed, consequent of which the recovery proceedings may be halted, cannot lead to conclusion that intent and purpose of the application is malicious and fraudulent. We, thus, are satisfied that Adjudicating Authority committed error in allowing Section 65 application filed by the SBI.

34. In result, we allow the Appeal and set aside the order dated 30.09.2024 allowing IA No.1955 of 2024 and rejecting Section 10 application. The Appeal is allowed. IA No. 1955 of 2024 is dismissed. The company petition filed under Section 10 is revived to be considered and decided by the Adjudicating Authority afresh. We make it clear that we have not expressed any opinion in this order regarding merits of Section 10 application and the question as to whether the application deserves to be admitted or not is for the Adjudicating Authority to consider the submission of the parties and take decision in accordance with law in C.P. (IB)-749/ND/2023. The Appeal is allowed accordingly. There shall be no order as to costs."

19. We have heard the submissions of Counsels for the Corporate Debtor and the SBI and perused the records carefully.

20. It is noted from the SARFAESI Notice dated 12.08.2025 enclosed at page nos. 97 to 100 of the Counter filed by the SBI that the following agreements, which *inter-alia* includes SME 01: letter of arrangement and SME 03: guarantee agreement, were entered into between the SBI and Corporate Debtor & Guarantors for sanction/ enhancement of the credit

facility:

Sl. No.	Date of execution	Amount sanctioned/ enhanced
1	04.04.2019	Rs.2.95 crores
2	31.12.2019	Rs.3.68 crores
3	30.09.2020	Rs.4.03 crores
4	04.02.2021	Rs.4.03 crores
5	30.11.2021	Rs.6.84 crores
6	11.04.2022	Rs.8.79 crores
7	11.07.2023	Rs.11.10 crores
8	12.08.2024	Rs.12.78 crores

21. It is further noted that out of the above letters of arrangement/ guarantee agreements, the only letter of arrangement dated 12.08.2024 is available in the pleading of the parties.

22. As per the terms and conditions of the letter of arrangement dated 12.08.2024, during the currency of the SBI credit facilities, the Corporate Debtor/ Guarantors, will not, without the SBI prior permission in writing, enter into borrowing arrangement either secured or unsecured with any other bank, financial institution, company or person as well as shall not also undertake any trading activity other than the sale of produce arising out of its own manufacturing/ trading operations. The relevant extracts of the letter of arrangement, are reproduced below:

14. OPEN TERM LOAN:

The following Terms and Conditions, amongst others, shall apply in respect of Open Term Loan Facility if any, sanctioned to you by the Bank:

a) The loan has been considered for the following genuine commercial purposes in line with the regular business activity of the Unit:

i) The unit's primary activities are Manufacture, Supply, Erection & Testing of Primary Gas Coolers, SS Spray Saturators, Manufacture and Supply of SS Acid Catcher, Manufacture and Supply of SS High/Low Acid Tank, Feed Liquor Tank, CS Vapour Condenser, CS Rich Oil Separator, boilers, oxygen plants, nitrogen plants, acid tanks and vessels, heat exchangers, stainless steel and carbon steel equipments etc.

xxxxxxxxxxxxxxxxxx

xxvii) During the currency of the Bank's credit facilities, the Unit / Guarantors will not, without the Bank's prior permission in writing:

1. Effect any change in the Unit's capital structure.
2. Implement any scheme of expansion / modernization / diversification / renovation or acquire any fixed assets during any accounting year, except such schemes which have already been approved by the Bank.
3. Formulate any scheme of amalgamation or reconstruction.
4. Invest by way of share capital or lend or advance funds to or place deposits with any other concern, including sister / associate / family / subsidiary/ group concerns. However, normal trade credit or security deposits in the normal course of business or advances to employees can be excluded.
5. Enter into borrowing arrangements either secured or unsecured with any other bank, Financial Institution, company or person.
6. Undertake guarantee obligations on behalf of any other company, firm or person.
   a) Declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that no default had occurred in any repayment obligations.
   b) Effect any drastic change in their management setup.
   c) Effect any change in the remuneration payable to the Directors / Partners, etc. either in the form of sitting fees or otherwise.
   d) Pay guarantee commission to the guarantors whose guarantees have been stipulated / furnished for the credit limits sanctioned by the Bank.
   e) Create any further charge, lien or encumbrance over the assets and properties of the Unit / Guarantors to be chared / charged to the Bank in favour of any other bank, Financial Institution, firm or person.
   f) Sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the Bank.
   g) Undertake any trading activity other than the sale of produce arising out of is own manufacturing / trading operations.
   h) Open any account with any other bank.If already opened, the details thereof is to be given immediately and a confirmation to this effect given to the Bank.

23. Mr. Gopal Jhawar, Smt. Radhadevi Jhawar & Shri Arun Jhawar, are the guarantors of the above SBI credit facilities, who have also signed the above letter of arrangement. The relevant extracts of the letter is reproduced below:

(287) Annexure-I

TERMS & CONDITIONS Stipulated by the loan sanctioning committee:

i) The unit to submit separate valuation for edible oil and de-oiled stocks in the upcoming stock statements and stock audit.
ii) Stock Audit will be conducted Half Yearly Intervals.
iii)The unit to submit CA certificate on outstanding receivables at quarterly intervals

01. SECURITY:

Primary security :

Facility	Details	Value	Based on
Cash Credit, Adhoc, GECL 1.0, GECL 1.0 Ext	Hypothecation of stocks, receivables and all other current assets of the Company	Rs. 20.47 Crs	Prov BS 31.03.2024

Collateral Security :

Facility	Details of Collateral Security	Owned by
Cash Credit, Adhoc, GECL 1.0, GECL 1.0 Ext	01. Factory Land & Buildings at Plot Nos 42,43,44,50,51,52 situated at Sy.No 326P and 327P, APIIC IDA, Nellimerla, Vizianagaram, 535217.	M/s. Seven Hills Solvents Pvt. Ltd
	02. Commercial Plot Nos 45 & 46 situated at Sy No. 325,326 ,327, APIIC IDA Nellimarla, Vizianagaram, 531125.	M/s. Seven Hills Solvents Pvt. Ltd

Personal Guarantee:

Facility	Details of Guarantor
Cash Credit, Adhoc, GECL 1.0, GECL 1.0 Ext	01. Shri. Gopal Jhawar S/o. Surajmal Jhawar 02. Shri. Radhadevi Jhawar W/o. Gopal Jhawar 03. Shri. Arun Jhawar S/o. Gopal Jhawar

2. PERIOD OF ADVANCE & REPAYMENT TERMS:

Working Capital (Cash Credit) : Repayable on demand. The facility which has been sanctioned/Renewed on 07.08.2024 is available for 12 months from that date, subject to review every 12 months, when it may be cancelled / reduced depending upon the conduct and utilization of the advance, or as per the Bank's Scheme.*

Working Capital (Cash Credit- Adhoc) : Repayable on demand. The facility which has been sanctioned on 07.08.2024 is available for 03 months from the date of first disbursement.

*Note : Validity of sanction is 6 months i.e. if the facility is not availed with in 6 months it is deemed to be cancelled.

Interest shall be payable on the outstanding in the loan accounts computed on daily balances basis duly compounded and debited to the accounts at monthly rests on the last working day of every month, in accordance with the accounting practices of the Bank from time to time.

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SEVEN HILLS SOLVENTS PVT. LTD.

Managing Director

This Annexure is the True Copy of the Original Document

For State Bank of India
Chief Manager
SPL. SME BR.-63646, VSP

24. The SBI, during the hearing on 08.06.2026, has contended that the Corporate Debtor vide its letter dated 29.07.2025 have admitted that Mr. Gopal Jhawar, one of the Guarantor of the credit facility has undertaken the activity of fish pond, which is not permitted as the terms and conditions of the credit facility and is one of the main reasons for default in repayment. The relevant extracts of the letter dated 29.07.2025 are reproduced below:

SEVEN HILLS SOLVENTS PVT LTD

A15

Regd.Office & Factory Address
Plot No.42 to 46 & 50 to 52,
I.D.A., NELLIMARLA - 535 217,
Dist. Vizianagaram (A.P.),
Cell: 95737 92695, 94401 92695, 90527 36365
CIN - U27107AP1997PTC027850
GST: 37AAECS2803G1ZK
E-mail: shspltd@rediffmail.com

Postal Address
Singapore city,
Sunflower East Block,(A Block),
4th Floor, Flat No-407,
Revenue Ward-7,
Dasannapeta,
Vizianagaram (Dist)
Andhra Pradesh - Phone: 90900

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To
The Chief Manager,
STATE BANK OF INDIA,
Spl. SME Branch,
Dwarkanagar,
Visakhapatnam.

Dt: 29/07/2025

Subject: Request for Loan Reconstruction due to the demise of Our Factory's Managing Director and also the Key promoter Mr. Gopal Jhawar.

Respected Sir,

I am writing this letter on behalf of Seven Hills Solvents Pvt. Ltd which has availed a CC Limit facility from your esteemed bank under the Account No:**38397613195** of **Rs.10,00,00,000/- for which the total outstanding is 9,20,64,594/-**(Rupees Nine Crores Twenty Lakhs Sixty Four Thousand Five Hundred And Ninety Four) and GECL Loan of **Rs.95,00,000/-**(Rupees Ninety Five Lakhs) for which the outstanding amount is **Rs.49,10,983/-**(Rupees Forty Nine Lakhs Ten Thousand Nine Hundred and Eighty Three).

We regret to inform you that our Key promoter, Mr. **Gopal Jhawar** passed away on **11/04/2025**. His sudden demise has had a significant impact on Business Operations, Financial Planning and overall stability. As a primary decision maker and contributor to the functioning of our enterprise, his loss has not only been emotional but has also severely disrupted our cash flow and repayment capability.

Dear Sir, I want to bring light on fewer operational things of the company:

- Mr. Gopal Jhawar used to look after purchase, Sale and financial operations of this firm.
- Myself being one of the director who joined him a couple of years ago, Only used to take care of the Plant maintenance and production activities
- Sir, Our bi-product which is De-Oiled Rice Bran(DORB) is majorly used in aqua culture and we used to sell to the Fish Farmers only in and around East and West Godavari districts, where during Covid Our Company's funds were stuck since then
- So, Due to the major funds Blockage (**6 crores approx.**) Mr. Gopal Jhawar had to take fish ponds on lease and used to run them in order to recover the above mentioned amount.

- He started doing fish ponds by himself and used to send funds in the company every 6 months during the catchment of the fishes and I used to run the factory using those funds.
- Situation was neck to neck from the last two years due to shortage of the funds.
- Within No time the **6 crores of outstanding became 13 crores** after facing severe losses and mismanagement at the ponds by the localities and their cruel politics and he started taking further loans to run the business.
- After his demise, We stopped getting payments from Debtors
- I Even tried approaching them for payments but was of no use as nobody encouraged me with the payment receivables.
- I Couldn't trace any of the Debtor as their name, address and even phone No's mentioned in the bills did not match from the actuals
- When I thought of doing the catchment myself, I was told that the lease is under Gopal Jhawar and hence you are not supposed to do the catchment of the ponds.

The above situation is just a summary of what I am facing in regards to the fish ponds where our funds are parked and we have become helpless and also clueless.

With Regards to the factory, I do not have sufficient funds or stock to run the show and reason being I have decided to sell my running unit to clear the bank loan. But unfortunately I am not even getting the close figure to match the loan amount of your bank.

The price I am getting is 7 crores and some are offering between 7-8crores but their condition is to clear the due's factory has (Creditors, Govt. Dues, Taxes etc.).
The value which is being offered to me now is since it is a running unit and **I may not even get this value in the near future.**

Total outstanding creditors: **4, 24, 88,989/-**(Four Crores Twenty Four Lakhs Eighty Eight Thousand Nine Hundred and Eighty Nine only)

Dear Sir, This can be irrelevant to you but I would want to mention about few more liabilities the company has,
We have unsecured loans from the following institutions,
Housing loan (YES BANK) of **1,62,00.000/-** (One crore sixty two lakhs) present outstanding.

TATA CAPITAL:27,87,920/-
AXIS BANK:21,66,254/-
BAJAJ FINSERV:14,34,699/-

All the loans are in the name of Seven Hills Solvents Pvt. Ltd and Gopal Jhawar, Myself and my mother are co applicants to these loans and the major mishap here is insurance copies pertaining to all the existing loans are under my name, where I have become liable to repay all the loans and all the loan recovery agents are behind me to repay back the amounts.

25. It is also stated from the letter dated 29.07.2025 that the Corporate Debtor had obtained loans from Yes Bank, Tata Capital Limited, Bajaj Finance Limited, and Axis Bank. Further, the following documents have been enclosed with the Petition with regard to obtaining the loan from the Tata Capital Limited, Bajaj Finance Limited, and Axis Bank:

(a) Tata Capital Limited letter dated 01.09.2024 addressed to the Corporate Debtor confirmig the loan details, which is enclosed at page nos. 770 to 773 of the Petition and relevant extracts of which are reproduced below:

TATA

01-Sep-2024

Seven Hills Solvents Pvt Ltd
Plot No 42 To 44 50 To 52 I D A Nellimarla Saripalli Road Nellimarla
Vizianagaram
Landmark -Main Road
Vizianagaram
Andhra Pradesh
PIN Code - 535217
India
Mob:+91-9440192695
Loan A/c Number: TCFBL0456000013155779

Dear Sir/Madam,

We are pleased to welcome you to the TATA Capital Family!

It is our constant endeavor to ensure transparency in all our interactions and hence, we are pleased to reconfirm your loan details given below. Please get in touch with us in case you notice any difference from the terms communicated previously.

Type of facility	Business Loan Unsec
Loan amount disbursed	Rs. 35,00,000.00
Type of interest	Fixed
Installment amount	Rs. 1,25,657.00
Loan tenure (in months)	36
Date of commencement of Installment	05-Oct-2024

At Tata Capital, we offer a range of financial products and solutions that cater to your individual as well as corporate requirements. Please visit our website www.tatacapital.com for more information on any of these products and services or contact us to avail them.

In case you have any queries, please feel free to contact us through any of the following

You can call us on our customer care no – 1860 267 6060 anytime between 9:00 a.m. to 8:00 p.m. from Monday to Saturday (Except public holidays and Sundays). You can also visit our website www.tatacapital.com and log in via "Retail Customer Login" using your registered mobile number or Email Id. You can also E-mail us at customercare@tatacapital.com .

We shall be glad to be of assistance to you.

Thanking you,
For TATA CAPITAL LIMITED

Authorized Signatory
Deepak Aggarwal
National Operations Head

(b) Bajaj Finance Limited - Business Loan / Professional Loan Sanction Letter dated 05.09.2024 addressed to the Corporate

Debtor, which is enclosed at page no. 769 of the Petition and and relevant extracts of which are reproduced below:

9/5/24, 8:07 PM DL PL - Sanction Letter cum Loan Agreement 76

FINSERV

BAJAJ FINANCE LIMITED ("BFL") - Business Loan / Professional Loan Sanction Letter

Reference No.: SME00001[illegible]

Date: 2024-09-05

To,

SEVEN HILLS SOLVENTS PRIVATE LIMITED

Address: PLOT NO 42 TO 44 50 TO 52 I D A NELLIMARLA SARIPALLI ROAD -NELLIMARLA VIZIANAGARAM-VIZIANAGARAM-535217-ANDHRA PRADESH

Contact No.: 9440192695

Kind Attn.: GOPAL JHAWAR

Subject: Sanction Letter of Business Loan / Professional loan from Bajaj Finance Limited for an amount mentioned in below table.

Dear Sir/Madam,

We thank you for choosing Bajaj Finance Limited ("BFL" and/or "Lender") which expression shall include our successors, transferees, novatees and assigns) as your financial partner and look forward to an enduring relationship with you.

With reference to your loan application, we are pleased to extend to you a Business Loan for an amount mentioned in below table subject terms and conditions set out in this letter ("Sanction Letter") and execution of the loan documents between you, i.e. the "Borrower" and BFL and submission of other required documents detailed below, unless specifically waived by BFL.

For the purposes of this Sanction Letter, words and expressions used herein but not defined shall have the same meaning as assigned to them in the Business and Professional Loan Agreement executed/to be executed between you and BFL.

TERMS AND CONDITIONS

Name of Applicant	SEVEN HILLS SOLVENTS PRIVATE LIMITED
Name of Co-Applicant	GOPAL JHAWAR
Type of Loan	NEW
Loan Variant	Normal term loan
Gross Loan amount (includes approved loan amount, VAS Charges, Insurance Premium, Documentation charges, Flexi Fees, and Processing Fees)	Not exceeding ₹ 1566981.00 (Rupees Fifteen Lakh Sixty Six Thousand Nine Hundred and Eighty One Rupees Only Only)
Top Up/Loan Conversion	*₹ [NA](Rupees [NA]), as per break up given below. *Amount to be paid in existing loan account No. NA (A) - ₹ NA *Top up loan amount to be paid to Borrower(B) - ₹ NA *Total Loan Amount (A+B) - ₹ NA* *The loan amount may vary after including applicable interest till the date of closure of existing loan(s) or payment of EMI(s) in existing loan(s) during the process of processing Top-Up/conversion request. Exact amount will be communicated to you by welcome letter/SMS/other communication.*
Loan Tenure (in months)	Term Loan/Flexi Term Loan -60 Hybrid Flexi Loan

CERTIFIED TRUE COPY

Consent Details : Accepted IP Address : [illegible] Language Name : English Application Number : [illegible]
Date & Time: 2024-09-05 20:07:00 Mobile Number: [illegible]
Email ID: [illegible]

(c) Statement of Account dated 15.04.2025 of Axis Bank showing the loan details of the Corporate Debtor, which is enclosed at page nos. 764 to 768 of the Petition and the relevant extracts of which are reproduced below:

AXIS BANK

764

STATEMENT OF ACCOUNT

BPR007511009271	Agreement Number BPR007511009271	Date 15-04-2025

SEVEN HILLS SOLVENTS PRIVATE LIMITED .

Customer ID	: XX6458
Registered Mobile No.	: XX2695
Email ID	: XXXXXXXX1998@gmail.com
Loan Sanctioned	: INR 30,00,000.00

LOAN DETAILS

Branch	: VISHAKAPATANAM RAC	Amount Financed	: INR 30,00,000.00
Product	: SBB BUSINESS POWER BRE	Amount Disbursed	: INR 30,00,000.00
Currency	: INR	Moratorium Interest Capitalised**	: INR 0.00
Application No.	: 24689633	Outstanding Balance (Outstanding Principal)	: INR 25,07,894.00
Co Applicant Name	: RADHADEVI JHAWAR,ARUN JHAWAR,GOPAL JHAWAR	Principal Overdue (A)	: INR 0.00
Property Address	:	Interest Overdue (B)	: INR 0.00
Rate of Interest (%)	: 16.75	Penal Interest*** + Interest on Overdue EMI (C)	: INR 0.00
Disbursal Date	: 03-09-2024	Penal Charges**** (D)	: INR 0.00
Loan Term Original	: 36 (months)	Cheque bounce charges + Other charges (E)	: INR 0.00
Undisbursed Amount	: INR 0.00	Total Overdue (A+B+C+D+E)	: INR 0.00
EMI Commenced	: Yes	Unadjusted Amount	: INR 0.00
Repayment Mode	: ECS	Principal Paid	: INR 4,92,106.00
Repayment Bank	: STATE BANK OF INDIA	Interest Paid	: INR 2,53,989.00
Pending Future Installments	: 29	Status	: Active
EMI*	: INR 1,06,585.00		

26. The SBI, during the hearing on 08.06.2026, has contended that the obtaining the loan by the Corporate Debtor from the Tata Capital Limited, Bajaj Finance Limited, and Axis Bank, without the SBI prior permission in writing, would amount to violation of the terms and conditions of the letter

of arrangement dated 12.08.2024.

27. It is contended by the SBI that the Corporate Debtor cannot justify its default on the ground of financial distress, as this distress arose from unauthorized, unrelated business activities undertaken without prior permission of the SBI. Further, the undertaking these activities were even not disclosed to the SBI.

28. The Corporate Applicant has not contended the aforesaid facts, either in its pleadings or during the arguments put forth in different hearings of the Petition.

29. It is noted that the present Petition has been filed on 06.09.2025 after issue of the SARFAESI Notice issued on 12.08.2025 to defeat the SARFAESI Proceedings initiated by the SBI against the Corporate Debtor to take undue advantage of the moratorium under IBC and deserves to be dismissed. It is noted that the **Hon'ble NCLAT Principal Bench, New Delhi in its judgment dated 25.07.2024 in the matter of *Agroha Paper Industries Pvt. Ltd. v. Bank of Maharashtra* [Company Appeal (AT) (Insolvency) No. 1342 of 2023]** has held that a Section 10 application filed with the intent to stall or defeat recovery proceedings constitutes an abuse of the insolvency process and is liable to be rejected and the ratio of the said judgment squarely applies to the facts of the present case. The relevant extract of the said judgement is reproduced below:

> *"16. There is no quarrel over the fact that Section 10 vests rights on the Corporate Debtor to resolve their insolvency. However, one cannot lose sight of the fact that this protective umbrella over the*

assets of the Corporate Debtor is not misused or abused in a manner so as to become a tool for deriving undue advantage at the cost of insolvency resolution which objective unequivocally resonates in the preambular aspirations of the IBC. We are of the considered view that the Adjudicating Authority rightly deprecated the Appellant Company for having filed the application under Section 10 of IBC after unsuccessfully trying at pre-empting recovery proceedings undertaken by the Respondent Bank. We are therefore inclined to agree with the Adjudicating Authority that the bonafide of the Appellant in filing of the Section 10 application was doubtful and that the filing was done for reasons other than insolvency resolution and therefore deserves to be dismissed.

17. For the foregoing reasons as discussed, we find no good reasons which warrants any interference in the impugned order. The Appeal is found to lack merit and is dismissed. No costs."

30. Though the Corporate Applicant has relied upon ***Getz Cables Private Limited vs. State Bank of India & Anr. (Supra)*** to contend that parallel proceedings are permissible, the said judgment clarifies that "something more" such as conduct, timing and surrounding circumstances must be considered. In the present case, the Corporate Debtor has violated the terms and conditions of the SBI credit facility, which establishes 'something more' as the SBI has contended that the violation of the terms and conditions of the SBI credit facility are the main reason of the default in repayment of loans. Further, the Corporate Debtor has not come before this Adjudicating Authority with the clean hands, as the violation of the terms and conditions of the SBI credit facility has not been disclosed by the Corporate Applicant in its Petition and therefore, the Petition is found to be lacking bona fides.

31. In view of the above facts and circumstances of the case, including the timing of filing, advanced stage of SARFAESI proceedings, and

conduct of the Petitioner, we are of the considered view that the present Petition has been initiated with malicious intent for a purpose other than insolvency resolution, thereby attracting the principles underlying Section 65 of the Code, which empower this Adjudicating Authority to prevent abuse of process, even suo motu.

32. Consequently **CP(IB)/2/10/AMR/2026 stands dismissed with a cost of Rs. 1,00,000 (Rupees One Lakhs only)**, considering the timing of filing, and abuse of process resulting in delay of lawful recovery proceedings. This cost is imposed in exercise of the inherent powers of the Tribunal under Rule 11 of the NCLT Rules, 2016.

33. The Corporate Applicant is directed to deposit the cost with Prime Minister National Relief Fund within 15 days from the date of this order and place on record the proof of deposit with the Asst. Registrar with a copy to the SBI. Failure to do so shall entail appropriate legal consequences, including contempt as well as recovery in accordance with law.

34. It is clarified that dismissal of the present Company Petition shall not preclude the SBI from continuing recovery proceedings under the SARFAESI Act, 2002, Recovery of Debts and Bankruptcy Act, 1993 and other applicable laws.

Sd/-	**Sd/-**
(Umesh Kumar Shukla)	**(Kishore Vemulapalli)**
Member (Technical)	**Member (Judicial)**

Sankar/ RSN