

**HIGH COURT OF JUDICATURE FOR RAJASTHAN AT
JODHPUR**

S.B. Civil Misc. Appeal No. 1225/2026

Mana Ram And Company, Through Its Sole Proprietor, Shri Sushil Kumar Agarwal, Age 56 Years, Having An Address At Durga Colony, Dist. Hanumangarh, Rajasthan

----Appellant

Versus

1. Axis Bank Limited, Having Address At Babashyam Singh Complex, Sri Ganganagar Road, Hanumangarh Junction, Dist. Hanumangarh, Raj
2. Icici Bank Limited, Having Address At Near Bus Stand, Hanumangarh Junction, Dist. Hanumangarh, Raj
3. Cholamandalam Investment And Finance Co Ltd, Having Address At 1St Floor, Shop No.32 And 33, Near Janta Truck Union, Hanumangarh Town, Raj..
4. Aditya Birla Capital Ltd, Having Address At 1St Floor, Vidhya Tower, No. 71, Gaushala Rd, Above Hdfc Bank, C Block, Sri Ganganagar, Raj..
5. Bajaj Finance Limited, Having Address At 1St Floor, Baba Shyam Sing Complex, Sri Ganganagar Road, Near Narang Hotel, Hanumangarh, Raj..
6. M/s Jai Bhagwati Agro Oils, Having Address At 222-A, Second Floor, Alfa Tower, Brown Road, Ludhiana, Punjab
7. M/s Karam Chand Hari Chand, Having Address At Mani Road, Jalandhar, Punjab
8. M/s Lakshmi Chand Sahil Kumar, Having Address At Shop No.36A, Dhan Mandi, Anupgarh Raj..
9. M/s Nav Durga Oil Industries, Having Address At Shop No.105, Kailash Cinema Road, Mehak Tower, Civil Lines, Ludhiana, Punjab
10. M/s Neelam Trading Company, Having Address At Behind Garg Cotton Factory, Industrial Area, Sirsa, Haryana
11. M/s Rajvee Agro Commodities, Having Address At 616, Sixth Floor, Gala Empire, Opp. T.v. Tower, Drive In Road, Thaltej, Ahmedabad, Gujarat
12. Ashish Garg S/o Shri Omprakash, R/o House Name Ravi S/o Subhash Wadwani, 2Nd Floor, Ward 34, New Nagar Parishad Ke Pass, Hanumangarh Town, Rajasthan

13. M/s Bansi Dhar Manoj Kumar, Having Address At 9-Ganta Ghar, Mukerji Market, Murlidhar Kapde Wale, Abohar, Punjab
14. Devendra Kumar Agarwal S/o Brijlal Agarwal, R/o Jag Damba Steel Bus Stand Ke Samne, Suratgarh Road, Pilibanga, Dist. Hanumangarh, Raj..
15. M/s Makha Industries, Having Address At Dd Ford Road, Ram Dittye Wala Chowk, Mansa, Punjab
16. M/s Pankaj Impax, Having Address At Flat No. E/33, Ward No. 24, Deepak Nagar, Ayodhya Apartment, Jila Durg, Chhattisgarh. Through Its Proprietor Shri Pankaj Devra S/o Shri Sant Kumar Devra.
17. Pawan Kumar Mangla S/o Shri Om Prakash Mangal, Having Address At J-13/20, Ground Floor, Rajouri Garden, New Delhi
18. Priyanka D/o Shri Palaram Goyal, Mahesh Flour Mill, Sector 12, Opposite Deep Singh Gurudwara, Hanumangarh Junction, Rajasthan
19. M/s R Bansal Electronics, Having Address At Mahaveer Hospital Ke Saath, Bansal Electric, Junction Road, Hanumangarh Town, Rajasthan
20. Santosh Mangla W/o Shri Pawan Kumar Mangla, R/o J13/20, Ground Floor, Rajouri Garden, New Delhi
21. Ashwini Oil Carrier, Having Address At Dharam Nagri, Street No.5, Abohar, Punjab
22. Sharma Tanker Transport, Having Address At Adarsh Nagar, Greenland Convent Public School, Vardhaman Sabzi Mandi Road, Ludhiana, Punjab
23. M/s Sharma Oil Carrier, Having Address At Adarsh Nagar, Greenland Convent Public School, Vardhaman Sabzi Mandi Road, Ludhiana, Punjab.

-----Respondents

For Appellant(s)	:	Mr. Pulkit Arora with Mr. Hardik Gautam
For Respondent(s)	:	

HON'BLE MR. JUSTICE MUKESH RAJPUROHIT

25/03/2026

1. The present civil miscellaneous appeal under Section 75(2) of the Provincial Insolvency Act, 1920 (for short 'Act of 1920' hereinafter) has been preferred by the appellant against the order dated 10.03.2026 passed by the District Judge, Hanumangarh in Insolvency Petition No. 27/2026 (*Manaram & Company vs. Axis Bank Limited & Ors.*), whereby the petition filed by the appellant under Section 7 of the Act of 1920 has been dismissed as not maintainable under Sections 10(1)(a) and 8 of the Act of 1920.
2. Briefly stated, the facts as pleaded in the memo of appeal are that the appellant is the sole proprietor of M/s Mana Ram & Co., established on 01.07.2017, and engaged in trading and allied commercial activities. The appellant had availed a Cash Credit Limit from respondent No.1-Bank in the year 2019 for expansion of business and had been regularly servicing the loan. However, due to serious health issues arising in January 2025, coupled with financial losses in the year 2024, the appellant's financial condition deteriorated. The appellant was diagnosed with Bipolar Disorder and remained hospitalized from May 2025 to July 2025. During this period, business operations came to a standstill. Further, due to registration of an FIR, the appellant remained in judicial custody from September 2025 to 04.11.2025. Owing to these circumstances, the appellant became incapable of managing business affairs or repaying debts and consequently filed an insolvency petition under Section 7 of the Act of 1920 before the trial court seeking adjudication as an insolvent. The said petition,

however, came to be dismissed at the admission stage by the impugned order dated 10.03.2026. Hence, this appeal.

3. Heard learned counsel for the appellant.

4. Learned counsel for the appellant contends that the trial court has dismissed the petition at the threshold without proper appreciation of the pleadings, submissions and judicial precedents relied upon by the appellant.

5. It is further contended that although, the trial court examined the issues of territorial jurisdiction, applicability of the Act of 1920 and pecuniary limits, it effectively accepted its jurisdiction and applicability of the Act.

6. It is argued that the dismissal is based on an erroneous interpretation of Section 10 of the Act of 1920. The trial court wrongly held that only debts up to ₹500/- are maintainable, whereas, the provision prescribes ₹500/- as the minimum threshold. It is submitted that the trial court ignored settled judicial interpretation on the issue.

7. It is also contended that Section 8 of the Act has been wrongly applied, as the petition was filed by an individual debtor and not against any corporation. It is urged that the appellant fulfilled all statutory requirements under Section 10 and the petition ought not to have been dismissed without issuing notice.

8. Reliance has been placed on the judgments rendered in ***Karnagam vs. Jayaseelam Chettiar; AIR 1977 Mad 250*** and ***Jogendranath Shaha vs. Raikishori Dasee; AIR 1950 Cal 414.***

9. I have considered the submissions made by learned counsel for the appellant, examined the material available on record and gone through the judgments cited.

10. Section 10 of the Act of 1920 prescribes the conditions under which a debtor may present an insolvency petition, which reads as under :-

“10. Conditions on which debtor may petition.- (1) A debtor shall not be entitled to present an insolvency petition, unless he is unable to pay his debts and -

- (a) his debts amount to five hundred rupees; or*
- (b) he is under arrest or imprisonment in execution of the decree of any Court for the payment of money; or*
- (c) an order of attachment in execution of such a decree has been made, and is subsisting, against his property.”*

A plain reading of Section 10(1)(a) shows that the requirement of ₹500/- pertains to the minimum threshold of debt and not the maximum limit.

11. In **Karnagam** (supra), it has been observed that where the debtor is unable to pay debts exceeding ₹500/-, the petition under Section 10 is maintainable and ought not to be rejected at the threshold.

12. In **Jogendranath Shaha's** (case), it has been observed that a debtor's insolvency petition should not be dismissed at the admission stage if it substantially complies with statutory requirements and discloses inability to pay debts; the matter should proceed for proper adjudication. Thus, the finding recorded by the trial court that only debts up to ₹500/- are maintainable, is not legally sustainable.

13. However, it is an admitted position on record that the insolvency petition filed by the appellant arrayed as many as 23 respondents, most of whom are companies, firms or associations.

14. Section 8 of the Act of 1920 is reproduced as under :-

“8. Exemption of corporation, etc., from insolvency proceedings.- No insolvency petition shall be presented against any corporation or against any association or company registered under any enactment for the time being in force.”

15. Section 8 of the Act of 1920 expressly provides that no insolvency petition shall be presented against any corporation, association or company registered under any law for the time being in force. Section 8 of the

16. In **Beeram Guru Prasad vs. Margadrasi Chit Fund Pvt. Ltd. & Ors. (C.R.P. No. 975/2019)**; **G. Subba Rao vs. Food Corporation of India (2003 Supreme (AP) 883**; **Haryana Financial Corporation vs. Deepak Singhal & Ors. (Manu/PH/3956/2016)**; **Rajagopal vs. Karnataka State Finance Corporation (Manu/KA/2442/2011)**; **Indian Overseas Bank vs. Popuri Veeraiah & Ors. (Manu/AP/0270/2009)**, it has been held that insolvency proceedings against companies or corporations are barred under Section 8 of the Act.

17. In the present case, although the petition has been filed by the debtor, the array of respondents includes several entities which are companies and associations, thereby attracting the bar under Section 8.

18. Therefore, even though the interpretation of Section 10 by the trial court is found to be erroneous, the ultimate conclusion

regarding non-maintainability of the petition remains justified in view of the statutory bar under Section 8 of the Act of 1920.

19. It is a settled principle of law that where the ultimate conclusion of a court is sustainable on any valid legal ground, the same does not call for interference merely because one of the reasons assigned is incorrect.

20. In view of the above, this Court is of the considered opinion that the insolvency petition, as framed, was not maintainable in law and no interference is warranted in the impugned order passed by the trial court.

21. Consequently, the present appeal, being devoid of merit, is hereby dismissed.

22. All pending applications, including the stay application, if any, also stand dismissed.

(MUKESH RAJPUROHIT),J