NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH, COURT – II
CHENNAI

ATTENDANCE CUM ORDER SHEET OF THE HEARING OF NATIONAL COMPANY LAW TRIBUNAL, CHENNAI BENCH, HELD ON 07.08.2026 AT 10.30 A.M. THROUGH VIDEO CONFERENCING:

CORAM : SHRI. JYOTI KUMAR TRIPATHI, HON'BLE MEMBER (JUDICIAL)
SHRI. RAVICHANDRAN RAMASAMY, HON'BLE MEMBER (TECHNICAL)

APPLICATION NUMBER	**: --**
PETITION NUMBER	**: CP(IB)/310(CHE)2025**
NAME OF THE PETITIONER	**: Gangotri Textiles Ltd**
NAME OF THE RESPONDENT(S)	**: --**
UNDER SECTION	**: Sec 10 Rule 7 of IBC, 2016**

ORDER

Present : Ld. Counsel Mr. Chandrasekar for SBI.

Vide separate order pronounced in open court, **CP/(IBC)/310/CHE/2025** is allowed.

-SD-	**-SD-**
RAVICHANDRAN RAMASAMY	**JYOTI KUMAR TRIPATHI**
Member (Technical)	**Member (Judicial)**

kg

IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH – II, CHENNAI
CP(IBC)/310(CHE)/2025

(Filed under Section 10 of the Insolvency and Bankruptcy Code, 2016 r/w Rule 7 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016)

In the matter of ***Gangotri Textile Limited***

GANGOTRI TEXTILES LIMITED,
Represented by its Managing Director Manoj kumar Tibrewal,
Having its Registered Office at
No.25-a, Venkatachalam Co-Operative Colony,
R.S. Puram, Coimbatore- 641002.

... *Applicant/ Corporate Debtor*

Order Pronounced on ***7th August 2026***

CORAM

SHRI. JYOTI KUMAR TRIPATHI, MEMBER (JUDICIAL)
SHRI. RAVICHANDRAN RAMASAMY, MEMBER (TECHNICAL)

Present:

For Applicant : Mr. Pranav Gopala Krishnan, Advocate
For State Bank of India : Mr. K. Chandrasekaran, Mr. K. Muthukumar Advocates.

ORDER

(Heard through hybrid mode)

The present application has been filed by Gangotri Textiles Limited ("the Corporate Debtor") under Section 10 of the Insolvency and Bankruptcy Code, 2016 ("the Code"), read with Rule 7 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, seeking initiation of the Corporate Insolvency Resolution Process (CIRP) against it. The application has been filed through one of its Directors and authorised signatory, Mr. Manoj kumar Tibreswal, by a Resolution of the Board of Directors of the Corporate dated 08.11.2023 and shareholders/ members resolution dated 15.12.2023.

2. SUBMISSIONS OF THE APPLICANT:

2.1. The Corporate Debtor is a public company incorporated under the provisions of the Companies Act, 1956. **Part-I** of the application sets out the particulars of the Corporate Debtor i.e. Gangotri Textiles Limited. It was incorporated on 26.07.1989 having its Office at Having its Registered Office at No.25-a, Venkatachalam Co-Operative Colony, R.S. Puram, Coimbatore- 641002 with Nominal share capital of 122,00,00,000/- in total and paid up share capital of 106,72,73,170/- in total. **Part-II** of the application sets out the particulars of the Proposed Interim Resolution Professional viz., Mr. G. Gunasekaran having Reg. No. IBBI/IPA-001/IP-P00681/2017-2018/11178. **Part-III** of the application lists the particulars of the Financial / Operational Creditors**,** amount of debt in default as Rs.240,46,84,989/- and date of default as 24.10.2005.

2.2. It is submitted that the Corporate Debtor had availed various financial facilities from several financial creditors, including State bank of India (Consortium of banks), IDBI bank for the purpose of carrying on its business operations.

2.3. It is submitted that the loan facilities were sanctioned and disbursed by the aforesaid financial creditors under various loan agreements and loan specification letters. In particular, loan disbursement letters and loan specification documents issued by State Bank of India (Consortium of banks), IDBI bank evidence the financial facilities extended to the Corporate Debtor.

2.4. It is further submitted that due to adverse financial conditions and severe cash flow constraints, the Corporate Debtor defaulted in repayment of its financial obligations to the lenders. Consequently, certain lenders issued recall notices and initiated recovery proceedings against the Corporate Debtor.

2.5. It is also submitted that State Bank of India and its consortium classified the loan account as a non-performing asset and issued a demand notice dated 23.05.2022.

2.6. It is submitted that IDBI bank issued copy of letter dated 19.12.2023 and also issued a One Time Settlement (OTS) calling upon the Corporate Debtor to repay the outstanding dues under the financial facility granted.

2.7. It is submitted that as on the date of filing of the petition, the total amount in default towards financial creditors, including amounts relating to corporate guarantees, aggregates to Rs. Rs.240,46,84,989

(Rupees Two Hundred and Forty Crores forty-six Lakhs Eighty-four Thousand Nine hundred and Eighty-nine rupees only).

2.8. It is further submitted that the Corporate Debtor also owes Statutory dues/ Liabilities Which is extracted below:

S.No	Demand Received from	Amount Rs.	Reason
1	Joint Director General of Foreign Trade, Coimbatore	55,90,28,760	Non-fulfillmentofExportObligationinrespectof45 Licensesissuedtothecompany.
2	Assistant Commissioner of Customs, Chennai	1,53,77,000	Non-fulfillmentofExportObligationinrespectof6c ensesissuedtothecompany.
3	AssistantCommissionerofIncomeTax,CorporateCircle-2. The Commissioner of Income Tax, Appeal has vide his Order dated 28-9-2016upheldthePenalty. Against this, the Company has preferred Appeal before the Tribunal ,Chennai . The Tribunal has dismissed the Appeal vide its Order dated 26-5-2017. The Company has preferred an Appeal before the Hon'ble Madras High Court and the matter is sub-judice. TheHighCourtofJudicatureatMadras videitsOrderdated25-8-2020dismissedtheAppeal.Againstthis,the Company is preferring an Appeal in the Hon'ble Supreme Court of India, New Delhi The Asst. Commissioner, Corporate Circle-2 , Coimbatore has also filed a Criminal Case against the company in the Coimbatore Court as punishmentfornonpaymentofdemandforRs7,30,48,153. The matter is sub-judice.	7,30,48,152	Penalty levied u/s Section271(1)(c) of the Income Tax relating to the Assessment Year2012-13
4	Deputy Commissioner of Income Tax,TDS Circle, Coimbatore	45,69,649	TDS Default
5	Maharashtra Sales Tax Department, Kolhapur	32,46,000	Issues representing reversal of Input Vat Credit relating to the Assessment Year 2005-06 and 2006-07
6	National Stock Exchange of India Limited, Mumbai	34,73,073	Due to belated submission of un-audited Financial Results for the quarter ended 30-9-2015.The Appellate Authority have confirmed the penaltyofRs34,73,073
7	National Stock Exchange of India Limited, Mumbai	8,03,073	Due to belated submission of financial results under Regulation 33 relating to the year ended 31-3-2015. The Appellate Authority have confirmed the Penalty at 6,68,073
8	National Stock Exchange of India Limited, Mumbai	4,18,900	Due to non-compliance of Regulation17(1) of the SEBI(LODR) Regulations, 2015
9	Bombay Stock Exchange Ltd, Mumbai	189,900	Due to non-compliance of Regulation17(1) of the SEBI(LODR) Regulations, 2015
10	National Stock Exchange of India Limited, Mumbai	9,18,210	Arrears of Annual Listing Fee
11	Bombay Stock Exchange Ltd, Mumbai	9,18,210	Arrears of Annual Listing Fee

2.9. It is submitted that the financial position of the company has deteriorated to such an extent that it is no longer in a position to service its debts and continue its business operations in the ordinary course.

2.10. It is submitted that they have annexed various documents including loan disbursement letters, loan recall notice, loan statements, issued by State Bank of India and its consortium and IDBI Bank , notices issued by the lenders, copies of books of accounts evidencing default, audited financial statements of the company for the previous financial years, and the updated statement of affairs of the Corporate Debtor.

2.11. It is also submitted that a Special Resolution was passed by the shareholders on 15.12.2023 approving the initiation of the CIRP under section 10 of IBC, 2016, and a Board Resolution dated 08.11.2023 authorized Mr. Manoj kumar Tibrewal, Director of the Corporate Debtor, to file the present application. The Relevant portion is extracted below:

GANGOTRI
Textiles Ltd

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REG OFF : 25-A, Venkatachalam Co-op. Colony, R.S.Puram, Coimbatore – 641002 Phone : 0422-4332100.
GST NO: 33AAACG8018MIZK PAN No : AAACG8018M CIN NO : L17115TZ1989PLC002491 CST NO 905131 Dt.28.10.92

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS IN THEIR MEETING HELD ON 08-11-2023

Chairman informed the Board that the Lenders had sold the entire assets of the company including nine manufacturing units, five Wind Mills and three vacant lands during the year 2015 and adjusted the proceeds against their loan dues. Consequently, there is no source of Income / Revenue to the company .Thereafter, the day-to-day administrative expenses has been met by borrowing funds from the Managing Director.

The Board of Directors had already discussed about the financial sickness of the company in depth in their Meeting held on 6.8.2019 and passed necessary enabling resolution to wind up the affairs of the company voluntarily, subject to approval of the Shareholders. When this subject was brought for the approval of the shareholders, the Shareholders had also passed the Special Resolution brought before them in the 30th Annual General Meeting held on 27-9-2023. Now, the company is proposing to initiate Corporate Insolvency Resolution Process before the Hon;ble National Company Law Tribunal at Chennai under Section 10 of the Insolvency and Bankruptcy Code, 2016. The Chairman request the Board of Directors to consider and approve filing of Insolvency Petition before the Hon;ble National Company Law Tribunal at Chennai

After discussion it was

RESOLVED that the consent of the Board of Directors of the company be and is hereby accorded to authorize Sri. Manoj Kumar Tibrewal, Managing Director of the Company to initiate Corporate Insolvency Resolution Process before the Hon;ble National Company Law Tribunal at Chennai under Section 10 of the Insolvency and Bankruptcy Code, 2016 or before any Legal Forums as and when required,

RESOLVED FURTHER that Sri. Manoj Kumar Tibrewal, Managing Director of the Company be and is hereby authorized to file and /or defend the Insolvency Petition filed by the Company under the applicable Law before the competent Court , Tribunal Authorities or any other Forums including any Appellate Tribunal for and on behalf of the company and to all such Acts, Deeds and things that may be required to give effect to the above resolution.

GANGOTRI
Textiles Ltd

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REG OFF : 25-A, Venkatachalam Co-op. Colony, R.S.Puram, Coimbatore – 641002 Phone : 0422-4332100.
GST NO: 33AAACG8018MIZK PAN No : AAACG8018M CIN NO : L17115TZ1989PLC002491 CST NO 905131 Dt.28.10.92

-2-

RESOLVED FURTHER that Sri. Manoj Kumar Tibrewal, Managing Director of the Company be and is hereby authorized to engage any Interim Resolution Professional / Advocate / Solicitor / Consultants and to submit Vakkalatnama, Statements, Evidences, Declarations etc before the Hon;ble National Company Law Tribunal at Chennai, Courts and /or any other Authorities on behalf of the company as and when required and to enter into any compromise / settlements of the case that may be considered appropriate in the interest of the company.

CERTIFIED

MANOJ KUMAR TIBREWAL
MANAGING DIRECTOR

N.VENKATESAN
DIRECTOR

S.SIVASHANMUGAM
DIRECTOR

M.V.SURYA PRABHA
DIRECTOR

GANGOTRI
Textiles Ltd

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REG OFF : 25-A, Venkatachalam Co-op. Colony, R.S.Puram, Coimbatore – 641002 Phone : 0422-4332100.
GST NO: 33AAACG8018MIZK PAN No : AAACG8018M CIN NO : L17115TZ1989PLC002491 CST NO 905131 Dt.28.10.92

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE SHARE HOLDERS IN THEIR MEETING HELD ON 15.12.2023

RESOLVED that the consent of the Shareholders of the company be and is hereby accorded to authorize Sri. Manoj Kumar Tibrewal, Managing Director of the Company to initiate Corporate Insolvency Resolution Process before the Hon;ble National Company Law Tribunal at Chennai under Section 10 of the Insolvency and Bankruptcy Code, 2016 or before any other Legal Forums as and when required as the Board of Directors have discussed amd given their consent in their meeting held on 8-11-n2023

RESOLVED FURTHER that Sri. Manoj Kumar Tibrewal, Managing Director of the Company be and is hereby authorized to file and /or defend the Insolvency Petition filed by the Company under the applicable Law before the competent Court , Tribunal Authorities or any other Forums including any Appellate Tribunal for and on behalf of the company and to all such Acts, Deeds and Things that may be required to give effect to the above resolution.

RESOLVED FURTHER that Sri. Manoj Kumar Tibrewal, Managing Director of the Company be and is hereby authorized to engage any Interim Resolution Professional / Advocate / Solicitor / Consultants and to submit Vakkalatnama, Statements, Evidences, Declarations etc before the Hon;ble National Company Law Tribunal at Chennai, Courts and /or any other Authorities on behalf of the company as and when required and to enter into any compromise / settlements of the case that may be considered appropriate in the interest of the company.

2.12. The Applicant has enclosed the details of total financial debts which is extracted hereinbelow:

GANGOTRI TEXTILES LIMITED

STATEMENT OF ASSETS & LIABLITIES 31.03.2025 AND AS ON 19.09.2025

Particulars	Note No	19.09.2025 (Rs) (Provisional)	31.03.2025 (Rs)
Equity and Liabilities			
Shareholder's Funds			
(a) Share Capital	1	1067273170	1067273170
(b) Reserves and Surplus	2	(3435412200)	(3434977191)
Sub total - Shareholders Funds		(2368139030)	(2367704021)
Non-Current Liabilities			
(a) Long-term borrowings	3	0	0
(b) Other Long term liabilities	4	56925826	56408067
(c) Long term provisions	5	55500000	55500000
Sub total - Non Current Liabilities		112425826	111908067
Current Liabilities			
(a) Short-term borrowings	6	2404684989	2404684989
(b) Trade payables		583523	598800
(c) Other current liabilities	7	2447733	2446684
(d) Short-term provisions	8	0	0
Sub total - Current Liabilities		2407716245	2407730473
Total Equity and Liabilities		152003041	151934519
Assets			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	225237	225237
(b) Non-current investments	10	150052000	150052000
(d) Long term loans and advances	11	0	0
(e) Other non-current assets	12	1665289	1596767
Sub total - Non Current Assets		151942526	151874004
Current assets			
(a) Inventories	13	0	0
(b) Trade receivables	14	0	0
(c) Cash and cash equivalents	15	50765	50765
(d) Short-term loans and advances	16	0	0
(e) Other current assets	17	9750	9750
Sub total - Current Assets		60515	60515
Total Assets		152003041	151934519

Gangotri Textiles Ltd

Liabilities as per Balance sheet

Note : 4	
Other Long Term Liabilities	
1. Sales Tax - AST Due , Mettupalayam Circle, Coimbatore : 641 018	2006535
2. Mrs.Anita Tibrewal - Related Party	46140000
3. Mr.Manojkumar Tibrewal - Managing Director	5603341
4. Mr.Mohankumar Tibrewal - Executive Director	3175950
	56925826

Note: 5 - Long Term Provision	
1. Provision for EPCG commission liability	55500000
	55500000

Note:6 - Short Term Borrowings	
1. Banker's Loan Liability	2404684989
a. **State Bank of India**, Commercial Branch, Trichy Road Coimbatore : 641 018	
b. **State Bank of Hyderabad**, United India Building, 1028, Avinashi Road Coimbatore - 641 018	
c. **State Bank of Mysore**, Coimbatore Main Branch, 75-76, Oppanakkara Street Coimabtore - 641 001	
d. **State Bank of Travancore**, Pappanaicken Palayam Branch, 725-B, Avinashi Road, Coimbatore - 641 018	
e. **State Bank of Indore**, Coimbatore Branch at UR House, Ground Floor, 1056 -C, Avinashi Road, Coimbatore - 641 018	
f. **Canara Bank**, Industrial Finance Branch,166, TV Samy Road R.S.Puram, Coimbatore - 641 002	
g. **United Bank of India**, Industrial Finance Branch, 1604, Trichy Road, Coimbatore - 641 018	
h. **Corporation Bank** - JM Finance ARC Ltd 7th Floor, Cnegy, Appasaheb Marathe Marg, Mumbai - 400 025	
i. **Syndicate Bank**, E-Banking Branch, Gujarathi Samag Building, Mettupalayam Road, R.S.Puram, Coimbatore - 641 002	
j. **IDBI**, Trichy Road, Coimbatore : 641 045	
	2404684989

Trade Paybales	
Payable	
1. Director Remuneration Paybale - Mr.Manojkumar Tibrewal	267400
2. Director Remuneration Paybale - Mr.Mohanlal Tibrewal	267400
3. MUFG Time India Pvt Ltd - (Current Transaction) Surya 35 Mayflow Avenue, Behind Senthil Nagar, Sowripalayam, Coimbatore	43723
4. Rent Payable - Mr.Muthukumaraswamy, Coimbatore (Current Transaction)	5000
	583523

Note:7 - Other Current Liabilities	
1. Bonus Provision for Kolhapur Unit	658682
2. TDS Payable (Current Transaction)	6049
3. Unpaid wages	1783002
	2447733

Note :9 - Fixed Assets	
1. Vehicle - Two wheeler	225237
	225237

Note :10 - Non current Investments	
1. Preferencial shares - M/s. Jagannath Textiles Co Ltd	150000000
2. IDBI Equity shares	52000
	150052000

Note : 12 - Other Non current assets	
1. GST Input Credit Balance	1235728
2. Rent advance	74422
3. Sales Tax Depot	355139
	1665289

Note : 15 - Other Current Assets	
1. Cash Balance	5806
2. Bank Balance	44959
	50765

Note : 17 - Other Current Assets	
1. Interest Receivable from EB	9750
	9750

2.13. The Applicant has also placed the relevant books of accounts evidencing the default, and they have attached copy of the audited financial statements from 31.03.2023 up to 31.03.2025 and its Statement of Affairs up to 19.09.2025.

2.14. It is submitted that notice of the petition was directed to be served on the Financial Creditors and the major Operational Creditors.

2.15. It is also submitted that the Corporate Debtor is no longer viable to continue its operations outside of a formal resolution framework, and has therefore sought admission of the present application for initiation of CIRP under Section 10 of the Code.

2.16. It is further submitted that all the statutory requirements for filing the present application under Section 10 of the Code have been duly complied with. The existence of debt and default is established, and the Corporate Debtor is not hit by the disqualifications under Section 11 of the Code.

3. SUBMISSIONS OF THE RESPONDENT No. 1:

3.1. The Respondent No.1, State bank of India, has filed the present counter opposing the application filed by the Corporate Debtor.

3.2. It is stated that the consortium of banks including State Bank of India, State Bank of Travancore, State Bank of Hyderabad, State Bank of Mysore, granted various credit facilities to the Applicant. SBH, SBM and SBT Banks have been later on merged with State Bank of India. The operation and conduct of the loan account by the applicant was irregular and unsatisfactory and hence, the loan account was classified as NPA in accordance with the guidelines issued by RBI. Thereafter, the consortium of banks including this Financial Creditor initiated recovery proceedings before the Hon'ble Debt Recovery Tribunal, for recovery of outstanding dues together with contractual interest and costs. The said proceedings are pending for consideration and substantial steps have already been taken for recovery of public money. During the pendency of the above proceedings, the most of the secured property offered as securities were sold under SARFAESI Act and the sale proceeds were appropriated in the loan accounts.

3.3. The Applicant and its guarantors are jointly and severally liable to pay a sum of Rs. 475.72 crores as on 30.04.2026 together interest at contract rate and other charges and it is submitted that the applicant has approached this Hon'ble Tribunal with sole object of stalling the recovery process lawfully initiated by this respondent before the DRT under the provisions of the RDB Act. The Financial Creditor State Bank of India along with other consortium members is exploring steps for the sale of the shares pledged by the applicant in favour of the bank.

3.4. It is stated that though this respondent does not dispute the existence of debt in default, the present application is malafide attempt to misuse the provisions of the IBC in order to obtain benefit of moratorium under Sec. 14 and thereby obstruct the recovery proceedings already pending. The conduct of the applicant demonstrates that the initiation of CIRP is with malicious intention for purposes other than the insolvency resolution. The application is therefore, liable to be rejected as not maintainable..

4. FINDINGS OF THE TRIBUNAL:

4.1. We have heard the submissions made by the learned counsel appearing for the Corporate Debtor and the learned counsel appearing for the Respondents and have perused the pleadings and documents placed on record.

4.2. The present application has been filed by the Corporate Debtor, Gangotri Textiles Limited, under Section 10 of the Insolvency and

Bankruptcy Code, 2016 seeking initiation of the Corporate Insolvency Resolution Process (CIRP) against itself on account of its inability to discharge its financial obligations.

4.3. Section 10 of IBC, 2016 provides as under:

"Section 10. Initiation of corporate insolvency resolution process by Corporate Debtor.

(1) Where a corporate debtor has committed a default, a Corporate Debtor thereof may file an application for initiating corporate insolvency resolution process with the Adjudicating Authority.

(2) The application under sub-section (1) shall be filed in such form, containing such particulars and in such manner and accompanied with such fee as may be prescribed.

(3) The Corporate Debtor shall, along with the application furnish the information relating to-

(a) its books of account and such other documents relating to such period as may be specified; and

(b) the resolution professional proposed to be appointed as an interim resolution professional.

(c) the special resolution passed by shareholders of the corporate debtor or the resolution passed by at least three-fourth of the total number of partners of the corporate debtor, as the case may be, approving filing of the application.

(4) The Adjudicating Authority shall, within a period of fourteen days of the receipt of the application, by an order--

(a) admit the application, if it is complete; [2][and no disciplinary proceeding is pending against the proposed resolution professional]; or

(b) reject the application, if it is incomplete: [2][or any disciplinary proceeding is pending against the proposed resolution professional:]

Provided that Adjudicating Authority shall, before rejecting an application, give a notice to the applicant to rectify the defects in *his application within seven days from the date of receipt of such notice from the Adjudicating Authority.*

(5) The corporate insolvency resolution process shall commence from the date of admission of the application under sub-section (4) of this section."

4.4. The issues that arise for consideration before this Tribunal are:

(i) Whether the present application filed by the Corporate Debtor under Section 10 of the Code satisfies the requirements prescribed under the Code and the applicable rules;

(ii) Whether the Corporate Debtor has established the existence of financial debt and default; and

(iii) Whether there exist any legal impediments warranting rejection of the present application.

4.5. In so far as the first issue is concerned, Section 10 of the Code enables a Corporate Debtor to initiate CIRP against itself when it has committed a default. The Corporate Debtor is required to comply with the requirements stipulated under Section 10(3) of the Code read with the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016, including furnishing its books of account, financial statements, details of financial and operational creditors, and a special resolution or board resolution authorising the filing of the application.

4.6. Upon perusal of the records placed before this Tribunal, it is observed that the Corporate Debtor has placed on record the necessary documents including financial statements, statement of affairs, details of its creditors, and the authorisation for filing the present application by Resolution of the Board of Directors of the Corporate dated 08.11.2023 and shareholders/ members resolution dated 15.12.2023.

4.7. With regard to the existence of financial debt and default, it is evident from the material placed on record that the Corporate Debtor had availed credit facilities from several financial creditors including State Bank of India (consortium of banks) and IDBI bank. The loan documents, loan statements and recall notices placed on record demonstrate that the Corporate Debtor had availed financial assistance and had undertaken to repay the same in accordance with the terms of the respective loan agreements.

4.8. The records further indicate that the Corporate Debtor committed defaults in repayment of the said financial facilities, as a result of which the loan accounts were classified as Non-Performing Assets and recovery proceedings were initiated by certain financial creditors. It is also seen that State Bank of India (consortium of banks) and IDBI bank had issued recall notices and initiated recovery proceedings before the Debt Recovery Tribunal-II, Chennai, and had also taken steps under the Securitisation and Reconstruction of Financial Assets and Enforcement of

Security Interest Act, 2002 in respect of the secured assets of the Corporate Debtor.

4.9. The Corporate Debtor has disclosed that the total amount in default towards financial creditors aggregates to Rs.240,46,84,989/- The material on record sufficiently establishes that the Corporate Debtor is unable to service its debts and has committed default within the meaning of Section 3(12) of the Code.

4.10. The Respondents have opposed the present application contending inter alia that recovery proceedings have already been initiated against the Corporate Debtor and that the secured assets have been sold for recovery of dues. However, it is a settled position of law that the pendency of recovery proceedings before other forums or the initiation of measures under the SARFAESI Act does not bar the initiation of CIRP under the Code. The Code is a comprehensive legislation intended to provide a collective mechanism for resolution of insolvency of corporate persons.

4.11. It is further observed that the Respondents have not placed any material on record to demonstrate that the present application has been filed with any fraudulent or malicious intent so as to attract the provisions of Section 65 of the Code. Mere pendency of recovery proceedings or enforcement actions by creditors cannot by itself be construed as a ground to reject an application filed under Section 10 of the Code.

4.12. In view of the foregoing discussion, this Tribunal is satisfied that the Corporate Debtor has established the existence of financial debt and default and that the application filed under Section 10 of the Code is complete in all respects. Accordingly, this Tribunal is of the considered view that the present application deserves to be admitted.

4.13. In the instant case, the amount of debt is more than Rs. 1.0 Crore i.e. more than the minimum threshold. The Applicant has also given the date of default in repayment of loans. It has been submitted that the credits taken are genuine; the money was pumped into the Company through proper banking channels; the proceeds were used for repayment to the lenders and for the operations; there are no suspicious/ fraudulent transactions; and the valuation of inventories was carried out independently by the auditors.

4.14. The Hon'ble National Company Law Appellate Tribunal (hereinafter, Hon'ble NCLAT), New Delhi in ***M/s. Unigreen Global Private Limited vs. Punjab National Bank and others (Company Appeal (AT) (Insolvency) 81/2017)***, held that if an application under Section 10 is complete and in absence of any ineligibility of Corporate Debtor, the Adjudicating Authority is bound to admit the application. The relevant portion of the judgement is reproduced hereunder,

> *"22. Section 10 does not empower the Adjudicating Authority to go beyond the records as prescribed under Section 10 and the informations as required to be submitted in Form 6 of the Insolvency and Bankruptcy (Application to the Adjudicating Authority) Rules, 2016 subject to ineligibility prescribed under Section 11. If all informations are provided by an applicant as required under Section 10 and Form 6 and if the Corporate Debtor is otherwise not ineligible under Section 11, the Adjudicating Authority is bound to admit the application and cannot reject the application on any other ground"*

4.15. In the case of ***"Go Airlines (India) Limited, CP/IB-264(PB)/2023",*** which was affirmed by the Hon'ble NCLAT in *Company Appeal (AT) [Insolvency] No. 593 of 2023*, it was held as under:

> *"34. Further, we are conscious of the fact that hearing each and every Creditor, under Section 10 of IBC 2016, can cause an inordinate delay in the conclusion of the proceeding, which may result in the erosion of the value of the assets and defeat the very purpose of value maximization and ultimately, the revival of the Corporate Debtor, which is not the objective of the IBC. As we have seen above, in the Application to Adjudicating Authority Rules, 2016, even the right to serve a copy of a Section 10 Application is not conferred to the Creditor(s). Hence, in view of the above, we conclude that in Section 10 proceedings, though there is no mandatory requirement of issuing notice to the Creditor(s) at the pre-admission stage, rather giving notice to the Creditor(s) is a matter of discretion to be exercised on a case-to-case basis on valid grounds. Wherever there is a clear apprehension of deterioration of assets of the Corporate Debtor/Debtor*

and larger public interest is involved, issuance of notice at the pre-admission stage cannot be claimed as a matter of right.

(…)

43. We observe that Section 65 only uses the word "initiates", and does not make any distinction like the stage of pre-admission or post admission of CIRP, and from the reading of Sub-section (1), it transpires that the provision is applicable not only on the date on which a financial creditor / operational creditor or Corporate Debtor, as the case may be, makes an application to the Adjudicating Authority for initiating corporate insolvency resolution process but certainly, not limited to and may extend to the period of Liquidation, as the case may be. Needless to say, that fraud vitiates all acts. There could be instances where the fraudulent act is detected much after the commencement of CIRP. If a narrow interpretation of Section 65 of IBC 2016 is taken i.e., limiting its applicability to the pre-admission stage, then Section 65 will have no relevance. Therefore, Section 65 of IBC can be resorted by an aggrieved party at any stage, be it preadmission or post-admission. ***Accordingly, we conclude that there is no bar in entertaining/considering/adjudicating a Section 65 Application after the initiation of the CIR Process.***

44. Further, as we have noted earlier, as of the date of the hearing, there was no Section 65 Application filed/pending/listed before this Adjudicating Authority. Keeping in mind the urgency of the instant case, to protect and maximize the value of the Assets in line with the objectives of IBC, employment involved, and the larger public interest, the judicial propriety demands it will not be apt to wait for the filing of the Section 65 Application. Hence, we would like to proceed ahead with the examination of the Section 10 Application on merits."

4.16. This Tribunal is satisfied that there is a default in the repayment of debt and the application filed under Section 10 is complete with all the necessary information. Further, the Corporate Debtor is not ineligible to make an application as per Section 11 of IBC, 2016. Therefore, we are of the view that this Company application is required to be admitted u/s 10 of the Code. The circumstances justify the initiation of CIRP against the Corporate Debtor so that an effective resolution plan can be explored in the larger interest of all stakeholders. We order accordingly.

4.17. The Corporate Debtor has proposed the name of **Mr. G. Gunasekaran,** having **Regn. No. IBBI/IPA-001/IP-P00681/2017-2018/11178** as the Interim Resolution Professional (IRP) and we appoint Mr. G. Gunasekaran, having Registration No. IBBI/IPA-001/IP-P00681/2017-2018/11178 **(E-mail: cagunasekar@yahoo.com) (AFA valid up to 30-06-2027)** forming part of the Panel of IPs recommended by IBBI in accordance with, "Insolvency Professionals to act as Interim Resolution Professionals, Liquidators, Resolution Professionals and Bankruptcy Trustees (Recommendation) Guidelines, 2024", as the IRP in the present application. The IRP who is appointed shall take forward the process of Corporate Insolvency Resolution of the Corporate Debtor. The IRP appointed shall take in this regard such other and further steps as are required under the Statute, more specifically in terms of Section 15, 17, 18 of the Code and file his report within 20 days before this Bench. The powers of the Board of Directors of the Corporate Debtor shall stand superseded as a consequence of the initiation of the CIRP in relation to the Corporate Debtor in terms of the provisions of IBC, 2016.

4.18. Consequently, the application filed by the Corporate Debtor under Section 10 of the Insolvency and Bankruptcy Code, 2016 is admitted and the Corporate Insolvency Resolution Process shall commence in respect of **Gangotri textiles limited** in accordance with law.

4.19. As a consequence of the Application being admitted in terms of Section 10 of the Code, moratorium as envisaged under provisions of Section 14(1) and as extracted hereunder shall follow in relation to the Corporate Debtor;

a. The institution of suits or continuation of pending suits or proceedings against the respondent 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 respondent 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 respondent 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 respondent.

Explanation.-For the purposes of this sub-section, it is hereby clarified that notwithstanding anything contained in any other law for the time being in force, a licence, permit, registration, quota, concession, clearance or a similar grant or right given by the Central Government, State Government, local authority, sectoral regulator or any other authority constituted under any other law for the time being in force, shall not be suspended or terminated on the grounds of insolvency, subject to the condition that there is no default in payment of current dues arising for the use or continuation of the license or a similar grant or right during moratorium period;

4.20. However, during the pendency of moratorium period in terms of Section 14(2) and 14(3) as extracted hereunder;

(2) The supply of essential goods or services to the Corporate Debtor as may be specified shall not be terminated or suspended or interrupted during moratorium period.

(2A) Where the interim resolution professional or resolution professional, as the case may be, considers the supply of goods or services critical to protect and preserve the value of the Corporate Debtor and manage the operations of such Corporate Debtor as a going concern, then the supply of such goods or services shall not be terminated, suspended or interrupted during the period of moratorium, except where such Corporate Debtor has not paid dues arising from such supply during the moratorium period or in such circumstances as may be specified.

(3) The provisions of sub-section (1) shall not apply to

(a) such transactions, agreements or other arrangement as may be notified by the Central Government in consultation with any financial sector regulator or any other authority;

(b) a surety in a contract of guarantee to a corporate debtor.

4.21. The duration of period of moratorium shall be as provided in Section 14(4) of the Code which is reproduced below for ready reference;

(4) The order of moratorium shall have effect from the date of such order till the completion of the Corporate Insolvency Resolution Process:

Provided that where at any time during the Corporate Insolvency Resolution Process period, if the Adjudicating Authority approves the Resolution Plan under sub-Section (1) of Section 31 or passes an order for liquidation of Corporate Debtor under Section 33, the moratorium shall cease to have effect from the date of such approval or Liquidation Order, as the case may be.

4.22. The Corporate Debtor is directed to pay a sum of **Rs.2,00,000/- (Rupees Two Lakh only)** to the Interim Resolution Professional to meet out the expenses and to perform the functions assigned to him in accordance to Regulation 6 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. Based on the above terms, the Petition stands **admitted** in terms of Section 10 of the Code and the Moratorium shall come into effect as of this date. A copy of the Order shall be communicated to the Corporate Debtor above named by the Registry. In addition, a copy of the Order shall also be forwarded to IBBI for its records. Further, the Interim Resolution Professional above named shall also be furnished with copy of this Order forthwith by the Registry, who will communicate the initiation of the CIRP in relation to the Corporate Debtor to the Registrar of Companies concerned.

4.23. Accordingly, **CP(IBC)/310(CHE)/2025** stands **admitted**.

-Sd-	**-Sd-**
RAVICHANDRAN RAMASAMY	**JYOTI KUMAR TRIPATHI**
MEMBER (TECHNICAL)	MEMBER (JUDICIAL)