



**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 05.05.2026 AT  
10.30 A.M. THROUGH VIDEO CONFERENCING:**

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**PRESENT: SHRI. JYOTI KUMAR TRIPATHI, HON'BLE MEMBER (JUDICIAL)  
SHRI. RAVICHANDRAN RAMASAMY, HON'BLE MEMBER (TECHNICAL)**  
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**APPLICATION NUMBER : --**  
**PETITION NUMBER : CP(IB)/212(CHE)2024**  
**NAME OF THE PETITIONER : Balaganga Textiles Pvt Ltd**  
**NAME OF THE RESPONDENT(S) : --**  
**UNDER SECTION : Sec 10 Rule 7 of IBC, 2016**  
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**ORDER**

Present: Ld. Counsel Mr. Alladi Rahul for the Petitioner.

Vide separate order pronounced in open court, **CP(IB)/212(CHE)2024** is  
Allowed.

**Sd/-**  
**RAVICHANDRAN RAMASAMY**  
**Member (Technical)**

**Sd/-**  
**JYOTI KUMAR TRIPATHI**  
**Member (Judicial)**



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

**CP (IB) / 212 (CHE) / 2024**

*(Filed under Section 10 of the Insolvency and Bankruptcy Code, 2016)*

*In the matter of M/s. Balaganga Textiles Private Limited*

**M/s. Balaganga Textiles Private Limited,**

Mr. D. Boopathi, Managing Director

CIN: U17309TZ2018PTC030960

Having Office at,

D.No.122-3B, Gandhi Nagar, Athumedu,

ODC Road, Vedasandur,

Dindigul, Tamil Nadu – 624 710.

*...Corporate Debtor/Applicant*

*Order Pronounced on 05<sup>th</sup> May 2026*

**CORAM**

**SHRI JYOTI KUMAR TRIPATI, MEMBER (JUDICIAL)**

**SHRI RAVICHANDRAN RAMASAMY, MEMBER (TECHNICAL)**

***For Petitioners*** :- Mr. Vigneshwar Elango, Alladi Rahvi, Advocates

***For Respondent*** :- Mr. S. Krishna, Mr. M. Anthony Moses, Mr. Gautham  
Ram Vittal, Advocates

**ORDER**

***(Heard Through Hybrid Mode)***

1. The present application has been filed by **Balaganga Textiles Private Limited** (“the *Corporate Applicant*” or “the *Corporate Debtor*”) under Section 10 of the Insolvency and Bankruptcy Code, 2016 (“the Code”), seeking initiation of the Corporate Insolvency Resolution Process (CIRP) against it. The application has been filed through one of its Directors, **Mr. D. Boopathi**,



duly authorised by a Board Resolution dated 29.08.2024 as annexed in Page No. 44 of the petition.

2. Part-I of the Petition sets out of the details of the Corporate Applicant. It is averred that the M/s Balaganga Textiles Private Limited, incorporated on 19.09.2018, with an Authorized Share Capital of Rs. 11,00,00,000/- and the Issued, Subscribed and fully Paid-up Share Capital of Rs. 11,00,00,000/- which is represented by Mr. D. Boopathi with its registered office situated at D.No.122-3B, Gandhi Nagar, Athumedu, ODC Road, Vedasandur, Dindigul, Tamil Nadu – 624 710.

3. In Part-II of the Petition the Corporate Applicant has proposed Mr. S. Kangayan, with Reg.no. IBBI/IPA-002/IP-N00866/2019-2020/12770 to act as a Resolution Professional and therefore, prayed the Tribunal to make a reference to the board for appointment of Interim Resolution professional.

3. Part-III of the Petition sets out the details of the Financial or Operational Creditor, with HDFC Bank being the Financial Creditor and the List of 7 Unsecured Financial Creditors and 71 Operational Creditors as enclosed. The total amount of default is Rs. 41,00,95,626/- (Rupees Forty One Crores Ninety Five Thousand Six Hundred and Twenty Six Only), of which Rs. 37,92,29,463/- (Rupees Thirty Seven Crores Ninety Two Lakhs Twenty Nine Thousand Four Hundred and Sixty Three Only) is payable to Financial Creditors and Rs. 3,08,66,163/- (Rupees Three Crores Eight Lakhs Sixty Six



Thousand One Hundred and Sixty Three Only) is payable to Operational Creditors. It also states the particulars of the Debt, documents, records and evidence of the default.

#### **4. SUBMISSIONS OF THE PETITIONERS:**

4.1 It is submitted that the Corporate Applicant convened an EGM dated 29.08.2024 wherein a resolution was passed approving the initiation of the Corporate Insolvency Resolution Process (CIRP).

4.2 The total amount of default is Rs. 41,00,95,626/- (Rupees Forty One Crores Ninety Five Thousand Six Hundred and Twenty Six Only), of which Rs. 37,92,29,463/- (Rupees Thirty Seven Crores Ninety Two Lakhs Twenty Nine Thousand Four Hundred and Sixty Three Only) is payable to Financial Creditors and Rs. 3,08,66,163/- (Rupees Three Crores Eight Lakhs Sixty Six Thousand One Hundred and Sixty Three Only) is payable to Operational Creditors.

4.3 It is submitted that HDFC Bank is the Sole Secured Financial Creditor and there are 7 Unsecured Financial Creditors. It is also submitted that the Applicant have 71 Operational Creditors.

4.4 It is submitted that the Petitioner had availed credit facilities from HDFC Bank and stated that the Corporate Applicant was classified as a Non-Performing Asset on 29.05.2024.



## **5. SUBMISSIONS MADE BY RESPONDENTS:**

5.1 It is submitted that there were certain dates of default that fall within the Suspension Period as prescribed under Section 10A of IBC. The details of such Creditors and their respective default date are extracted herein:

S. No.	Name of Creditors	Nature of Debt	Date of Default
1.	A. Selvamani	Financial	12.06.2020
2.	R. Prakasam	Financial	11.06.2020
3.	Cima Sri Airjet Spares	Operational	04.03.2021
4.	Fine Tech	Operational	28.08.2020
5.	Ram Electrical Engineers Contractors	Operational	14.12.2020

5.2 It is submitted that the HDFC Bank had sanctioned a credit facility of Rs. 34,40,39,703/- (Rupees Thirty Four Crores Forty Lakhs Thirty Nine Thousand Seven Hundred and Three Only) vide Sanction Letter dated 10.02.2023. It is further submitted that various documents were executed in favour of the bank including Deed of Hypothecation dated 10.02.2023 and Letter of Continuing Guarantee dated 06.03.2023.

5.3 It is submitted that the HDFC vide its Renewal Sanction Letter dated 31.03.2024 renewed the credit facilities sanctioned to the Corporate Applicant. The details of the Credit Facilities granted by HDFC to the Borrower since 2023 is extracted as hereunder:



S. No.	Loan Account No.	Facility	Loan Amount
1.	50200078066052	Cash Credit	20,00,00,000
2.	87619955	Term Loan	9,08,88,398
3.	87394508	Term Loan	1,97,51,305
4.	87619896	Term Loan	3,34,00,000
TOTAL			34,40,39,703

5.4 It is submitted that the Applicant was declared as NPA on 29.05.2024 and issued a Demand Notice on 07.08.2024 to pay an outstanding dues of Rs. 32,43,88,125.07/-.

5.5 It is submitted that the corporate applicant had hypothecated stock-in-trade, plant and machinery, book debts and receivables as a security to the loan availed by the corporate debtor. It is also submitted that the corporate applicant had attempted to alienate the hypothecated properties without obtaining prior written consent and NOC from HDFC. Also, it is stated that a legal notice dated 07.08.2024 was served to desist from such transfer. It is also submitted the officials were restrained from entering the premises of the Applicant from verifying the status of Hypothecated properties.

5.6 It is also submitted that the demand notice dated 25.10.2024 under SARFEASI Act, 2002 was issued and a Possession Notice dated 23.01.2025 was issued. Thereby, it is submitted that the present application is made to stall the recovery process initiated by the Bank under SARFAESI proceedings.



## FINDINGS OF THE TRIBUNAL

6. We have heard the learned Counsels for both the parties and perused the documents on record.

7. The present application has been filed by the Corporate Applicant under Section 10 of the Insolvency and Bankruptcy Code, 2016 (“Code”) seeking initiation of the Corporate Insolvency Resolution Process (CIRP) on account of an alleged default of Rs. 41,00,95,626/-.

8. Per contra, the Bank has disputed the present application. It is submitted that certain alleged dates of default fall within the suspension period prescribed under Section 10A of the Code, thereby rendering the present application not maintainable to that extent. The Bank has contended that the Corporate Applicant attempted to alienate the hypothecated assets without prior written consent, in violation of the terms of sanction.

9. The Bank has further submitted that proceedings under the SARFAESI Act, 2002 were initiated, including issuance of a demand notice dated 25.10.2024 and a possession notice dated 23.01.2025. It is argued that the present application has been filed with the sole intent to stall the recovery proceedings initiated by the Bank.

10. It is observed that an Extraordinary General Meeting dated 29.08.2024 of the Corporate Applicant was convened, and a special resolution



approving the filing of the present Application was passed in compliance with Section 10(3)(c) of the Code. Further, the Corporate Applicant has also placed on record that the credit facilities availed by them and the supporting documents showing the debt and default to the creditors.

11. It is noted that the issue regarding applicability of Section 10A pertains to specific defaults and does not negate the existence of continuing default beyond the suspension period.

12. The objections raised by the Bank, including alleged misconduct and pendency of SARFAESI proceedings, do not bar admission of a Section 10 application when debt and default are established. This tribunal is of the opinion that the Adjudicating Authority is not required to examine the intent of the Corporate Applicant at the stage of admission under Section 10, so long as the application is complete and debt and default are established. Pendency of proceedings under the SARFAESI Act or allegations of misuse cannot be grounds for rejection.

13. It is relevant to discuss Section 10 of IBC, 2016 which provides as under:

*“Section 10. Initiation of corporate insolvency resolution process by corporate applicant.*

*(1) Where a corporate debtor has committed a default, a corporate applicant 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 applicant 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."*

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 Applicant, 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 information 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 information are provided by an applicant as required under Section 10 and Form 6 and if the Corporate Applicant 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”*

15. Upon consideration of the pleadings and documents on record, this Tribunal observes that:

- The existence of financial debt and default is not in dispute.
- The Corporate Applicant has admitted its inability to repay the dues.
- The application is complete in terms of the requirements of Section 10 of the Code.

16. Upon perusal of the material on record, including the petition and the accompanying documents, this Adjudicating Authority is satisfied that a default has occurred and that the application is complete with the minimum threshold of default and the special resolution approving filing of the Application has been duly passed making it fit for admission under Section 10 of the Code.

17. 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 Applicant is not ineligible to make an application as per Section 11 of IBC, 2016.

18. 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.

19. Accordingly, this Application is admitted.

20. We order accordingly. The Corporate Applicant has proposed the name of Mr. S Kangayan, having Regn. No. IBBI/IPA-002/IP-N00866/2019-2020/12770 as the Interim Resolution Professional (IRP) and we appoint Mr. S Kangayan, having Regn. No. IBBI/IPA-002/IP-N00866/2019-2020/12770 *E-mail ID: kangayan.s@gmail.com (AFA Valid till 31-12-2026)* 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.

21. 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.*

22. 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;

23. 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.*

*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.*

24. The Corporate Applicant 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.

25. 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.

26. Accordingly, Company Petition CP (IB) / 212 (CHE) / 2024 is **allowed** and disposed of.

-Sd-

**RAVICHANDRAN RAMASAMY**  
MEMBER (TECHNICAL)

-Sd-

**JYOTI KUMAR TRIPATHI**  
MEMBER (JUDICIAL)