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 03.07.2026 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(IBC)/316(CHE)2025**
NAME OF THE PETITIONER	**: DAON Auto Parts India Pvt Ltd**
NAME OF THE RESPONDENT(S)	**: --**
UNDER SECTION	**: Sec 10 of IBC, 2016**

ORDER

Present : Ld. Counsel Mr. S. Sathish for the Petitioner.

Vide separate order pronounced in open court, **CP(IBC)/316(CHE)2025** is allowed.

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

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IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH – II, CHENNAI
CP(IBC)/316(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 ***DAON Auto Parts India Private Limited***

DAON AUTO PARTS INDIA PRIVATE LIMITED,
Represented by its Director Yoo Chui Seo,
Having its Registered Office at
Survey No.73, A Block 100, Thandalam post, Mevalaurkuppam,
Sriperumpudur, Kancheepuram District. Tamil Nadu – 602 105.

... Applicant/ Corporate Debtor

Order Pronounced on ***03.07.2026***

CORAM

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

Present:

For Applicant: S. Satish, P. Hariprasad and S. Vedhavel, Advocates

ORDER

(Heard through hybrid mode)

The present application has been filed by **DAON Auto Parts India Private 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, Yoo Chui Seo, by a Resolution of the Board of Directors of the Corporate dated 09.12.2023, and the shareholders, by special resolution dated 18.12.2023 have been duly annexed **Annex VII (c)** and **VII (d)** respectively.

2. SUBMISSIONS OF THE APPLICANT:

2.1. The Corporate Debtor is a private 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. DAON Auto Parts India Private Limited. It was incorporated on 07.01.2008 having its Office at Survey No.73, A Block 100, Thandalam post, Mevalaurkuppam, Sriperumpudur, Kancheepuram District. Tamil Nadu – 602 105, with Authorized Capital as Rs.5,00,00,000/-. **Part-II** of the application sets out the particulars of the Proposed Interim Resolution Professional viz., Ms. Chitra Srinivas having Reg. No. IBBI/IPA-002/IP-N00249/2017-2018/10734. **Part-III** of the application lists the particulars of the Financial / Operational Creditors (**Annexure VI(d)),** amount of debt in default as Rs.4,73,11,428/- and date of default as 31.01.2023 and 30.04.2023.

2.2. It is submitted that the Corporate Debtor is engaged in the business of manufacturing automobile components and parts, with its operations being predominantly dependent upon job work services rendered to HSI Automotives Private Limited.

2.3. It is submitted that the Corporate Debtor has been operating from leased premises of Hwaseung Materials (India) Private Limited since 2023 and has accumulated rental arrears of Rs.4,73,11,428/- as on 22.09.2025.

2.4. It is further submitted that although advances received from its customers were utilised to meet operational expenses, the Company has suffered severe financial distress owing to disproportionately high operating costs, inability to secure funding from shareholders and financial institutions, rapid technological changes rendering its business model and products obsolete, failure to secure new business opportunities, lack of commercially viable revenue streams, and persistent negative net worth, resulting in the business becoming commercially unviable.

2.5. It is submitted that despite exploring revival measures and seeking financial assistance, it was unable to generate sufficient cash flows to meet its liabilities, leading to defaults in repayment of its dues.

2.6. It is stated that the statutory auditors, in their report for the financial year ended 31.03.2025, have expressed material uncertainty regarding the Company's ability to continue as a going concern, noting that its liabilities exceed its assets.

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

STATEMENT OF DUES

(As on September 22, 2025)

S.No.	Description	Amount Due (In Rs.)
1.	Amount due to Financial Creditors	NIL
2.	Amount due to Operational Creditors	25,27,04,123
3.	Statutory Dues	9,03,162
4.	Amount due to Employees	1,53,79,250
	Total	**26,88,86,535**

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

2.9. It is further submitted that Ms. Chitra Srinivas, an Insolvency Professional bearing Registration No. IBBI/IPA-002/IP-N00249/2017-2018/10734, has furnished his written consent in Form-2 to act as the Interim Resolution Professional

2.10. 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.

2.11. 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. FINDINGS OF THE TRIBUNAL:

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

3.2. The present application has been filed by the Corporate Debtor, **DAON Auto Parts India Private 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.

3.3. 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."

3.4. From the materials available on record, it is evident that the Corporate Debtor has been incurring continuous financial losses and has become unable to service its liabilities as and when they fell due. The financial statements placed on record disclose a deteriorating financial position, while the statutory auditor has also expressed a material uncertainty regarding the Corporate Debtor's ability to continue as a going concern. The records further reveal that the liabilities of the Corporate Debtor have exceeded its assets and that the Company has failed to generate sufficient revenue to sustain its operations.

3.5. It is further noticed that the shareholders of the Corporate Debtor, by passing the requisite Special Resolution, have approved the filing of the present application under Section 10 of the Code. The Board of Directors has also duly authorised the Managing Director to institute the present proceedings. The Applicant has placed on record the written consent of the proposed Interim Resolution Professional in Form-2, along with the declaration that no disciplinary proceedings are pending against her. Thus, the procedural requirements contemplated under Section 10 of the Code read with Rule 7 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 stand complied with.

3.6. We further note that notices were issued to the creditors of the Corporate Debtor. Significantly, all the creditors have conveyed their No Objection to the initiation of the Corporate Insolvency Resolution Process against the Corporate Debtor. There is nothing on record to indicate any dispute regarding the financial distress of the Corporate Debtor or any objection to the maintainability of the present application.

3.7. The object of Section 10 of the Code is to enable a Corporate Debtor, which has become incapable of discharging its liabilities, to seek resolution through the statutory mechanism provided under the Code.

In the present case, the material placed on record establishes that the Corporate Debtor has committed defaults, has become commercially unviable, and has approached this Adjudicating Authority after obtaining the necessary corporate approvals. We are satisfied that the application is complete in all material particulars and fulfils the requirements prescribed under Section 10 of the Code.

3.8. 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.

3.9. 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.

3.10. 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"*

3.11. 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."*

3.12. 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.

3.13. The Corporate Debtor has proposed the name of **Ms. Chitra Srinivas,** having **Regn. No. IBBI/IPA-002/IP-N00249/2017-2018/10734** as the Interim Resolution Professional (IRP). However, after verifying it was found that the said proposed IRP doesn't have a valid AFA, we appoint ***Mr. Sandeep Kothari,*** having **Registration No. IBBI/IPA-001/IP-P-02301/2020-2021/13494** ***(E-mail ID: ipsandeepkothari@gmail.com)(AFA Valid till 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.

3.14. 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 **DAON Auto Parts India Private Limited** in accordance with law.

3.15. 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;

3.16. 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.

3.17. 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.

3.18. 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.

3.19. Accordingly, **CP(IBC)/316(CHE)/2025** stands **admitted**.

-Sd-
RAVICHANDRAN RAMASAMY
MEMBER (TECHNICAL)

-Sd-
JYOTI KUMAR TRIPATHI
MEMBER (JUDICIAL)