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)/18(CHE)2025**
NAME OF THE PETITIONER	**: Ram Chandran Traders Pvt Ltd**
NAME OF THE RESPONDENT(S)	**: --**
UNDER SECTION	**: Sec 10 Rule 7 of IBC, 2016**

ORDER

Vide separate order pronounced in open court, **CP(IBC)/18(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)/18 (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 ***Ram Chandran Traders Private Limited***

RAM CHANDRAN TRADERS PRIVATE LIMITED,
Represented by its Director Doss Subramani,
Having its Registered Office at
No. 2 Bharathi Nagar IInd street, Villivakam,
Chennai, Tamil Nadu, India – 600 049.

... Applicant/ Corporate Debtor

Order Pronounced on ***03.07.2026***

CORAM

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

Present:

For Applicant: Chirag Gupta & Ashlin Christo, Advocates

ORDER

(Heard through hybrid mode)

The present application has been filed by **Ram Chandran Traders 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, Doss Subramani, 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. Ram Chandran Traders Private Limited. It was incorporated on 23.12.2011 having its Office at No. 2 Bharathi Nagar IInd street, Villivakam, Chennai, Tamil Nadu, India – 600 049, with Authorized Capital as Rs.1,00,000/-. **Part-II** of the application sets out the particulars of the Proposed Interim Resolution Professional viz., Mr. K J Vinod having Reg. No. IBBI/IPA-0003/ICAI-N-00291/2020-2021/13451. **Part-III** of the application lists the particulars of the Financial / Operational Creditors (**Annexure IX),** amount of debt in default as Rs.72,90,75,921/- (Rupees Seventy two crores ninety lakhs seventy five thousand nine hundred twenty one only) and date of default as 14.06.2022.

2.2. It is submitted that the Company has suffered severe financial distress and has committed defaults towards its creditors, rendering it unable to discharge its liabilities as and when they became due. The aggregate amount of default is stated to be Rs. 72,90,75,921.

2.3. It is submitted that a substantial portion of the liabilities arises on account of statutory dues payable to the Commercial Taxes Department. It is also stated that demand notices dated 14.06.2022 and 25.10.2023 were issued by the Commercial Taxes Department in respect of tax arrears, penalty and other statutory dues, and that the Company has failed to liquidate the said liabilities due to its deteriorated financial position and has also relied upon the relevant records issued by the Assistant Commissioner (Commercial Taxes), Ponneri Assessment Circle, in support of the default.

2.4. It is further submitted that the Board of Directors, by resolution dated 09.12.2023, and the shareholders, by special resolution dated 18.12.2023, authorised the filing of the present application under Section 10 of the Code. Along with the application has placed on record the audited financial statements for the financial years 2022–23 and 2023–24, provisional financial statements up to 31.12.2024, books of account evidencing the defaults, statement of affairs, list of financial creditors, and other statutory documents as required under the Code and the Rules.

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

You are hereby informed that as per this office records, you are having arrears of taxes as detailed below: -

Sl. No.	ACT (TNGST / TNVAT / CST / OTHERS)	Assessment Year	Arrears of Tax (Rs.)	Arrears of Interest (Rs.)	Arrears of Penalty (Rs.)	Others (Rs.)	Total (Rs.)
1	VAT	2013-14	22657064	0	33584472	0	56241536
		Total	22657064	0	33584472	0	56241536

In order to reduce your burden of your tax arrears, the Government has brought a new samadhan scheme "The Tamil Nadu Taxes (Settlement of Arrears) Act, 2023" which has been introduced by the Government of Tamil Nadu with effect from 16.10.2023 for settlement of arrears of taxes.

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

2.7. It is further submitted that Mr. K. J. Vinod, an Insolvency Professional bearing Registration No. IBBI/IPA-003/ICAI/2020-2021/13451, has furnished his written consent in Form-2 to act as the Interim Resolution Professional

2.8. 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.

2.9. 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.

<u>3. FINDINGS OF THE TRIBUNAL:</u>

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, **Ram Chandran Traders 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 records, it is seen that the Corporate Applicant has placed on record the resolution passed by the Board of Directors authorising the filing of the present application, which has subsequently been approved by the shareholders in the Extraordinary General Meeting. The Applicant has also produced its audited financial statements, provisional financial statements, books of account evidencing the defaults, statement of affairs, list of creditors, and other documents as required under Section 10 of the

Code read with Rule 7 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016. The written consent of the proposed Interim Resolution Professional in Form-2 has also been filed.

3.5. The material available on record discloses that the Corporate Applicant has committed defaults in repayment of its liabilities, including substantial statutory dues payable to the Commercial Taxes Department. The aggregate default is reflected in the application and is supported by the financial records and statutory documents placed before this Tribunal. Thus, the existence of debt and default stands satisfactorily established.

3.6. It is also pertinent to note that the Applicant has placed on record the No Objection Certificates/ consent letters issued by all its creditors. None of the creditors has opposed the initiation of Corporate Insolvency Resolution Process, nor has any stakeholder disputed the existence of the debts or the defaults committed by the Corporate Applicant. The unanimous no-objection expressed by all the creditors reinforces the bona fides of the present application and demonstrates that commencement of the Corporate Insolvency Resolution Process is considered an appropriate mechanism for resolution of the Corporate Applicant.

3.7. In view of the foregoing facts and circumstances, and being satisfied that the Corporate Applicant has established the existence of debt and default and has fulfilled all the requirements stipulated under Section 10 of the Insolvency and Bankruptcy Code, 2016, this Tribunal is of the considered view that the present application deserves to be admitted.

3.8. 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.

3.9. 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"*

3.10. 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."

3.11. 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.

3.12. The Corporate Debtor has proposed the name of **Mr. K. J. Vinod,** having **Regn. No. IBBI/IPA-003/ICAI/2020-2021/13451** as the Interim Resolution Professional (IRP) and we appoint ***Mr. K. J. Vinod,*** having **Registration No. IBBI/IPA-003/ICAI/2020-2021/13451** ***(E-mail ID: kjvinod05@rediffmail.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.

3.13. 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 **Ram Chandran Traders Private Limited** in accordance with law.

3.14. 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;

3.15. 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.

3.16. 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.

3.17. 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.

3.18. Accordingly, **CP(IBC)/18(CHE)/2025** stands **admitted**.

-Sd-
RAVICHANDRAN RAMASAMY
MEMBER (TECHNICAL)

-Sd-
JYOTI KUMAR TRIPATHI
MEMBER (JUDICIAL)