<u>IN THE NATIONAL COMPANY LAW TRIBUNAL</u>
<u>AMARAVATI BENCH</u>
(*Through Hybrid Mode)*

Item No.1
<u>IA (IBC)(Liq.)/3/2026 in</u>
<u>CP (IB)/76/7/AMR/2022</u>

<u>IN THE MATTER OF:</u>

State Bank of India

… Petitioner/ Financial Creditor

Versus

Mangalagiri Textile Mills Private Limited

… Respondent/ Corporate Debtor

<u>Under Section:</u> 7 of IBC, 2016

<u>Order delivered on 21.07.2026</u>

<u>CORAM:</u>

SHRI KISHORE VEMULAPALLI, HON'BLE MEMBER (JUDICIAL)
SHRI UMESH KUMAR SHUKLA, HON'BLE MEMBER (TECHNICAL)

<u>PRESENT:</u>

In IA (IBC)(Liq.)/3/2026

For the Applicant/ RP	:	Ms. Prabha Prasad, Adv.
Resolution Professional	:	Mr. Immaneni Eswara Rao
For the State Bank of India/CoC	:	Mr. G.P. Yash Vardhan, Adv.

<u>ORDER</u>

Order pronounced and recorded *vide* separate sheets. Application bearing **IA (IBC)(Liq.)/3/2026 in CP (IB)/76/7/AMR/2022** filed by the Applicant/ RP under Section 33, 34(1) and 60(5) of the IBC, 2016 is allowed and disposed of, and the Liquidator is appointed.

Sd/-	**Sd/-**
(UMESH KUMAR SHUKLA)	**(KISHORE VEMULAPALLI)**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**

Jahnavi (Steno)

IN THE NATIONAL COMPANY LAW TRIBUNAL
AMARAVATI BENCH AT MANGALAGIRI
(Exercising powers of Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016)

IA (IBC) (LIQ)/3/2026 in
CP (IB)/76/7/AMR/2022

Application under section 33 and 34(1) read with Section 60(5) of the Insolvency and Bankruptcy Code, 2016.

IN THE MATTER OF CP (IB)/76/7/AMR/2022:

State Bank of India

… Financial Creditor

Versus

Mangalagiri Textiles Mills Private Limited

… Corporate Debtor

AND IN THE MATTER OF IA(IBC)(LIQ)/3/2026:

Mr. Immaneni Eswara Rao,
Resolution Professional of
Mangalagiri Textiles Mills Private Limited,
Registration no. IBBI/IPA-001/IP-P01224/2018-2019/11943
R/o. #40-26-22, Mohiddin Street, Chandramoulipuram,
Vijayawada-520010, Andhra Pradesh.

… Applicant/ Resolution Professional

ORDER DELIVERED ON: 21.07.2026

CORAM: HON'BLE KISHORE VEMULAPALLI, MEMBER (JUDICIAL)
HON'BLE UMESH KUMAR SHUKLA, MEMBER (TECHNICAL)

Parties/Counsels Appearance:

For the Applicant	: Ms. Prabha Prasad along with Mr. Immaneni Eswara Rao, Resolution Professional
For the State Bank of India	**:** Mr. G.P Yash Vardhan

[ORDER]
[PER: BENCH]

The present Interlocutory application bearing no. IA(IBC)(LIQ)/3/2026 (hereinafter referred to as the "**IA 3/2026**" or "**IA**") was e-filed on 24.02.2026 and refiled on 05.03.2026 after curing the defects raised by the Registry on 03.03.2026, and physically filed vide diary no. 429 dated 09.03.2026, by Mr. Immaneni Eswara Rao, Resolution Professional (hereinafter referred to as the "**Resolution Professional**" or "**RP**" or "**Applicant**"), under Sections 33 and 34(1) read with Section 60(5) of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as the "**IBC**" or "**Code**"), seeking an order for liquidation of the Mangalagiri Textiles Mills Private Limited (hereinafter referred to as the "**Corporate Debtor**"), and for appointment of the Applicant as the Liquidator of the Corporate Debtor.

<u>FACTS OF THE CASE:</u>

2. The facts of the case, as stated in the IA, are summarised below:

(i) This Adjudicating Authority vide order dated 25.07.2024 admitted the Corporate Debtor into Corporate Insolvency Resolution Process (hereinafter referred to as the "**CIRP**") under section 7 of the IBC and appointed the Applicant herein as the Interim Resolution Professional (hereinafter referred to as the "**IRP**").

(ii) Pursuant to the aforesaid order, the IRP published the public notice in the newspapers on 31.07.2024, informing the commencement of the CIRP of Corporate Debtor and invited the creditors of the Corporate Debtor to submit their claims before the IRP, on or before 14.08.2024. The aforesaid intimation/ information was also sent to various statutory and regulatory authorities as well as the creditors and the suspended management.

(iii) The creditors submitted their claims in response to the public announcement and after verification of the claims, the IRP constituted the Committee of Creditors (hereinafter referred to as "**CoC**") comprising of State Bank of India (hereinafter referred to as "**SBI**") as sole CoC member and filed IA No. 299 of 2024, certifying the constitution of CoC, which was taken on record by this Adjudicating Authority vide its order dated 29.08.2024. The details of the CoC constituted is as below:

Sr. No.	Name of Financial Creditor	Address	Amount Claimed	Amount Admitted	Voting Percentage
1	State Bank of India	Stresses Assets Management Branch 3-4-1013/A, 1st Floor, CAC, TSRTC Bus Station, Kacheguda, Hyderabad-500027.	42,68,05,910/-* (26,54,08,841)	42,68,05,910/-* (provisionally admitted) (26,54,08,841)	100%
		TOTAL	**42,68,05,910/-** (26,54,08,841)	**42,68,05,910/-** (26,54,08,841)	**100%**

(iv) Thereafter, the SBI submitted the revised computation of claim for an amount of Rs.26,54,08,841/- on 12.09.2025, and after verification by the Resolution Professional (hereinafter referred to as the "**IRP**"), an amount of Rs.26,54,08,841/- was collated.

COC meetings conducted during the CIRP:

(v) The 1st CoC meeting was conducted on 23.08.2024, wherein the Applicant was appointed as the RP and the CoC was apprised regarding the progress of CIRP as well as the various difficulties faced by the Applicant in getting the documents/ details from the suspended management.

(vi) The Applicant conducted the 2nd CoC meeting on 21.09.2024, wherein the CoC approved the newspaper and its editions for publication of Form G inviting the Prospective Resolution Applicant (hereinafter referred to as the "**PRA**") for submission of Expression of Interest (hereinafter referred to as the "**EoI**") and fixed the eligibility criteria of the PRA for the EoI as below:

(a) Net worth - Equal to or greater than Rs.15 crores.

(b) Turnover- Equal to or greater than Rs.30 crores.

(c) Process Participation deposit- Rs.25 lakhs

(vii) The Applicant issued Form G on 23.09.2024 mentioning the last date to submit the EoI as 08.10.2024, pursuant to which, five PRAs submitted the EoIs on or before the last date.

(viii) On 18.10.2024, the Applicant issued provisional list of eligible PRAs in accordance with Regulation 36A(10) of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (hereinafter referred to as the "**CIRP Regulations**"). One of the agenda items for discussion in the 4th CoC meeting was regarding approval of Request for Resolution Plan (hereinafter referred to as the "**RFRP**") and

Evaluation Matrix (hereinafter referred to as the "**EM**"), which after appropriate discussions was approved by the CoC.

(ix) The Applicant, after verifying all the objections raised by the PRAs', issued the final list of eligible PRAs to the CoC on 02.11.2024. The Applicant issued Information Memorandum (hereinafter referred to as the "**IM**"), RFRP and EM to the PRAs on 07.11.2024 with the last date of submission of resolution plans being on or before 07.12.2024. The Applicant vide email dated 07.12.2024, informed the CoC regarding receipt of email dated 06.12.2024 from Dr. Goli Nagasaina Rao (suspended management/ eligible PRA) requesting to grant extension of 3 weeks' time for submission and finalization of resolution plan. The CoC vide email dated 16.12.2024, extended the last date of submission of resolution plan on or before 28.12.2024. Also, since the CoC granted the aforesaid extension, it was decided by the CoC not to open the sealed covers of Resolution Plans received from other PRA's.

(x) Further, Dr. Goli Nagasaina Rao (suspended management/ eligible PRA) again asked for further extension vide email dated 11.01.2025, which was granted by the CoC.

(xi) Due to the compromise settlement negotiations made by Dr. Goli Nagasaina Rao, in his capacity as personal guarantor and the same being approved and last date of complying with the same was 28.02.2025, the Applicant was directed by the SBI being the sole CoC member, not to open the resolution plans received till the aforesaid date. Due to non-payment of balance amount even after granting few extensions, the SBI/ sole CoC member informed during the 9th CoC meeting dated 13.03.2025 that the compromise deal stands cancelled.

(xii) The compromise deal failed to fructify, and the CoC during the 13th CoC meeting dated 12.05.2025, decided to consider the Resolution Plan submitted by Dr. G. Nagasaina Rao along with the other 2 PRAs and directed the Applicant to open the sealed covers and complete the verification process. In the 14th CoC meeting dated 06.06.2025, the PRAs presented their resolution plans to the CoC one after another, ensuring confidentiality of the resolution plan process. However, due to certain non-compliances under the Code and terms of RFRP, the PRAs were informed to re-submit their Resolution Plan with requisite corrections and enhanced Resolution Plan amounts. Thereafter, the rectified Resolutions Plans were submitted on 10.07.2025 and the same were opened during the 15th CoC meeting dated 14.07.2025.

(xiii) The Applicant verified the rectified Resolution Plan submitted by the PRAs and upon verification found that the suspended director's i.e. Dr. Goli Nagasaina Rao, Resolution Plan remained as the sole compliant Plan and the same was informed to the CoC and discussed at length during the 16th CoC meeting dated 28.07.2025. Also, the CoC decided not to provide any further opportunity to the PRAs, whose Resolution Plans were non-compliant. Further, the suspended director was informed to correct certain clerical error and inconsistencies in his Resolution Plan and submit the same.

The suspended director re-submitted his Resolution Plan only on 11.08.2025, beyond the time granted by the CoC during the 16th CoC meeting. The aforesaid fact was brought to the notice of the CoC during the 17th CoC meeting dated 20.08.2025 and the Resolution Plan submitted by the suspended management on 11.08.2025 was put for voting.

(xiv) The CoC permitted the suspended director/ Resolution Applicant to submit Revised Resolution Plan and directed him not to leave any uncertainty and vague terms. Pursuant to the same, the suspended director/ Resolution Applicant submitted the Revised Resolution Plan and the same was put for voting during the 19th CoC meeting dated 25.09.2025.

(xv) The Applicant then conducted the 20th CoC meeting dated 21.10.2025 to discuss and appraise the CoC regarding various updates of the CIRP of the Corporate Debtor such as enhancement of claim of one of the Operational Creditor i.e. APCPDCL and status updates of cases pending before all the judicial forums etc. Further, the CoC also discussed in detail regarding the sources of funds of the suspended director/ Resolution Applicant for successful implementation of the Resolution Plan submitted by him and the validity of comfort letters placed by questioning the suspended director especially regarding the ability of the proposed investor to infuse the required funds and the adequacy of the proposed infusion to implement the Resolution Plan. After the detailed discussion, the suspended director/ Resolution Applicant was directed as below:

a) There should be certainty as to the source of funds i.e., the proposed investor, who will fund the plan amount for its implementation.

b) As informed, every statement should be supported by proper documentation.

c) A checklist was already shared containing the information to be provided for due diligence of the financial capability of proposed investor.

d) Requested to submit the information sought of the proposed investor and a consolidated addendum with respect to the changes to be made in the resolution plan dated 23.09.2025.

(xvi) The Applicant conducted the 21st CoC meeting dated 04.12.2025, where in different Agenda Items were discussed, one of them being detailed discussion regarding various aspects of the Resolution Plan such as submission of Performance Bank Guarantee (hereinafter referred to as the "**PBG**"), CIRP cost allocation, legal proceedings, release of title deeds etc. The CoC vide its voting dated 09.12.2025, approved the Clarified Resolution Plan dated 23.09.2025 along with the addendum dated 08.12.2025 providing clarification on the Resolution Plan.

(xvii) The CoC in its 22nd meeting made a best estimate of Rs.20 Lakhs to meet liquidation costs (specifically excluding the liquidator's remuneration) under Regulation 39B of the CIRP Regulations, with the resolution that such costs shall be contributed by the financial institutions or NBFCs (such as the SBI), who would be the members of the Stakeholders Consultation Committee (hereinafter referred to as the "**SCC**") to meet any excess of estimated costs over available liquid assets. Additionally, the CoC resolved under Regulation 39D of the CIRP Regulations that the remuneration of the Liquidator, for both any period used for a compromise or arrangement under Section 230 of the Companies Act, 2013 and the balance period of liquidation, shall be fixed by the SCC in its first meeting under Regulation 4 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 (hereinafter referred to as the "**Liquidation Regulations**"). Furthermore, the CoC has made no recommendation for the exploration of the possibility of a compromise or arrangement scheme under Regulation 39BA.

(xviii) Despite approval of the Resolution Plan submitted by the suspended director, the PBG as per the terms of the RFRP was not submitted and Dr. G. Nagasaina Rao, vide email dated 22.12.2025, requested to provide 4 working days for the submission of the same. The aforesaid fact was brought to the notice of the CoC during the 23rd CoC meeting dated 23.12.2025. The Applicant vide email dated 31.12.2025, informed the CoC that despite providing the 4 working days, no PBG was submitted by the Resolution Applicant. The aforesaid fact was once again discussed in detail during the 24th CoC meeting dated 05.01.2026, wherein, while the meeting was still going on, the Applicant received an email from the suspended director requesting to adjourn the meeting to 06.01.2026, however the same was declined. After detailed discussion, the CoC directed the Applicant to conduct another meeting on 07.01.2026 and further instructed the Applicant to inform the suspended director/ Resolution Applicant to attend the same without failure.

(xix) The Applicant conducted the 25th CoC meeting dated 07.01.2026, wherein it was once again brought to the notice of the CoC that the Resolution Applicant failed to submit the PBG despite providing additional working days and explanation was sought from the Resolution Applicant for such noncompliance. However, the Resolution Applicant once again requested for an extension to submit the PBG on 12.01.2026 and the CoC, after deliberations, informed the Resolution Applicant to formally submit his request of further extension of date of submission of PBG along with the supporting documents. Thereafter, the CoC directed the Applicant to adjourn the 25th CoC meeting to 12.01.2026 for deciding regarding the future course of the CIRP of the Corporate Debtor. However, the Resolution Applicant failed to submit the PBG within the next date and no formal request along with supporting documents was submitted. Therefore, the said fact was brought to the notice of the CoC during the adjourned 25th CoC meeting dated 12.01.2026. Since the Resolution Applicant failed to submit the PBG, the Resolution Plan became non-responsive and further the CoC informed the Applicant that decision as to whether the Corporate Debtor will be pushed into liquidation or restarting the CIRP of the Corporate Debtor will be taken after approval from their higher officials.

(xx) The Applicant conducted the 26th CoC meeting dated 23.01.2026, wherein several agenda Items were discussed in detail and one of them being regarding the future course of action to be taken in the CIRP of the Corporate Debtor, since the Resolution Plan submitted by the Resolution Applicant was non-responsive due to non-submission of PBG as per the agreed terms and conditions. After detailed deliberations, the CoC vide e-voting dated 30.01.2026 decided to liquidate the Corporate Debtor and directed the Applicant to file appropriate application before this Adjudicating Authority under the provisions of the Code and further approved the appointment of the Applicant as the Liquidator of the Corporate Debtor.

Litigation:

(xxi) Due to absolute non-cooperation of the suspended management, the Applicant filed IA 337 of 2024 under Section 19 of the Code. After several opportunities, certain documents such as audited financial statements as on the date of CIRP commencement were provided and further the suspended management was directed to provide detailed list of assets and liabilities, fixed assets register, names & addresses of the parties, from whom amounts are receivable, in order to initiate recovery process and for valuation purposes, and names & addresses of the parties, to whom the amounts are payable in order to intimate the CIRP of Corporate Debtor as per Regulation 6A of CIRP Regulations. Thereafter, vide order dated 11.07.2025, the aforesaid IA was disposed of, wherein the suspended management undertook to submit the remaining documents within two weeks.

(xxii) One of the suspended directors of the Corporate Debtor i.e. Dr. G Nagasaina Rao filed appeal i.e. Comp. Appeal (AT) (CH) (Ins) No. 375 of 2024 before the Hon'ble NCLAT, Chennai Bench challenging the order of admission dated 25.07.2024 passed by this Adjudicating Authority in CP(IB)/76/7/AMR/2022 initiating the CIRP of Corporate Debtor. The aforesaid appeal was dismissed by the Hon'ble NCLAT, Chennai Bench, vide its order dated 23.09.2025, by observing the fact that the Appellant/ suspended director has submitted the Resolution Plan, which is to be considered by the CoC after the Corporate Debtor was placed under CIRP and therefore appeal challenging admission of Section 7 application and commencement of CIRP proceedings does not survive to be adjudicated on merits.

(xxiii) Further, the Writ Petition WP No. 33568 of 2025 filed by one Dr. Vajrala Siva Kumar, before the Hon'ble High Court of Andhra Pradesh making SBI, Dr G Nagasaina Rao, the Corporate Debtor, Debts Recovery Appellate Tribunal at Calcutta and this Adjudicating Authority, as the Respondents and praying for certain reliefs. In the aforesaid Writ Petition, certain interim directions were passed against the SBI, however no stay was granted against the CIRP of the Corporate Debtor.

Valuation:

(xxiv) The Applicant in accordance with Regulation 27 read with Regulation 35, 34 and Regulation 31 of the CIRP Regulations appointed two IBBI registered valuers for all three classes of assets on 10.09.2024 for determining the fair value and the liquidation value. The details of the valuation summary of the valuation done by both the valuers are as below:

Class of Assets	Average Fair Value	Average Liquidation Value
Land & Buildings	72,09,01,500/-	54,23,54,400/-
Plant & Machinery	3,65,13,910/-	2,65,61,545/-
Securities or Financial Assets	0/-	0/-
Total	75,74,15,410/-	56,89,15,945/-

Avoidable Transactions:

(xxv) M/s AAR & Co., New Delhi were appointed as Transaction Auditors and in their report dated 17.06.2025, it was reported that based on the limited records made available to them and subject to the limitations mentioned in their report, they could not observe any such transactions, which was reportable under Sections 43, 45, 49 and 50 of the IBC.

(xxvi) Whereas the Transaction Auditors identified fraudulent transactions to the tune of Rs.20.67 crores, only as probable fraudulent transaction, however for the RP to file any application under Section

66 of the Code, it is mandatory and obligatory on the part of the RP to form an opinion that there exists fraudulent transactions, which are to be proved beyond doubt. Based on the report issued by the Transaction Auditor, the Applicant was unable to form such opinion. The said matter was discussed with the CoC in its 22nd CoC meeting at length and pursuant to the deliberations in the 22nd CoC meeting held on 15.12.2025, the CoC resolved not to file an Interlocutory Application seeking relief for avoidable/ preferential, undervalued, fraudulent, and extortionate (hereinafter referred to as the "**PUFE**") transactions based on the findings of the Transaction Audit Report, noting that the RP was unable to form a conclusive opinion regarding the occurrence of such transactions due to the lack of cogent evidence and the observational nature of the Transaction Auditor's findings, which were based on inconclusive ratio analysis.

Extension of CIRP:

(xxvii) The CoC extended the last date of submission of the Resolution Plan and the Resolution Plan received were yet to be opened and verified, however since the CIRP of Corporate Debtor was ending on 20.01.2025, the COC directed the Applicant to file extension application for period of 60 days from 20.01.2025 and the same was granted by this Adjudicating Authority vide its Order dated 31.01.2025 in IA/33 of 2025.

(xxviii) The Resolution Plans submitted by the PRAs were pending consideration before the CoC and hence the CoC directed the Applicant to file the extension application, and this Adjudicating

Authority its Order dated 27.03.2025 in IA No. 90 of 2025 extended the CIRP period till 21.05.2025.

(xxix) Since the CIRP of the Corporate Debtor was ending on 22.05.2025 and the PRAs were under active consideration for finalization of the Resolution Plan and the CoC was in the process of evaluating the proposals, the Applicant was directed to file the extension application, and this Adjudicating Authority vide its Order dated 11.06.2025, in IA No.152 of 2025 extended the CIRP till 21.07.2025.

(xxx) On account of discussions with the PRAs and to complete the process of negotiations, the COC passed a resolution with 100% voting for seeking extension of CIRP period by 60 days from 21.07.2025 to 19.09.2025. This Adjudicating Authority vide its Order dated 05.08.2025, in IA No. 233 of 2025 extended the period of CIRP till 19.09.2025.

(xxxi) Out of the Resolution Plans submitted, only the Resolution Plan submitted by suspended director i.e. Dr. Goli Nagasaina Rao was compliant with the provisions of the Code. However, due to certain clerical errors and vague terms, he was asked to correct the same and submit the corrected Resolution Plan. Meanwhile, since the CIRP of the Corporate Debtor was ending on 19.09.2025, the COC directed the Applicant to file application for extension of the CIRP of the Corporate Debtor. The Applicant filed IA 327 of 2025 praying for extension of the CIRP from 19.09.2025 to 18.11.2025 and the same is pending before this Adjudicating Authority.

(xxxii) The CoC approved the Resolution Plan submitted by Dr. Goli Nagasaina Rao/ suspended director vide voting dated 09.12.2025. However, despite giving extension to submit the PBG in terms of the RFRP, Dr. Goli Nagasaina Rao failed to do the same and the CoC, after deliberation, concluded that the Resolution Plan approved is non-responsive. Thereafter, the sole CoC member after obtaining approval from their higher authorities regarding the future course of action, through e-voting dated 30.01.2026 (which is recorded in the minutes of the 26th CoC meeting) approved the initiation of liquidation of the Corporate Debtor and further approval was granted to the Applicant to file appropriate extension application to enable the filing of the present IA before this Adjudicating Authority for initiation of liquidation of the Corporate Debtor. Since the earlier IA 327 of 2025 prays for extension of the CIRP only till 18.11.2025, the Applicant filed an IA for extension of the CIRP on 07.02.2026, for the period from 18.11.2025 to 28.02.2026.

(xxxiii) Despite genuine efforts of the Applicant and even after providing opportunity to the PRAs to submit the Code compliant Resolution Plan, upon verification, the only compliant Resolution Plan was submitted by the suspended director/ Dr. Goli Nagasaina Rao. Pursuant to which, he was asked to make certain clerical corrections and ensure that there are no vague terms in the Resolution Plan. Upon submission of the same, the CoC approved the Resolution Plan vide voting dated 09.12.2025. However, despite giving extension as requested, for submission of PBG as per the terms of the RFRP, Dr. Goli Nagasaina failed to do the same and the CoC concluded that the Resolution Plan approved become non-responsive.

(xxxiv) Pursuant to the aforesaid decision, the sole CoC member had talks with their higher ups to decide the future course of action, as to whether to initiate liquidation of the Corporate Debtor or to reissue Form G afresh. The Applicant informed the CoC that restarting the Resolution Plan process of the Corporate Debtor would be subject to timelines and since all the model timelines have surpassed, restarting the process would be subject to grant of extension of CIRP period by this Adjudicating Authority. Thereafter, the Applicant conducted the 26th CoC meeting on 23.01.2026, wherein the CoC after considering all the available options and due deliberation, voted with 100% vide e-voting dated 30.01.2026, to liquidate the Corporate Debtor and further approved the appointment of the Applicant as the Liquidator of the Corporate Debtor as well as authorized the Applicant to file extension application for the period from 18.11.2025 to 28.02.2026 to enable filing of the present IA before this Adjudicating Authority.

(xxxv) At present the Corporate Debtor has been non-functional and non-operational since December 2021. Further, the Corporate Debtor was leased for job work during the period from March 2021 to till December 2021.

(xxxvi) The filing of Form-H along with this IA is not mandatory as per the CIRP Regulations, as the same is required only when an application is filed seeking appropriate orders to approve the Resolution Plan.

3. This Adjudicating Authority vide its order dated 02.06.2026, directed the CoC to file a Memo clarifying its legal position with regard to the continuation of the present RP as the Liquidator as well as the appointment of Liquidator taking into consideration the amended provisions of the Code, which became effective from 26.05.2026 .

4. During the course of hearing dated 17.06.2026, the Counsel appearing for the CoC, sought time to file a Memo along with the resolution of the CoC recommending the name of Liquidator from the panel of Insolvency Professional prepared by the IBBI.

5. Pursuant to this Adjudicating Authority dated 17.06.2026, the Counsel of the CoC vide Diary No. 1128 dated 02.07.2026 filed a Memo dated 01.07.2026 along with the minutes of the 31st Meeting of the CoC held on 01.07.2026, wherein the sole member of the CoC, namely State Bank of India holding 100% voting share unanimously resolved to recommend the appointment of Mr. Naga Bhushan Bhagawati, Insolvency Professional bearing Registration No. IBBI/IPA-001/IP-P00032/2016-17/10085, as the Liquidator of the Corporate Debtor.

6. Subsequently, the Counsel of the CoC vide Diary No. 1140 dated 03.07.2026, filed a Memo dated 02.07.2026 along with the minutes of the 32nd st Meeting of the CoC held on 02.07.2026 stating that Mr. Naga Bhushan Bhagawati, vide his e-mail dated 02.07.2026, addressed to the

State Bank India, informed that in view of the recently inserted Regulation 3A of the Liquidation Regulations, he does not presently form part of the IBBI panel and, consequently, expressed his inability to act as the Liquidator of the Corporate Debtor. The CoC took note of the communication received from Mr. Naga Bhushan Bhagawati and unanimously resolved with 100% voting share to recommend the appointment of Mr. Rajesh Chillale, Insolvency Professional bearing Registration No. IBBI/IPA- 001 /IP-P00699/ 2017-2018/11226, as the Liquidator of the Corporate Debtor.

7. During the hearing dated 03.07.2026, it was submitted by the Counsel of CoC that the name of both the Liquidators recommended, vide memo dated 01.07.2026 and 02.07.2026, are not in the IBBI Panel for the East Zone for the period 01.07.2026 to 31.12.2026 and therefore, sought time to recommend a Liquidator from the panel list circulated by the IBBI, whose name falls in the East Zone and undertook to file the resolution of the CoC with a voting share of not less than 66%.

8. Pursuant to this Adjudicating Authority dated 03.07.2026, the Counsel of the CoC vide Diary No. 1180 dated 09.07.2026 filed a Memo dated 08.07.2026, which was taken on record, subject to just exceptions vide this Adjudicating Authority Order dated 10.07.2026.

ANALYSIS AND FINDINGS:

9. We have heard the learned Counsel for the RP and CoC and perused the records carefully.

10. It is stated in the IA that the average fair value and average liquidation value of the Corporate Debtor is Rs.75.74 crore and Rs.56.89 crore. However, it is not clear, whether all the assets of the Corporate Debtor have been considered by the valuers, more particularly, when the financial statements as on the date of CIRP were not available with the RP.

11. It is stated in the IA that based on the report of the Transaction Auditor, the RP was unable to form opinion and the CoC in the 22nd CoC meeting held on 15.12.2025 resolved not to file an Interlocutory Application seeking relief based on the findings of the Transaction Audit Report, noting that the RP was unable to form a conclusive opinion. However, it is noted that the Transaction Auditor has categorically given its finding on the fraudulent transactions under Section 66 of the IBC. It is further noted that the CoC, in the minutes of 22nd meeting held on 15.12.2025, has recorded the reason of not proceeding for PUFE application, as the Financial Creditor, who is the sole member of the CoC, has obtained approval of the resolution plan from their apex committees stating that there were no conclusions and certainty as to avoidable transactions and further, if the Resolution Applicant fails to implement the resolution plan, this exercise needs to be carried out to find out such details and conclude the avoidable transactions, during liquidation. The relevant extract of the minutes are reproduced below:

> iii. The CoC also obtained approval of the resolution plan from their apex committees stating that there were no conclusions and certainty as to avoidable transactions.

f. The CoC further informed the chairperson that if the SRA failed to implement the resolution plan, at such time this exercise needs to be carried out to find out such details and conclude the avoidable transactions, during liquidation.

g. The Chairperson explained to the CoC that in case of failure of the SRA in implementation of the resolution plan, the CD will be pushed into Liquidation, and the Liquidator also have the power to pursue the avoidable transactions during the Liquidation proceedings.

12. It appears that the RP delayed the discussions on the PUFE transactions in the CoC and consequently, filing the PUFE Application to accommodate the resolution plan of the suspended director as being MSME, the suspended director would become ineligible under Section 29A(g) of IBC. Be that it may be, the Liquidator is directed to examine the Transaction Audit Report, subsequent financial statements provided by the suspended directors and other information available on record and take a call to file appropriate Application(s) under section 43, 45, 49, 50 and 66 of the Code within one month.

13. The Liquidator shall examine the Transaction Audit Report, financial statements provided by the suspended directors and other information available on record and shall examine the avoidance transaction, fraudulent or wrongful trading under the provisions of the Code within a period of two months.

14. In terms of the amended provisions and Regulation 3A of the Liquidation Regulations, the CoC is required to recommend the name of

the Liquidator from the panel of Insolvency Professional prepared by the IBBI.

15. It is noted from the minutes of the 33rd Meeting of the CoC held on 07.07.2026, filed along with the Memo dated 08.07.2026, that the CoC, with 100% voting share, resolved to recommend the appointment of Mr. Golla Ramakantha Rao, Insolvency Professional bearing Registration No. IBBI/IPA-003/IP-N00310/2020-2021/13364, as the Liquidator of the Corporate Debtor. The relevant extract of the minutes of the CoC meeting is reproduced below:

Item No. B1: To recommend the name of an Insolvency Professional from the IBBI panel for appointment as Liquidator in compliance with Regulation 3A of the IBBI (Liquidation Process) Regulations, 2016 and obtain their formal written consent.

1. The Chairperson apprised the CoC that:
   a. The Hon'ble NCLT, Amaravati Bench, during the hearing held on 03.07.2026, taken note of the following:
      i. CoC's recommendation to appoint the Insolvency Professional Mr. Naga Bhushan B as the Liquidator, during the 31st CoC meeting held on 01.07.2026 with 100% voting.
      ii. Email received from the proposed Insolvency Professional Mr. Naga Bhushan B on 02.07.2026 stating that he is not empaneled with the IBBI and is therefore ineligible to be appointed as Liquidator. Further, Mr. Naga Bhushan B clarified that, pursuant to the recently inserted Regulation 3A of the IBBI (Liquidation Process) Regulations, 2016, only Insolvency Professionals included in the IBBI panel are eligible to be recommended and appointed as Liquidators.
      iii. Considering the said email, the CoC's recommendation to appoint another Insolvency Professional Mr. Rajesh Chillale as Liquidator during the 32nd CoC meeting held on 02.07.2026 with 100% voting.
   b. Further during the proceedings of the hearing held on 03.07.2026, the counsel representing the CoC submitted the following:
      i. The name of IP Mr. Rajesh Chillale is not appearing in the list of IBBI panel of East Zone for the period 01.07.2026 to 31.12.2026.
      ii. The CoC will conduct a CoC meeting on tomorrow i.e., 04.07.2026 and sought 1 week time to enable them to recommend the name of an IP to be appointed as Liquidator from Panel list circulated by IBBI and whose name falls in the East Zone; and
      iii. Undertook to file the resolution to be passed by the CoC with a voting share of not less than 66%.

Process) Regulations, 2016, only Insolvency Professionals included in the IBBI panel are eligible to be recommended and appointed as Liquidators.

iii. Considering the said email, the CoC's recommendation to appoint another Insolvency Professional Mr. Rajesh Chillale as Liquidator during the 32nd CoC meeting held on 02.07.2026 with 100% voting.

b. Further during the proceedings of the hearing held on 03.07.2026, the counsel representing the CoC submitted the following:

   i. The name of IP Mr. Rajesh Chillale is not appearing in the list of IBBI panel of East Zone for the period 01.07.2026 to 31.12.2026.

   ii. The CoC will conduct a CoC meeting on tomorrow i.e., 04.07.2026 and sought 1 week time to enable them to recommend the name of an IP to be appointed as Liquidator from Panel list circulated by IBBI and whose name falls in the East Zone; and

   iii. Undertook to file the resolution to be passed by the CoC with a voting share of not less than 66%.

c. Considering the submissions of legal counsel representing the CoC, the Hon'ble Bench granted time as prayed for and listed the matters to 10.07.2026 for further consideration.

d. Vide email dated 06.07.2026 at 03:09 PM, the CoC requested the RP that a meeting be convened on 07.07.2026 at 03:30 PM to consider a change in the name of the Liquidator recommended at the 32nd CoC meeting, due to technical issues.

e. Further in the said email, the CoC proposed and recommended the name of the Insolvency Professional Mr. Golla Ramakantha Rao with IBBI Registration no: IBBI/IPA-003/IP-N00310/2020-2021/13364 to be appointed as the Liquidator of the CD during liquidation proceedings.

f. The CoC was requested to provide the formal approval of its recommendation of the aforementioned Insolvency Professional to appoint as the Liquidator of the CD.

2. The CoC took note of the above and, by passing the following resolution with 100% voting, recommended the appointment of Insolvency Professional Mr. Golla Ramakantha Rao as the Liquidator.

Resolution:

*"RESOLVED THAT, pursuant to Regulation 3A of the IBBI (Liquidation Process) Regulations, 2016, the Committee of Creditors hereby recommends the appointment of Insolvency Professional **Mr. Golla Ramakantha Rao** (IBBI Registration No: IIBI/IPA-003/IP-N00310/2020-2021/13364), whose name appears in the panel of Insolvency Professionals for the East Zone prepared by the IBBI, as the Liquidator of M/s Mangalagiri Textile Mills Private Limited."*

16. It is further noted that that the name of Mr. Golla Ramakantha Rao is reflected in the IBBI panel of Insolvency Professional for the period July 1 to December 31, 2026 for East Zone for appointment as Liquidator in a liquidation process under section 34(6) of the Code and the CoC along with the Memo dated 09.07.2026 have also enclosed the written consent of Mr. Golla Ramakantha Rao in Form AA dated 06.07.2026 and Authorisation for Assignment (AFA) in Form B, which is valid up to 31.12.2026.

17. As a sequel to the aforesaid discussions, the Corporate Debtor, Mangalagiri Textiles Mills Private Limited, is ordered to be liquidated under Section 33(2) of IBC with the following directions. Therefore the Moratorium under Section 14 of the IBC shall cease to have effect from the date of this order and a fresh moratorium under Section 33(1)(b)(iv) of the Code shall commence. The Liquidator shall make a public announcement stating that the Corporate Debtor is in liquidation, in terms of Section 33(1)(b)(ii).

18. In view of the above, Mr. Golla Ramakantha Rao, Registration No. IBBI/IPA003/IP-N00310/2020-2021/13364, is hereby appointed as the Liquidator of the Corporate Debtor to conduct the liquidation process in accordance with the provisions of the Code, the Liquidation Regulations, and other applicable laws, as amended from time to time.

19. The Registry is directed to communicate a copy of this order to the erstwhile RP, the Liquidator, the CoC, IBBI, Registrar of Companies, Vijayawada and other necessary parties forthwith.

20. Accordingly, **IA (IBC) (Liquidation)/3/2026 in CP (IB)/76/7/AMR/2022 stands allowed and disposed of.**

Sd/-	**Sd/-**
(UMESH KUMAR SHUKLA)	**(KISHORE VEMULAPALLI)**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**

Shankar