IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH
[Through Physical hearing/ VC Mode (Hybrid)]

ITEM No.03
C.P. (IB) No. 127/BB/2026

IN THE MATTER OF:

South Canara District Central Co-operative Bank Ltd … Petitioner

Vs.

M/s Mylar Sugars Ltd … Respondent

Petition under Section 7 of IBC, 2016

Order delivered on: 17.08.2026

CORAM:

SHRI SUNIL KUMAR AGGARWAL
HON'BLE MEMBER (JUDICIAL)

SHRI RADHAKRISHNA SREEPADA
HON'BLE MEMBER (TECHNICAL)

PRESENT:

For the Petitioner : Shri Adith Jahgirdar
For the Respondent : Shri Abhijit Atur with Ms. Siva Tejaswini

ORDER

1. Heard the Learned Counsel for the Petitioner.
2. Vide separate Order, **Respondent Company is admitted to CIRP, and the moratorium is declared.**
3. List this matter on **12.10.2026**, for awaiting the IRP/RP report.

-Sd-	-Sd-
RADHAKRISHNA SREEPADA	**SUNIL KUMAR AGGARWAL**
MEMBER (TECHNICAL)	**MEMBER (JUDICIAL)**

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IN THE NATIONAL COMPANY LAW TRIBUNAL, BENGALURU BENCH

(Exercising powers of Adjudicating Authority under
The Insolvency and Bankruptcy Code, 2016)

CP (IB) No.127/BB/2026

(Application u/s. 7 of the Insolvency and Bankruptcy Code, 2016
read with Rule 4 of the Insolvency and Bankruptcy
(Application to Adjudicating Authority) Rules, 2016.)

IN THE MATTER OF:

M/s. South Canara District Central Co-operative Bank Limited
Incorporated under the provisions of the Cooperative Societies Act, 1912.
Registered under the provisions of the Banking Regulations Act, 1949,
Rep. by its Chief Executive Officer, Mr. Gopalkrishna Bhat K,
"Uthkrushta Sahakari Soudha", Kodialbail,
Mangaluru – 575 003 … Petitioner/Financial Creditor

VERSUS

M/s. Mylar Sugars Ltd.
A registered Company under the provisions of the Companies Act, 1956
Rep. by its Executive Chairman & Authorized Signatory,
Mr. Ramakrishna Venkatareddy Tarikoppad
No.6, Laxmi Park,
Behind New Bus Stand,
Gokul Road,
Hubbali – 583 216 … Respondent/Corporate Debtor

Order delivered on: 17.08.2026

Coram: **Shri Sunil Kumar Aggarwal, Hon'ble Member (Judicial)**

Shri Radhakrishna Sreepada, Hon'ble Member (Technical)

Counsels Present:

For the Petitioner : Shri Adith Jahgirdar

For the Respondent : Shri Abhijit Atur with Ms. Siva Tejaswini

O R D E R

1. This Petition U/s.7 of Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as IBC) has been filed on 04.06.2026 by the Petitioner, a leading cooperative Banking institution incorporated in the year 1913 under the provisions of cooperative societies Act, 1912 and registered under the Banking Regulations Act, 1949 against the Respondent/ Corporate Debtor in respect of a total debt of Rs.98,71,94,481/- comprising principal amount of Rs.96,25,00,000/-, interest of Rs.2,41,04,056/- and penal interest of Rs.5,90,425/- as on 30.04.2026 with date of default being 06.01.2026 for 4 of the facilities and 30.04.2026 for the last working capital loan facility, through Shri Gopalkrishna Bhat K., CEO-in charge on the strength powers conferred on him by the executive committee of Bank in its meeting held on 25.05.2026.

2. It is the case of the Petitioner that the Respondent is engaged in business of manufacture and sale of sugar and sugar related by products and generation of power through cogeneration facilities.

3. On the Respondent approaching the lead Bank M/s. Karnataka State Co-operative Apex Bank Limited in the year 2021 for availing a consortium term loan facility for expansion of its ethanol manufacturing unit from 90 KLPD to 240 KLPD the consortium of Banks including the Petitioner was constituted. Under the consortium arrangement a total term loan facility of Rs.220 Crores was sanctioned to the Respondent out of which the Petitioner had sanctioned and disbursed a sum of Rs.60 Crores carrying interest at the rate of 13% p.a. and penal interest at the rate of 3% p.a. in the event of default. The Respondent had executed term loan agreement, deed of mortgage by deposit of title deeds, deed of hypothecation of plant, machinery and other assets in consideration of loan and as continuing security towards its repayment, on 18.06.2021. The loan was repayable in 16 quarterly instalments of Rs.13,75,00,000/- each after expiry of moratorium period of one year from the date of first disbursement.

4. On the Respondent again approaching the aforesaid lead Bank in 2023, working capital loan of Rs.110 Crores was sanctioned for expansion of its 5000 TCD sugar

plant to 10000 TCD and expansion of 18 MW to 31 MW cogeneration unit for the cane crushing season 2023-2024. A sum of Rs.30 Crores out of the sanctioned working capital loan carrying interest at the rate of 14.5% p.a. and penal interest at the rate of 2% p.a. was disbursed against execution of loan agreement, continuity guarantee agreement on 11.07.2023. The Respondent had also executed (a) deed of mortgage by deposit of title deeds (b) deed of hypothecation in favour of the consortium Banks on 07.07.2023.

5. The Respondent had availed another working capital loan facility from the Petitioner for Rs.15 Crores carrying interest at the rate of 13.5% p.a. and penal interest at the rate of 3% p.a. vide sanctioned letter dated 30.03.2024 and had executed loan agreement dated 30.03.2024.

6. The Respondent was further sanctioned working capital loan of Rs.25 Crores by the Petitioners on 25.03.2025 at the same interest rates against execution of loan agreement and hypothecation of movables agreement on 26.03.2025.

7. The last working capital loan facility for Rs.18,25,00,000/- was sanctioned to the Petitioner vide letter dated 27.03.2026 carrying interest at the rate of 13.5% p.a. with penal interest at the rate of 3% p.a. against execution of loan and hypothecation agreements dated 28.03.2026.

8. The Respondent thus has availed the total loan facilities of Rs.148,25,00,000/- from the Petitioner against valid loan security documents but failed to adhere to the repayment schedule stipulated under the loan agreements and committed persisted defaults in fulfilling its obligations. The Respondent did not service the loan despite repeated opportunity and requests to regularize the account and issuance of several notices. The outstanding loans as appearing in the books of Petitioner, after adjusting the part payments made therein are tabulated hereunder:

Account No.	Loan Amount	Date of disbursement	Principal amount due	Interest due	Total outstanding as on 30.4.2026
825/1111	Rs.60,00,00,000	06.07.2021	Rs.11,10,00,000	Rs.51,83,138	Rs.11,61,83,138
857/205	Rs.30,00,00,000	20.07.2023	Rs.30,00,00,000	Rs.85,93,151	Rs.30,85,93,151

857/294	Rs.15,00,00,000	30.03.2024	Rs.11,90,00,000	Rs.26,84,836	Rs.12,16,84,836
857/407	Rs.25,00,00,000	26.03.2025	Rs.25,00,00,000	Rs.59,38,356	Rs.25,59,38,359
857/522	Rs.18,25,00,000	25.03.2026	Rs.18,25,00,000	Rs.22,95,000	Rs.18,47,95,000
Total (Rs.)	**148,25,00,000**		**96,25,00,000**	**Rs.2,46,94,481**	**Rs.98,71,94,481**

9. The Petition is supported with affidavit of Chief Executive Officer (In-charge) of the Petitioner besides copies of master data of Respondent as available on 01.06.2026 on the Ministry of Corporate Affairs portal, loan sanctioned letters, mortgage deeds, loan agreements, deeds of hypothecation, letters of continued guarantee, financial statements of Respondent for F.Y.2023-2024 and 2024-2025 along with auditor's report acknowledging the loan liabilities under the heads of long term borrowings and short term borrowings copy of ledger for term loan and statements of working capital loans etc. It has been contended that the loans were declared non-performing assets on 06.04.2026 and are outstanding till date, hence the request for initiation of Corporate Insolvency Resolution Process in respect of the Respondent.

10. Vide a memo bearing Diary No.7371 dated 09.07.2026 the Petitioner has filed Record of Default (Form-D) issued by NeSL in respect of each of the loan facilities showing the status of default to be "Authenticated".

11. On notice of the Petition being served on the Respondent, it appeared through Counsels and filed reply-affidavit vide Diary No.8192 dated 14.08.2026. The affidavit sworn by Shri Udaykumar G. Puranikmath, Managing Director of Respondent, with certified copy of authorization resolution passed by the Board of Respondent in his favour on 14.07.2026. The Respondent has categorically admitted the financial facilities availed from the Petitioner from time to time aggregating to Rs.148,25,00,000/- against sanctions letters by executing loan and related documents out of which principal sum of Rs.96,25,00,000/- remains outstanding. The Respondent admits that its account was classified as NPA on 06.04.2026 and despite exploring various reasonable avenues for arranging requisite funds including discussions with prospective investors, strategic and financial partners and other possible sources of finance, it unfortunately could not service the loans within the required time. The

Respondent had also engaged with its lenders to find out a workable solution for repayment of their outstanding dues, but it did not materialize.

12. It is claimed that the inability of Corporate Debtor to pay the outstanding dues may not be construed as an intention to evade its financial obligations. It has always made genuine and bonafide efforts to discharge its legitimate liabilities. The present situation has arisen on account of the financial difficulties faced by it coupled with inability to secure requisite funds. The Respondent therefore perceives CIRP to be an institutional mechanism for resolution of its financial woes that may provide an opportunity to the prospective investors to revive the operations of Respondent by infusing necessary funds. The resolution process, if initiated may provide a fair and transplant opportunity for maximization of the value of assets of Respondent on revival of the business for better realization of dues of the Creditors.

13. Manifestly, the Petitioner did not choose to file any rejoinder. We have heard Ld. Counsels for the parties and carefully perused the material on record.

14. We have orally verified from the parties that on no earlier occasion the Respondent has faced such a Petition and that none of the other consortium members of lenders have initiated similar proceedings. Both parties have categorically verified that there are no related party transactions involved in the matter.

15. On the Respondent unequivocally and unambiguously admitting the outstanding loans liabilities much above the prescribe threshold under Section 4 of the IBC, we have saved on the labour to a large extent. Counting from the dates of disbursal of loans and taking note of the part payments made therein from time to time as well as the acceptance of dues in the annual financial statements of Respondent, we find the Petition to have been filed within the prescribe limitation period. The affidavit dated 12.08.2026 of the Managing Director of Respondent leaves nothing further to be deliberated upon.

16. In a Petition under Section 7 of the IBC this Authority is required to verify the existence of debt, its disbursal and occurrence of default. All three parameters have been admitted by the Respondent, and they are otherwise visible in the documents

produced with the Petition. We are not required to go any further. In view of the admission on behalf of Respondent, the Petition is allowed, and Respondent **M/s. Mylar Sugars Limited is admitted to Corporate Insolvency Resolution Process (CIRP) and moratorium is imposed** in the following terms for compliance by all and sundry.

17. Accordingly, **Company Petition bearing C.P. (IB) No.127/BB/2026** is hereby **allowed**. Consequently, the Corporate Debtor **M/s. Mylar Sugars Limited** is admitted to the Corporate Insolvency Resolution Process and moratorium under Section 14 of the Code, 2016 is declared. Accordingly, the following prohibitions are imposed to be complied with by all concerned:

    a. The institution of suits or continuation of pending suits or proceedings against the Corporate Debtor, 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 Corporate Debtor 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 Corporate Debtor in respect of its property, including any action under the Securitisation 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 Corporate Debtor.

18. It is further directed that the supply of essential goods or services to the Corporate Debtor, as may be specified, shall not be terminated, suspended or interrupted during the moratorium period in terms of Section 14(2) of the Code.

19. The provisions of Section 14(3) of the Code shall, however, apply in accordance with law. The moratorium shall have effect from the date of this Order till the completion of the CIRP or until the Authority approves the Resolution Plan under Section 31(1) of the Code or passes an order for liquidation of the Corporate Debtor under Section 33 of the Code, as the case may be.

20. The Petitioner has proposed **Shri Kondisetty Kumar Dushyantha,** IBBI/IPA-002/IP-N00237/2017-2018/10688 as the Interim Resolution Professional ("IRP"), and the written communication in **Form-2** along with the requisite disclosures has been filed along with the Petition.

21. Since no disciplinary proceedings are stated to be pending against the proposed IP, **Shri Kondisetty Kumar Dushyantha, having Reg. No. IBBI/IPA-002/IP-N00237/ 2017-18/10688, Mobile No.99000 03149, email Id: dushyanthak@gmail.com,** having registered address: No.337 (No.1, Ashoka Pillar), 5th Floor, 3rd Cross, Jayanagar, I Block, Bengaluru – 560 011 is appointed as the IRP of Corporate Debtor to carry out the functions contemplated under the Code, 2016. The IRP shall forthwith take all necessary steps as contemplated under Sections 15, 17, 18, 20 and 21 of the Code and perform all duties in accordance with the provisions of the Code and the Regulations framed thereunder.

22. The Financial Creditors shall deposit a sum of **₹2,50,000/- (Rupees Two Lakhs Fifty Thousand Only)** with the IRP for meeting the initial expenses viz. issuance of public announcement and inviting claims. The said expenses shall be subject to ratification by the Committee of Creditors (CoC). The fee and other expenses of the IRP/RP shall thereafter be pragmatically determined by the CoC from time to time commensurate with work performance/undertaken keeping in view the provisions of the Code, 2016 and the relevant IBBI Regulations.

23. The IRP shall issue the public announcement in accordance with Section 15 of the Code and make all necessary compliances as contemplated under the Code, 2016 and the Regulations framed thereunder. The IRP shall also issue notices to the concerned statutory authorities, including the Jurisdictional Income Tax Authority, Goods and Services Tax Authorities, Employees' Provident Fund Organisation, Employees' State Insurance Corporation and such other authorities as may be required under law, and place documentary proof of such compliances in the first progress report.

24. The IRP shall, upon collation of all claims received against the Corporate Debtor and determination of its financial position, constitute the CoC in accordance with Section

21 of the Code and file a report certifying the constitution of the Committee within the period prescribed under the Code. Thereafter, the IRP shall convene the first meeting of the CoC in accordance with the provisions of the Code and the applicable Regulations.

25. The IRP shall also submit **monthly** progress reports to this Adjudicating Authority along with photographs depicting the inside and outside of the registered office, warehouse, installations, project site, plant, machinery, equipment and other assets, if any, of the Corporate Debtor. Upon taking control of the assets and management of the Corporate Debtor, the IRP/RP shall display, at a conspicuous place outside the premises of the Corporate Debtor, a board indicating that the Corporate Debtor is undergoing the CIRP, mentioning the case number and title together with the name and contact particulars of the IRP/RP to facilitate enquiries and submission of claims by stakeholders within the prescribed timelines. Photographs of the displayed board and the assets of the Corporate Debtor from various angles shall also be filed along with the progress report. The IRP shall perform all duties and exercise all powers conferred under Sections 17, 18, 20, 21 and other applicable provisions of the Insolvency and Bankruptcy Code, 2016.

26. The Board of Directors of the Corporate Debtor stand displaced from their position and be obliged to co-operate with the IRP/RP in smooth conduct of CIRP by handing over entire control, management and custody of physical/virtual books of accounts, credentials, financial statements, property documents, information including various passwords, other assets of corporate debtor to the IRP/RP against receipt.

27. A copy of this Order shall be communicated to the Financial Creditor for onward communication to the IRP. The Registry shall also forthwith transmit a softcopy of this Order to the IRP and Registrar of Companies, Karnataka by e-mail for necessary action.

-Sd-
RADHAKRISHNA SREEPADA
MEMBER (TECHNICAL)

-Sd-
SUNIL KUMAR AGGARWAL
MEMBER (JUDICIAL)