



IN THE NATIONAL COMPANY LAW TRIBUNAL
DIVISION BENCH-I, CHENNAI

ATTENDANCE CUM ORDER SHEET OF THE HEARING
HELD ON **29.01.2026** THROUGH VIDEO CONFERENCING

CORAM: HON'BLE SHRI. SANJIV JAIN, MEMBER (JUDICIAL)
HON'BLE SHRI. VENKATARAMAN SUBRAMANIAM, MEMBER (TECHNICAL)

APPLICATION NUMBER :
PETITION NUMBER : CP(IB)/205(CHE)/2024
NAME OF THE PETITIONER(S) : Gagan Bothra
NAME OF THE RESPONDENT(S) : Maagrita Exports Ltd.
UNDER SECTION : Sec 7 Rule 4 of IBC, 2016

ORDER

Present: Shri. Gagan Bothra, Petitioner in person
Ms. Shakthi, Ld. Counsel for the Respondent/Corporate Debtor.

Vide separate order pronounced in the Open Court, the petition is admitted.

CIRP is initiated against the Corporate Debtor, Maagrita Export Ltd.
Shri. S.R. Shriraam Shekher is appointed as the IRP.

Sd/-
[VENKATARAMAN SUBRAMANIAM]
MEMBER (TECHNICAL)

Sd/-
[SANJIV JAIN]
MEMBER (JUDICIAL)

vs

Date: 29.01.2026



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

CP/205/IB/CB/2024

[Under Section 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 Maagrita Exports Limited

M.Gagan Bothra,
S/o Late Shri S. Mukanchand Bothra
44, Veerapan Street,
Sowcarpet,
Chennai 600001

Vs

Maagrita Exports Limited,
CIN: U51229TN2004PLC053001
MDA Tower , Ground Floor ,
New No 6, Old no 12, Appavu Gramini 1st Street,
Raja Annamalaipuram,
Chennai-600028.

Respondent.

Order pronounced on 29th January, 2026

CORAM :

SANJIV JAIN, MEMBER (JUDICIAL)
VENKATARAMAN SUBRAMANIAM , MEMBER (TECHNICAL)

For M.Gagan Bothra:
For Maagrita Exports Limited :

M.Gagan Bothra in person
Ld Counsel Shri. Vedhavel
Ld. Counsel Abhijith Christopher for
Ex-Director



ORDER

(Heard Through Hybrid Mode)

1. This petition *CP IB 205 CHE 2024* has been filed by Shri . M .Gagan Bothra, financial creditor on 16.09.2024 under Section 7 of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as “the Code”) read with Rule 4 of Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 for initiating Corporate Insolvency Resolution Process (hereinafter referred to as “CIRP”) against Maagrita Exports Limited, the Corporate Debtor (CD).

2. Petitioner is an individual residing in Sowcarpet , Chennai who has given loan to Corporate Debtor. Corporate Debtor is a limited company having registered office at Chennai and was incorporated on 20.04.2004 with CIN No *U51229TN2004PLC053001*.

3. It is stated that Corporate Debtor borrowed a total sum of Rs. 4,00,00,000/- (Four Crores) on various dates for business of the corporate debtor vide acknowledgements dt:- 11.04.2022, 11.08.2022, 19.08.2022, 10.09.2022, 15.10.2022 and 05.02.2023 promising to repay the same within 15 months and it was admitted and acknowledged by way of various letters executed by corporate debtor through its director. Corporate



debtor issued cheque for a sum of Rs. 3,75,00,000/- (Three Crore and Seventy Five lakhs Only) towards discharge of part liability out of the total liability payable to financial creditor and on presentation the said cheque got dishonoured/ unpaid for reason "Payment Stopped by the Drawer".

Total amount of debt due from corporate debtor is Rs. 5,53,57,808.22 (Five Crores Fifty three lakhs fifty seven thousand eight hundred eight rupees and twenty two paisa) as on date of filing of this petition. It is stated that Corporate Debtor availed credit facility not only from the financial creditor but also from other lender banks namely SBI, ICICI Bank Ltd, IOB, State Bank of Mysore (presently merged with SBI) , IDBI Bank Ltd, LIC, LVB Ltd (presently with DBS) and 3i Infotech Trusteeship Services Ltd.

4. In Part III of Petition, Petitioner has recommended name of **Mr. S.R.Shriraam Shekher** , IBBI/IPA-03/IP-N000144/2017-2018/11598 , No. 11, Prayag Apartments 8/15, Gandhi Nagar 1st main Road, Adyar, Chennai – 600 020 as Interim Resolution Professional. His written consent is also obtained.



5. As per Part IV of petition, date of default is 05.05.2024 and the outstanding as on 16.09.2024 (i.e. date of filing) is Rs.5,53,57,808.22 (Rs. Five crore fifty three lakhs, fifty seven thousand, eight hundred and eight and paise twenty two only). Petitioner relies on following documents to prove debt and default:

i) **Letter Dt:- 11.04.2022** from CD represented by Director Mr. Pandithurai Gnanadurai acknowledging receipt of Rs.25 lakhs by way of cash , authorising Mr. Ebinazer Sundar Singh to deal with financial creditor stating that decision was taken after getting oral concurrence of other directors and amount is borrowed purely for the business of Corporate Debtor.

ii) **Letter Dt:- 11.08.2022** from CD represented by Director Mr. Pandithurai Gnanadurai borrowing further Rs. 50 lakhs by way of cash acknowledging total borrowing of Rs.75 lakhs.

iii) **Letter Dt:- 19.08.2022** from CD written in hand and signed by N. Ebinezer Sunder Singh acknowledging receipt of Rs.75 lakhs so far and further borrowing of Rs.25 lakhs making total borrowing to Rs.1 crore.



iv) **Letter Dt:- 10.09.2022** from CD represented by Director Mr. Pandithurai Gnanadurai borrowing further Rs. 1.0 crore by way of cash and acknowledging total borrowing of Rs. 2.0 crore.

v) **Letter Dt:- 15.10.2022** from CD represented by Director Mr. Pandithurai Gnanadurai borrowing further Rs.1.25 crore by way of cash and acknowledging total borrowing of Rs.3.25 crore.

vi) **Letter Dt:- 05.02.2023** from CD represented by Director Mr. Pandithurai Gnanadurai borrowing further Rs.75 lakhs by way of cash and acknowledging total borrowing of Rs.4 crore. It is stated that entire amount would be repaid within a period of 15 months, failing which a sole arbitrator would be appointed to decide the dispute and it would abide by decision of arbitrator.

vii) Copy of dishonored **cheque dated 03.08.2024** of Corporate Debtor signed by Mr. Pandithurai Gnanadurai drawn on ICICI Bank for Rs.3.75 crores with return memo dated 06.08.2024 remarks *"Payment stopped by drawer"*.

viii) Statutory Notice dt:- 27-08-2024 u/s 138 of the Negotiable Instruments act.



ix). NeSL Report dated 20.09.24 stating that Default status is deemed to be authenticated.

6. Submissions by Petitioner:

6.1. It is stated that corporate debtor had financial dealings with financial creditor (FC). It used to borrow money from FC for its business purposes and for such borrowing corporate debtor used to issue receipts confirming the said borrowing. Total amount borrowed by the corporate debtor from FC stood at Rs. 4,00,00,000/- (Rs. Four Crore only) which was disbursed as and when the corporate debtor wanted and the same was borrowed on various dates as under:-

- a) Dt:- 11.04.2022, Rs. 25,00,000/- (Page No.12 of the Typed Set)
- b) Dt:- 11.08.2022, Rs. 50,00,000/- (Page No.13 of the Typed Set)
- c) Dt:- 19.08.2022, Rs. 25,00,000/- (Page No.14 of the Typed Set)
- d) Dt:- 10.09.2022, Rs. 1,00,00,000/- (Page No.15 of the Typed Set)
- e) Dt:- 15.10.2022, Rs. 1,25,00,000/- (Page No.16 of the Typed Set)
- f) Dt:- 05.02.2023, Rs. 75,00,000/- (Page No.17 of the Typed Set)

6.2. It is stated that corporate debtor issued a cheque dt: 03.08.2024 for a sum of Rs. 3,75,00,000/ - towards discharge of part liability out of total liability payable to the financial creditor and when said cheque was presented for clearing, same got dishonoured unpaid with remarks



"payment stopped by the drawer" vide return memo dated:- 06.08.2024 (Page No. 18) of typed Set which resulted in issuance of notice dt:- 27.08.2024 U/S 138 of the Negotiable Instruments Act (Page No. 19-21) of typed Set.

6.3. It is stated that in order to prove debt and default of corporate debtor, FC relies on above mentioned letters executed by corporate debtor in FC's favour, cheque issued by the corporate debtor, FC's Income Tax Returns (Additional Typed Set of papers), FC's books of account, and also the NesL report issued by the NesL to FC's email dt: - 13-10-2024 (enclosed herewith) which says loan is *"deemed to be authenticated"*.

6.4. It is stated that corporate debtor in reply has taken a moonshine defence stating that all letters and cheque were pre-signed by director for some other business purpose. It is stated that ex-director had also independently filed a reply which is totally contrary to the reply filed by the corporate debtor, which clearly shows that stand taken to negate FC's claim is not genuine. No explanation has been offered by corporate debtor to various letters executed by Corporate Debtor in FC's favour as and when money was borrowed from FC. Corporate Debtor till date has failed to initiate any criminal complaint against said Ebenezer whom Corporate



Debtor has alleged to be a third party to the transaction. It is stated that this clearly establishes the fraudulent activities of corporate debtor and that they all were hand in glove with each other.

6.5. Regarding dishonour of cheque, it is stated that FC initiated criminal complaint U/S 138 of the Negotiable Instruments Act and same is pending on the file of the *FTC – 4, At George town Court, Chennai* in *S.T.C. No. 712 of 2025* for trial and all directors have been directed to appear for trial.

6.6. Petitioner has filed additional documents vide *SR No. 5582 dated 20.11.2024* enclosing NeSL report, Income Tax returns for FYs 2021-22, 2022-23 and 2023-24 and the books of accounts from 01.04.2022 to 31.03.2023 to prove that his transactions with Corporate Debtor are reflected in them.

7. Counter by Corporate Debtor

7.1. It is stated that CD did not receive any funds from the petitioner, nor had any valid financial or borrowing arrangement with the Petitioner in the manner claimed in the petition. Petitioner has relied on fabricated documents and falsehoods, seeking to defraud this Tribunal and manipulate the judicial process to extract undue financial gains.



7.2. It is stated that the Petitioner has filed six letters, five of which were purportedly handed over by one director Panditurai Gnanadurai, and remaining one by Mr. Ebenezer Sunder Singh, who is in no way connected to the respondent company in any capacity whatsoever. Petitioner has failed to provide any evidence of an agreement regarding either principal or interest transactions between the parties. Petitioner has failed to provide any proof of payment of interest from the respondent to the petitioner.

7.3. It is stated that Petitioner is attempting to elicit huge sums of money through forged documents in connivance with Ebinezer. Petitioner has failed to provide any authorization from Board of respondent company and is relying on forged letters allegedly from one of directors of the respondent company. Contents of letter did not have any documentation to prove backing of board over borrowing such sums from the petitioner.

7.4. It is stated that Petitioner's submission of debt records to NeSL do not prove his claims. Respondent has disputed these records on September 25, 2024, denying any financial relationship or liability. NeSL portal



reflects disputed status of the Petitioner's claims, confirming Respondent's position. Debt records are false and misleading.

7.5. It is stated that the Corporate Debtor (Maagrita Exports Limited) categorically denies receiving any amount from the petitioner. Purported transactions between the Petitioner and the Director Pandithurai Gnanadurai, were not approved or authorized by Board of Directors of the company, as mandated by the company law. Cheques in question submitted by petitioner were fraudulently altered and presented by the petitioner, forming the basis of petitioner's unfounded allegations. It is stated that upon discovering misplacement of cheque leaves, CD promptly took action by issuing stop payment instructions to its bankers as early as 04.05.2022. It has responded to notices issued under the Negotiable Instruments Act vehemently denying all the allegations.

7.6. It is stated that Corporate Debtor's financial records, including audited statements for the fiscal years 2021-22, 2022-23 and 2023-24, provide irrefutable evidence that no such liability to the Petitioner existed. CD's income tax filings further corroborate this, reflecting a transparent and accurate record of all financial transactions. It is stated that it is clearly



evident that Corporate Debtor had not obtained any such funds as alleged by petitioner, and in addition, no valid agreement existed between Maagrita Exports Limited and FC.

7.7. It is stated that Petitioner has presented five letters purportedly signed by Director Mr. Panditurai Gnanadurai, and one letter by a third party individual Ebinezer, borrowing funds from the petitioner. It is stated that these letters were created using company's letterheads without proper authorization from company. It is stated that third party Ebinezer, who had no official association with Maagrita Exports Limited had also issued letter to petitioner using company's letterheads. These letters were fraudulent and executed without the knowledge or consent of company. Cheques cited by petitioner were misused by Mr. Ebinezer in connivance with petitioner. Respondent acting swiftly upon discovering that cheques were missing from registered office of company ensured that cheques in question were stopped, thus nullifying any potential misuse. After receipt of papers in present petition and after getting appropriate explanation from the director Pandithurai Gnanadurai and as per the appropriate legal advice, respondent has been filing the present reply.



7.8. It is stated that Cheques cited by petitioner were fraudulently misused by independent director for his personal gains. These cheques were pre-signed by director and CFO of respondent company for a specific business purpose, namely, procurement of raw materials. Upon discovering misplacement of cheques, respondent acted swiftly to issue stop payment instructions, rendering cheques invalid. Maagrita Exports Limited had, as early as 04.05.2022, initiated a stop payment order for cheque leaves [Cheque Nos. 000263 – 000267] from its bank account with ICICI Bank. Bank confirmed stop payment through email dated 20.06.2024 and written correspondence dated 24.06.2024.

7.9. It is stated that Company was unaware of misuse of its cheque books and letterheads until Petitioner filed this petition, copy of which was received on 25.11.2024. Upon learning about negligent action of misplacing cheques as well as letterheads by responsible officials of the company, company removed the director Mr. Pandithurai Gmandurai and also initiated an internal investigation to determine extent of his involvement in alleged transactions. Based on above, it is stated that claims made by petitioner are baseless and stem from unauthorized and



fraudulent actions taken by a third party. It is stated that whether signatures are forged or whether letters are fraudulent could only be tried and established at a trial.

7.10. It is stated that Petitioner's claim of lending Rs. 5.0 crore to the Respondent is unsubstantiated and violates multiple provisions of the Income Tax Act, 1961 as under:

- i) *Unexplained Investment (Section 69)*: Petitioner has failed to provide credible evidence of possessing Rs. 5.0 crore in either his bank account or as cash. Such unexplained possession, if proven, qualifies as an unaccounted investment under Section 69 and is subject to taxation at highest rate.
- ii. *Unexplained Credit (Section 68)*: If Petitioner's books reflect Rs. 5.0 crore credited as a loan or advance without clear, verifiable sources, this qualifies as unexplained credit under Section 68.
- iii. *Concealment and False Representation (Sections 271(1)(c) & 277)*: Lack of credible financial evidence for Rs. 5.0 crore raises serious questions about the accuracy and honesty of Petitioner's income tax disclosures. False representations made in financial records and loan-related submissions may attract penalties for concealment and prosecution under Section 277.



8. Reply Affidavit filed by Mr. Pandithurai Gnanathurai pursuant to tribunal's order dated 21.02.2025 along with written submissions

8.1. It is stated that Pandithurai Gnanadurai (herein after called as ex-director) resigned from Board of Directors of CD on 18.10.2024. A copy of resignation letter is enclosed.

8.2. It is stated that ex-director aged 74 years is permanently residing in United States of America since 25.10.2022 due to his current medical condition.

8.3. It is stated that ex-director categorically denies having executed any document, instrument or instruction on behalf of company since 24.10.2022. It is stated that signatures attributed to him on cheque or any other instrument annexed in the petition are forged.

8.4. In the written submissions, ex-director stated that for the following questions:

- a) *Whether the Corporate Debtor, despite having full knowledge of the alleged acts, ever initiated any internal inquiry, disciplinary action, or complaint during the tenure of the answering respondent (ex-director) ?*



- b) *Whether company, despite its powers to remove directors for cause, permitted the answering respondent (ex-director) to resign voluntarily without recording any objection or adverse note?*
- c) *Whether any resolution, internal record, or board proceeding exists attributing misconduct or responsibility to the answering respondent?*

no cogent answers or material are placed on record by Corporate Debtor, to have adverse inference or liability fastened on ex-director and hence the allegations of Corporate Debtor against him would not survive.

9. IA 561 CHE of 2025 by Ebenezer.N. for impleading in CP 205 of 2024

9.1. It is stated that Mr. Ebenezer, applicant had a long relationship with the financial creditor based on which financial creditor consented to meet Mr. Pandithurai Gnanadurai, director of Corporate Debtor. It is stated that Mr. Pandithurai Gnanadurai provided certain cheques leaves, letterheads, and pre-signed documents to financial creditor for specific purpose of securing a corporate loan for Corporate Debtor. It is stated that after obtaining the said documents, Financial Creditor refused to extend any financial assistance to Corporate Debtor. It is stated that, despite this refusal, Financial Creditor retained cheque leaves (bearing the



signatures of the directors of Corporate Debtor) and letterheads without any justification or authority.

9.2. It is stated that Applicant Mr. Ebenezer borrowed money from Financial Creditor and petitioner with full knowledge that loan was the personal liability of Ebenezer (applicant) fraudulently used cheque belonging to Corporate Debtor to initiate insolvency proceedings against Corporate Debtor under Section 7 of the Insolvency and Bankruptcy Code, 2016. It is stated that these cheques bore only signature of the director and CFO of Corporate Debtor and were otherwise blank at the time of handover.

9.3. Tribunal vide its order dated 09.05.2025 dismissed the application for reason that no intervention application can be filed by a third party before deciding a Section 7 petition based on Hon'ble NCLAT judgements in i) *Deb Kumar Mujumdar Vs. State Bank of India, Company Appeal (AT) (Ins.) No. 44/2018* and ii) *Vekas Kumar Garg Vs DMI Finance Pvt. Ltd. & Anr., Company Appeal (AT) (Ins.) No. 113/2021*.

10. Analysis

10.1. Heard the submissions of parties and perused pleadings, documents submitted, and written submissions placed on record.



10.2. **Petitioner** has submitted that Corporate Debtor borrowed Rs. 4.0 Crore in cash in six tranches on 11.04.2022, 11.08.2022, 19.08.2022, 10.09.2022, 15.10.2022 and 05.02.2023 and the same were acknowledged by corporate debtor by way of letters on the letter head of Corporate Debtor signed by authorised signatory and further Corporate Debtor issued a cheque dated 03.08.2024 for Rs. 3,75,00,000/- towards discharge of part liability.

10.3. It is stated that when the cheque was presented for payment, it was returned dishonoured with a memo stating "Payment stopped by drawer." Legal notice under Section 138 of NI Act was issued on 27.08.24. It is stated that financial creditor initiated criminal proceedings against the Corporate Debtor, its directors and CFO in respect of cheque bouncing and the same is independently being pursued. Petitioner has also stated that NeSL report issued by the NesL to FC's email dt: 13-10-2024 says the loan is "*deemed to be authenticated*". Petitioner by way of additional documents has submitted his Income Tax returns and Book of Accounts to prove financial transactions with Corporate Debtor.



10.4. **Corporate Debtor** per contra has stated that Corporate Debtor never borrowed any money from the financial creditor. It is stated that the purported transactions between Petitioner and Director Pandithurai Gnanadurai were not approved or authorized by Board of Directors of company, as mandated by the Companies Act.

10.5. It is stated that petitioner has presented five letters purportedly signed by Director Mr. Panditurai Gnanadurai, and one letter by a third party individual Mr. Ebinezer for borrowing funds from the petitioner. These letters were created using the company's letterheads without proper authorization from the company. It is stated that third party Ebinezer, who had no official association with Maagrita Exports Limited had also issued letter to the petitioner using the company's letterheads. These actions were fraudulent and had been executed without the knowledge or consent of company. Cheques cited by petitioner were misused by Ebinezer in connivance with the petitioner.

10.6. Ld Counsel for CD has provided Annual Reports, Income tax return acknowledgements for FY 2021-22 to FY 2023-24 to substantiate his



arguments that borrowing from petitioner was not reflected in company's books of accounts.

10.7. Ld. Counsel for Corporate Debtor submitted that documents including letter heads were forged and not backed by the board approval.

It is stated that there were no loan agreement executed, no record of funds transfer available, no acknowledgement of debt issued by Corporate Debtor and the absence of evidence prove that there was no financial relationship. It is stated that Corporate Debtor on discovering misplacement of cheques, issued instruction to ICICI Bank to stop payment of Cheques 000263 to 000267 on 04.05.2022. It is stated that Financial Creditor fraudulently altered and presented Cheque No 000263, which returned unpaid and on the basis of which financial creditor filed cheque bouncing case under Section 138 of Negotiable Instruments Act 1881. It is stated that upon learning about the negligent action of misplacing the cheques as well as letterheads by responsible officials of company, company removed the Director Mr. Pandithurai Gmandurai and initiated an internal investigation to determine extent of his involvement in the alleged transactions. It is stated that whether



signatures were forged or whether the letters were fraudulent could only be tried and established at a trial and not before NCLT.

10.8. Ld. Counsel for Corporate Debtor stated that Corporate Debtor formally disputed NeSL records on September 25, 2024, denying any financial relationship or liability. It is stated that NeSL portal reflects the disputed status of the Petitioner's claims, confirming Respondent's position.

10.9. Ld. Counsel further stated that purported cash transactions referred to by petitioner contravene **Section 68** (unexplained cash credits), **Section 69** (unexplained investments), **Section 271(1) (c)** (Concealment) and **Section 277** (False representation) of **Income Tax Act 1961**.

10.10. **Ld. Counsel for ex-director Mr. Pandithurai Gnanadurai** has stated that ex-direcor resigned from directorship of Corporate Debtor on 18.10.2024, is permanently residing in United States of America since 25.10.2022 due to his current medical condition and has denied executing any document, instrument or instruction on behalf of the company since 24.10.2022. It is stated that the **signatures attributed to him on the cheque or any other instrument annexed in the petition are forged.**



10.11. Ld. Counsel stated that the Corporate Debtor's statement that the company removed the director Mr. Pandithurai Gnanadurai and also initiated an internal investigation to determine the extent of his involvement in alleged transactions is false. Ld. Counsel stated that ex-director resigned from the company which was accepted by the company and the correspondence in this respect is also enclosed.

10.12. It is seen that Mr. Ebenezer filed an **intervention application IA 561 CHE 2025** in the Petition stating that he had introduced Mr. Pandithurai Gnanadurai to petitioner for obtaining loan to Corporate Debtor. It is stated that petitioner promised to give loan to Corporate Debtor. He obtained certain cheques leaves, letterheads, and pre-signed documents, but later he refused to sanction the loan. He illegally retained the documents and used them for filing the Section 7 IBC petition. This application was dismissed by the tribunal on 09.05.2025 as third party intervention in Section 7 petition is not maintainable.

10.13. Ld. Counsels for Corporate Debtor and ex-director during the hearing on 18.08.2025 stated that company and ex-director did not borrow any money nor paid interest to petitioner. It was also conceded by Ld.



Counsel for Corporate Debtor that till that date, company has not lodged any criminal complaint against petitioner in respect of purported fraud committed by him. **Proceedings of tribunal dated 18.08.2025** records as under:

“Ld. Counsels for the Corporate Debtor and the Ex-Director on instructions submit that the Company and the Ex-Director never borrowed any money from the Petitioner nor there was any question of paying interest to the Petitioner.

Ld. Counsel for the Corporate Debtor however concedes that till date the Company has not lodged any criminal complaint against the Petitioner qua the alleged fraud played upon the Corporate Debtor.

Ld. Counsel for the Ex-Director submits that the cheques forming part of the complaint under Section 138 of Negotiable Instrument Act do not bear the signature of the Ex-Director. Ld. Counsel submits that reply to the notice was immediately sent denying the liability. He submits that it is a case of fraud and this Tribunal under summary jurisdiction cannot decide this question.

Ld. Counsel submits that the payment was received by Mr. Ebenezar without any authorization which fact he has admitted in his application for impleadment.”

11. Findings:

11.1. From submissions of various parties, it can be inferred that impugned transactions were cash transactions.



11.2. Petitioner has tried to substantiate his claim by producing letters on the letter head of Corporate Debtor signed by authorised representative acknowledging receipt of money on behalf of Corporate Debtor and Cheque issued by CD for Rs. 3.75,00,000/- (Rs. Three Crore seventy-five lakhs). Petitioner has also produced his income tax returns, books of accounts for relevant period. It is observed that petitioner also initiated the criminal proceedings against CD and its directors for cheque bouncing.

11.3. Per contra Ld. Counsel for Corporate debtor has denied Corporate debtor availing loan from Petitioner and produced the annual reports, audited balance sheets and income tax returns to substantiate its claims. It is also stated that the alleged cheque presented by the petitioner was one of the cheques misplaced by it and it had issued stop payment instructions to the bank as early as 04.05.2022 itself. It is stated that third party, Mr. Ebinezer, who had no official association with Maagrita Exports Limited, had also issued letter to the petitioner using the company's letterheads. These actions were fraudulent and had been executed without the knowledge or consent of the company. Cheques



cited by petitioner were misused by Mr. Ebinezer in connivance with the petitioner. It is stated that upon learning about negligent action of misplacing cheques as well as letterheads by the responsible officials of company, company removed the director Mr. Pandithurai Gmandurai and also initiated an internal investigation to determine extent of his involvement in alleged transactions.

11.4. Ld. Counsel for ex-director has stated that the director had resigned from directorship and he was not removed. Ld. Counsel stated that ex-director is residing permanently in United States of America since 24.10.2022 and has categorically denied execution of any document, instrument on behalf of the company since 24.10.2022. Further signature of the ex-director in cheque or any other instrument was forged. It is observed from documents submitted by petitioner that all documents were signed and executed before 24.10.2022 **other than the** letter dated 05.02.2023 acknowledging receipt of Rs. 75.0 lakhs and cheque dated 03.08.2024. *Ex-director has stated that his signature in the documents produced by the petitioner is forged.*



11.5. It is observed that vide letter dated 05.02.2023, Corporate Debtor acknowledged that it would repay the entire amount within a period of 15 months from that date and issued a cheque dated 03.08.2024 for Rs.3,75,00,000 towards part payment which was dishonoured. Hence there is a default committed by Corporate Debtor. It is also observed that petitioner has claimed principal amount of Rs. 4,00,00,000/- and interest of Rs. 1,53,57,808.52 and said that corporate debtor was paying interest for loan instalments before it committed the default. The calculation sheet for interest is not available along with the petition. Further no documentary evidence is produced for the interest rate being mutually agreed between the parties.

11.6. From above discussions, in order to decide whether present petition is admissible or not, we have to decide:

- a) *Whether Corporate Debtor availed financial debt from the petitioner or not? and*
- b) *Whether cash transaction violating income tax provisions make underlying transaction illegal, void or non-existent?*

We will deal them one by one.



11.7. Whether Corporate Debtor availed financial debt from the petitioner or not?

a) Petitioner has produced letters on the letter head of Corporate Debtor and a dishonored cheque of Rs. 3.75 crores to prove acknowledgement of debt. Both parties have produced their book of accounts and income tax returns to substantiate their side of claim. It is observed that petitioner initiated criminal proceedings for cheque bouncing against Corporate Debtor and its directors which is being independently proceeded with.

b) Corporate Debtor responded as under:

i) ' M/s. Maagrita Exports Limited denied receiving any amount from the Petitioner. The purported transactions between the Petitioner and the director, Pandithurai Gnanadurai, were not approved or authorized by the Board of Directors of the company, as mandated by company law.' (In para 4. a. of counter) .

ii) 'The cheques cited by the petitioner were misused by Ebinezer , the above said third party in connivance with the petitioner. The respondent acting swiftly upon discovering that the cheques were missing from the registered office of the company, ensured that the cheques in question were stopped, thus nullifying any potential misuse'. (In para 5.c. of counter).

iii) 'The cheques cited by the petitioner were fraudulently misused by the independent director for his personal gains. These cheques were pre-signed



by the director and CFO of the respondent company for a specific business purpose, namely, procurement of raw materials. Upon discovering the misplacement of cheques, the respondent acted swiftly to issue stop payment instructions, rendering the cheques invalid. M/s. Maagrita Exports Limited had, as early as 04.05.2022, initiated a stop payment order for cheque leaves [Cheque Nos. 000263 – 000267] from its bank account with M/s. ICICI Bank. The bank confirmed the stop payment through email dated 20.06.2024 and written correspondence dated 24.06.2024.’ (In para 6. a. and b of counter)

iv) ‘The company was unaware of the misuse of its cheque books and letterheads until the Petitioner filed this application, and upon receipt of the copy on 25.11.2024. Upon learning of the negligent action of misplacing the cheques as well as letterheads by the responsible officials of the company, the company removed the said director Mr. Pandithurai Gnandurai and also initiated an internal investigation to determine the extent of his involvement in the alleged transactions.’ (In para 8 of counter)

v) It is stated by Corporate Debtor that fraud was committed by petitioner in collusion with internal people of the company. Further in the proceedings dated 18.08.2025 , ld. Counsel for Corporate Debtor conceded



that it had not initiated any criminal proceedings against the petitioner qua the alleged fraud committed by petitioner.

c) Hon'ble Supreme Court in the case of **Satish Kumar vs State Govt. NCT Delhi & Anr (CRL REV P 864 / 2024)** on 14.11.2025 has held as under:

“20. Further, the contention of the learned counsel for the petitioner that the two promissory notes relied upon by the complainant are forged and fabricated documents also deserves rejection. Both the learned Trial Court and the learned Appellate Court have rightly held that the petitioner did not take any steps to substantiate this allegation. Apart from a bare suggestion put to the complainant in cross-examination - which was specifically denied by her- no effort was made by the petitioner to seek forensic examination of the disputed signatures or to summon the attesting witnesses of the said promissory notes to establish his defence of forgery. Suggestions, by themselves, have no evidentiary value, and in the absence of any corroborative proof, such a plea cannot stand. On the contrary, the complainant's testimony regarding execution of the promissory



notes remained unshaken in cross-examination. Accordingly, this Court finds no error in the concurrent finding that the petitioner failed to prove that the promissory notes were fabricated, and the same were rightly relied upon as evidence of acknowledgment of liability.”

d) In the present case, it is observed that corporate debtor has failed to produce any concrete evidence that fraud was committed nor it initiated any criminal action against the perpetrators of fraud. In view of the above, we are of the view that Corporate Debtor in absence of evidence in contrary, has failed to prove that it had not availed financial debt from petitioner. Hence it is concluded that Corporate Debtor availed financial debt and defaulted in payment.

11.8. Whether cash transaction violating income tax provisions make underlying transaction illegal, void or non-existent?

i) Ld. Counsel for Corporate Debtor in counter contended that lending of petitioner in the form of cash attracts Section 68 (*Unexplained Credit*), Section 69 (*Unexplained Investment*) and Sections 271(1)(c) & 277 (*Concealment and False Representation*) of Income Tax Act.



ii) Hon'ble Supreme Court while deciding **Satish Kumar vs State Govt . NCT Delhi & Anr (CRL REV P 864 / 2024)** on 14.11.2025 has held as under:

22. *The recent decision of the Hon'ble Supreme Court in **Sanjabij Tari v. Kishore S. Borcar**: 2025 INSC 1158, has put the controversy to rest by holding as under:*

*"19. Recently, the Kerala High Court in **P.C. Hari vs. Shine Varghese & Anr.**, 2025 SCC OnLine Ker 5535 has taken the view that a debt created by a cash transaction above Rs. 20,000/- (Rupees Twenty Thousand) in violation of the provisions of Section 269SS of the Income Tax Act, 1961 (for short 'IT Act, 1961') is not a 'legally enforceable debt' unless there is a valid explanation for the same, meaning thereby that the presumption under Section 139 of the Act will not be attracted in cash transactions above Rs. 20,000/- (Rupees Twenty Thousand).*

20. However, this Court is of the view that any breach of Section 269SS of the IT Act, 1961 is subject to a penalty only under Section 271D of the IT Act, 1961. Further neither Section 269SS nor 271D



of the IT Act, 1961 state that any transaction in breach thereof will be illegal, invalid or statutorily void. Therefore, any violation of Section 269SS would not render the transaction unenforceable under Section 138 of the NI Act or rebut the presumptions under Sections 118 and 139 of the NI Act because such a person, assuming him/her to be the payee/holder in due course, is liable to be visited by a penalty only as prescribed. Consequently, the view that any transaction above Rs.20,000/- (Rupees Twenty Thousand) is illegal and void and therefore does not fall within the definition of 'legally enforceable debt' cannot be countenanced. Accordingly, the conclusion of law in **P.C. Hari (supra)** is set aside.

11.9. In view of the above judgements of Hon'ble Supreme Court, we conclude that violation of Income Tax Act provisions does not render the transaction illegal and does not prevent it from being declared as 'legally enforceable debt'.

11.10. Hon'ble Supreme Court in **M/s. Innoventive Industries Ltd. v. ICICI Bank & Anr. (vide Judgment dated August 31, 2017 in Civil Appeal Nos. 8337-8338 of 2017)** has inter-alia, held that if adjudicating



authority is satisfied about debt and default, it should admit the petition filed under Section 7 of IBC :

*"28. When it comes to a financial creditor triggering the process, Section 7 becomes relevant. It is at the stage of Section 7(5), where the adjudicating authority is to be satisfied that a default has occurred, that the corporate debtor is entitled to point out that a default has not occurred in the sense that the "debt", which may also include a disputed claim, is not due. A debt may not be due if it is not payable in law or in fact. **The moment the adjudicating authority is satisfied that a default has occurred, the application must be admitted unless it is incomplete,** in which case it may give notice to the applicant to rectify the defect within 7 days of receipt of a notice from the adjudicating authority. Under sub-section (7), the adjudicating authority shall then communicate the order passed to the financial creditor and corporate debtor within 7 days of admission or rejection of such application, as the case may be.*

*30. On the other hand, as we have seen, in the case of a corporate debtor who commits a default of a financial debt, **the adjudicating authority has merely to see the records of the information utility or other evidence***



produced by the financial creditor to satisfy itself that a default has occurred. It is of no matter that the debt is disputed so long as the debt is "due" i.e. payable unless interdicted by some law or has not yet become due in the sense that it is payable at some future date. It is only when this is proved to the satisfaction of the adjudicating authority that the adjudicating authority may reject an application **and not otherwise.**"

(Emphasis Supplied)

11.11. In view of the above discussions and findings, we conclude that the Corporate Debtor has committed a default in repaying the financial debt to the Financial Creditor for a sum well beyond Rupees One Crore. Thus, the present petition satisfies the minimum threshold of default of Rs. 1 crore prescribed U/S 4 of the Code for initiating the CIRP of the Corporate Debtor. It is trite to say that the Adjudicating Authority need not ascertain the exact amount of default committed by the Corporate Debtor for the purpose of admitting the application U/S. 7 of the Code, as the same is the duty of the IRP/RP while verifying and collating the claim of the Applicant during the course of the CIRP of the Corporate Debtor. We are satisfied that the application filed under Section 7 of the Code is complete



in all respects. Hence, in light of the law laid down by *Hon'ble Supreme Court in Innoventive Industries Ltd. v. ICICI Bank (supra)*, **the present petition has to be admitted under Section 7(5)(a) of the Code**, Accordingly, we pass the following order:

ORDER

i. The Corporate Debtor, namely, MAAGRITA EXPORTS LIMITED [CIN: U51229TN2004PLC053001], is admitted into the Corporate Insolvency Resolution Process under Section 7(5)(a) of the Code.

ii. As a consequence thereof, moratorium under Section 14 of Insolvency and Bankruptcy Code, 2016 is declared for prohibiting all of the following in terms of Section 14(1) of the Code:

- 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 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 Corporate Debtor;
 - e. The provisions of sub-section (1) shall however, not apply to such transactions, agreements as may be notified by the Central Government in consultation with any financial sector regulator and to a surety in a contract of guarantee to the Corporate Debtor.
- iii. The order of moratorium shall have effect from the date of this order till the completion of the Corporate Insolvency Resolution Process or until this 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 of the IBC, 2016, as the case may be.
- iv. It is further directed that the supply of essential goods/services to the Corporate Debtor, if continuing, shall not be terminated or suspended or



interrupted during the moratorium period as per provisions of sub-sections (2) and (2A) of Section 14 of IBC, 2016.

v. We hereby appoint **Mr. S.R.Shriraam Shekher** , with e-mail (shekhershiraam@gmail.com), **IBBI /IPA-03 /IP-N000144 / 2017 - 2018 / 11598** , No. 11, Prayag Apartments 8/15, Gandhi Nagar 1st main Road, Adyar, Chennai – 600 020, nominated by the petitioner as the Interim Resolution Professional ('IRP') of the Corporate Debtor as his AFA is valid till 31.12.2026.

vi. Petitioner is directed to pay an advance of Rs. 3,00,000/- (Rupees Three Lakhs Only) to the above-named IRP within a period of 7 days from the date of this order to meet the cost of CIRP arising out of issuing public notice and inviting claims etc. till the CoC decides about his fees/expenses.

vii The IRP shall perform all his functions as contemplated, inter-alia, under Sections 17, 18, 20 & 21 of the IBC, 2016. It is further made clear that all personnel connected with the Corporate Debtor, its Promoters or any other person associated with the management of the Corporate Debtor are under legal obligation under section 19 of the IBC, 2016 for extending assistance and co-operation to the IRP. Where any personnel of the



Corporate Debtor, its Promoter or any other person required to assist or co-operate with IRP, do not assist or co-operate, the IRP is at liberty to make appropriate application to this Adjudicating Authority with a prayer for passing an appropriate order.

viii. This Adjudicating Authority directs the IRP to make a public announcement for the initiation of CIRP and call for the submission of claims under Section 15, as required by section 13(1)(b) of the IBC, 2016.

ix. The IRP is expected to take full charge of the Corporate Debtor's assets, and documents without any delay whatsoever.

x. The IRP or the RP, as the case may be, shall submit to this Adjudicating Authority periodic reports with regard to the progress of the CIRP in respect of the Corporate Debtor.

xi. The IRP shall be under duty to protect and preserve the value of the property of the Corporate Debtor and manage the operations of the Corporate Debtor as a going concern, to the extent possible, as a part of obligation imposed by Section 20 of the IBC, 2016.



xii. The Registry is directed to communicate a copy of this order to the Financial Creditor, Corporate Debtor and to the IRP and the concerned Registrar of Companies, after completion of necessary formalities, on the same day and upload the same on the NCLT portal immediately after the pronouncement of the order. The Registrar of Companies shall update its website by updating the Master Data of the Corporate Debtor in MCA portal specifically mentioning regarding admission of this Application and shall forward the compliance report to the Registrar, NCLT.

xiii. The commencement of the Corporate Insolvency Resolution Process shall be effective from the date of this order.

12. Accordingly, **CP (IB)/204 CHE 2024 stands admitted**. A certified copy of this order may be issued, if applied for, upon compliance with all requisite formalities.

Sd/-

VENKATARAMAN SUBRAMANIAM
MEMBER (TECHNICAL)

Sd/-

SANJIV JAIN
MEMBER (JUDICIAL)