

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

ATTENDANCE CUM ORDER SHEET OF THE HEARING
HELD ON **02.04.2026** THROUGH VIDEO CONFERENCING

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

APPLICATION NUMBER :
PETITION NUMBER : CP(IB)/201(CHE)/2025
NAME OF THE PETITIONER(S) : South Indian Bank
NAME OF THE RESPONDENT(S) : E K S Spinners Pvt. Ltd.
UNDER SECTION : Sec 7 Rule 4 of IBC, 2016

ORDER

Present: None for the Petitioner/Financial Creditor.
None for the Respondent/Corporate Debtor.

Vide separate order pronounced in the Open Court, petition is admitted. CIRP is initiated against the Corporate Debtor, E K S Spinners Pvt. Ltd.

Shri. Jasin Jose is appointed as the IRP.

Sd/-
[VENKATARAMAN SUBRAMANIAM]
MEMBER (TECHNICAL)

Sd/-
[SANJIV JAIN]
MEMBER (JUDICIAL)

vs

Date: 02.04.2026

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

CP(IB)/201(CHE)/2025

*(filed under Section 7 of the Insolvency and Bankruptcy Code, 2016 under r/w Rule 4 of the
Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016)*

In the matter of

M/s. E.K.S. Spinners Private Limited

The South Indian Bank Limited,
Rep. by its Power of Attorney Holder,
Mr. Pramod Kumar Menon K N.,
Having its Registered Office at
'SIB House', T.B. Road,
Mission Quarters, Thrissur,
Kerala-680 001

Branch Office at:

The South Indian Bank Ltd.,
Rajapalayam at Door No. 474, 476 & 477,
Opp. Chitra Hospitals, Thenkasi Road,
Rajapalayam P.O., Virudhunagar,
Tamil Nadu-626 117

... Petitioner/Financial Creditor

Versus

E.K.S. Spinners Private Limited,
Represented by its Director Mrs. Amutha Ramesh,
Having address at:
Ganapathy, No. 2/120, Ranganathapuram Street,
Dhalavaipuram, Rajapalayam Thaluk,
Virudhunagar District,
Tamil Nadu-626 188

... Respondent/Corporate Debtor

Present:

For Petitioner : *Ms. Jayaganga, Advocate*
For Respondent : *Shri. V. Manivannan, Advocate*

CORAM:

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

Order Pronounced on 2nd April, 2026

ORDER

(Heard through Hybrid Mode)

This petition under Section 7 of the Insolvency and Bankruptcy Code, 2016 r/w Rule 4 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016) has been filed by **The South Indian Bank Limited**, represented by its Power of Attorney Holder, Mr. Pramod Kumar Menon K.N. (hereinafter referred to as "**Petitioner/Financial Creditor**") against **E.K.S. Spinners Private Limited** (hereinafter referred to as "**Respondent/Corporate Debtor**") seeking initiation of Corporate Insolvency Resolution Process ("**CIRP**").

2. **Part-I** of the petition sets out the details of the Petitioner i.e. The South Indian Bank Limited. It has its Registered Office at "**SIB House**", T B Road, Mission Quarters, Thrissur, Kerala-680 001. **Part-II** of the petition

sets out the particulars of the Corporate Debtor i.e. E.K.S. Spinners Private Limited. It was incorporated on 18.05.1995 with Authorised Capital of Rs.2,50,00,000/- and Paid-up Capital of Rs.2,50,00,000/--. Its Registered Office is situated at Ganapathy, No.2/120, Ranganathapuram Street, Dhalavaipuram, Rajapalayam Taluk, Virudhunagar District, Tamil Nadu-626 188 within the jurisdiction of this Tribunal. In **Part-III** of the petition, the Petitioner has proposed the name of Mr. Jasin Jose, having Registration No. IBBI/IPA-001/IP-P00695/2017-2018/11225 as the Interim Resolution Professional.

3. **Part-IV** of the petition provides the particulars of the financial debt being Rs.7,80,00,000/-. The amount in default is stated as Rs.13,60,85,918.74 and date of default is stated as 31.03.2022. This petition has been filed on 07.07.2025.

4. **Part-V** of the petition provides the list of documents attached with the petition to prove the existence of financial debt and the amount in default.

5. As per the averments made in the petition, the Corporate Debtor on 15.02.2019 had approached the Petitioner for seeking financial assistance and submitted a loan application enclosing the Board Resolution. Considering the

request, the Petitioner sanctioned the loan vide Letter dated 28.03.2019 for fund-based facilities which is reproduced as below:

Fund-Based Facilities:

- a. CCOL (Sub Limit for Books Debts: Rs. 350 Lakhs)-Rs. 7,25,00,000/- (Rupees Seven Crore Twenty-Five Lakhs only).
- b. TL- Machinery – Rs. 42,00,000/- (Rupees Forty-Two Lakhs only).
- c. DBD (LC) Continuance-Rs. 2,00,00,000/- (Rupees Two-Crore only).

Non-Fund Based Facilities:

- d. LC (Inland/Import)-Rs.2,00,00,000/- (Rupees Two Crore only).
- e. Inland Bank Guarantee-Rs.5,00,000/- (Rupees Five Lakhs only).

6. Mr. K.S. Anbalagan, Mrs. A. Meena, Mr. K.S. Senthilkumar, Mr. K.S. Ramesh, Mrs. R. Amutha, Mrs. S. Mathulakshmi, Mr. K.S. Selvaraj and Mrs. Varalakshmi stood as Guarantors for the aforesaid facilities availed by the Corporate Debtor from the Financial Creditor. They also executed the documents on 29.03.2019 as detailed in para 5 which included credit facility agreements, agreements of hypothecation, indemnity-cum-guarantee for purchase bill discounting, agreement of guarantee, demand promissory note and agreements to take over loans. The Corporate Debtor also created mortgage over the immovable properties by depositing the original title deeds

of the properties with the Financial Creditor on 10.06.2019. The Directors executed the Memorandum of Deposit of Title Deeds dated 10.06.2019 which were registered with the SRO.

7. It is stated that the Corporate Debtor had agreed to pay interest @ 10.50% per annum on monthly rest on the loans. It also agreed to pay penal interest @ 2% per annum over the normal lending rate for and during the period of any default.

8. It is stated that in 2019, the Corporate Debtor sought renewal of the existing facilities which the Financial Creditor sanctioned for Rs.7,50,00,000/- which included Adhoc of Rs.25,00,000/- vide letter dated 26.12.2019. The Corporate Debtor and the Directors signed the credit facility agreement, supplemental agreement of hypothecation, demand promissory note, agreement of guarantee, acknowledgment of debt on 26.12.2019 and extended the collateral security. In 2020, the Corporate Debtor again approached the Financial Creditor for renewal of credits which the Financial Creditor sanctioned by letter dated 05.05.2020 for CCOL (including Adhoc for Rs.7,50,00,000/- and sub limit for book debts for Rs.3,50,00,000/-). The Corporate Debtor and the guarantors executed the loan documents on 05.05.2020 i.e. credit facility agreement for operating the loan accounts,

supplemental agreement of hypothecation, demand promissory note, agreement of guarantee and acknowledgment of debt dated 05.05.2020. The Corporate Debtor again approached the Financial Creditor for additional credit facilities which were sanctioned vide letter dated 06.06.2020 under Emergency Credit Line Guarantee Scheme by sanctioning working capital term loan of Rs.1,25,00,000/-. In consideration thereof, the Corporate Debtor and the guarantors executed the credit facility agreement and supplement agreement of hypothecation. In 2020, it sought renewal of credit facilities which were sanctioned vide letter dated 11.06.2020 for CCOL for Rs.6,55,00,000/- and DBD (LC) Rs.2,00,00,000/- against which the Corporate Debtor and the guarantors executed the letter of renewal and acknowledgement of debt and security dated 11.06.2020. In 2020 again, the Corporate Debtor approached for sanction / renewal of credit facilities which the Financial Creditor sanctioned by letter dated 14.09.2020 for Rs.6,80,00,000/- which included Adhoc of Rs.25,00,000/- against which the Corporate Debtor executed the credit facility agreement dated 14.09.2020, supplemental agreement of hypothecation, demand promissory note, agreement of guarantee and acknowledgment of debt dated 14.09.2020 acknowledging the balance from time to time for the availed credit facilities.

9. It is stated that the Corporate Debtor and the guarantors on 26.05.2022 and 23.11.2022 further executed the acknowledgment of debt and security thereby confirmed and acknowledged the liability / balance for the availed credit facilities.

10. It is stated that the Corporate Debtor committed default in repayment of loans and its loan accounts were classified as NPA on 31.03.2022. Despite repeated reminders, the Corporate Debtor did not settle the dues which made the Financial Creditor recall the loans vide notice dated 18.04.2022 calling upon the Corporate Debtor to pay the outstanding dues with interest and penal interest. It also filed OA/160/2024 before DRT, Madurai on 28.12.2023 against the Corporate Debtor claiming a sum of Rs.10,69,28,950/- being the dues outstanding in the CCOL and ECLGS as on 13.12.2023 with interest thereon.

11. **Notice of the petition was given to the Respondent/Corporate Debtor.**

The counsel Shri. V. Manivannan appeared for the Corporate Debtor but did not file reply within the time granted. The right of the Respondent to file reply was closed vide an order dated 06.01.2026. On 10.02.2026, the counsel appearing for the Corporate Debtor submitted that the steps are being taken

for setting aside the order dated 06.01.2026 but on 05.03.2026 when the matter was called for hearing, the counsel stated that he has no instructions.

12. We have heard Ld. Counsel for the Petitioner and perused the synopsis filed by the Petitioner.

13. On perusal of the petition and the documents, we find that the Corporate Debtor was sanctioned various fund-based and non-fund based credit facilities including CCOL, Term Loan and Letter of Credit. The repayment of loan was guaranteed by the guarantors who signed the guarantee agreements. The Petitioner has placed the copy of the sanction letters dated 29.03.2019, 26.12.2019, 05.05.2020, 06.06.2020, 11.06.2020 and 14.09.2020 in respect of the above facilities which were secured by the hypothecation of assets and mortgage of immovable properties. Despite renewals, the Corporate Debtor committed the defaults and the loan accounts were classified as NPA on 31.03.2022. The Financial Creditor/Petitioner recalled the loan, sent a recall notice dated 18.04.2022 and demand notice under the SARFAESI Act dated 21.05.2022 but despite that the Corporate Debtor and the guarantors did not make the payments. However, they executed the acknowledgements of debt and security on 26.05.2022 and 23.11.2022 within the period of limitation when the debt became due and

payable. This petition has been filed on 07.07.2025 i.e. within the limitation of three years from the date of last acknowledgment was made. The Petitioner also filed the OA/160/2024 before the DRT, Madurai for recovery of debt against the Corporate Debtor and the guarantors which is pending.

14. As seen from the documents as on 29.06.2025, a sum of Rs.13,60,85,918.74 was due and payable by the Corporate Debtor. The default is evidenced by the statement of accounts, bankers book and security documents. The record of default in Form-D issued by NeSL is attached at page-299 showing the amount in default as Rs.8,36,82,436.74 and date of default as 31.03.2022. It was authenticated on 04.09.2023.

15. It has been ruled by the Hon'ble NCLAT in *Vipul Himlatal Shah vs. Teco Industries in Company Appeal (AT) (Insolvency) No. 470 of 2022 [(2022) ibclaw.in 379 NCLAT]*, that the report of information utility (NeSL) is sufficient evidence to arrive at the conclusion qua the amount of debt and default. It was held as under:

"16. In the light of the detailed discussion as above, it is clear that in case the record of Information Utility shows that there is a debt which is in default, the Adjudicating Authority or the Appellate Authority are not required to further examine the record maintained by the Information Utility, moreso when the

*record of the Information Utility is deemed authenticated and no dispute or refutation of said record has been done by the corporate debtor earlier. We also note that in the judgment of **Rushabh Civil Contractors Pvt. Ltd. vs. Centrio Lifespaces Ltd.** (supra), which has been cited by the Learned Counsel for Appellant, the record that formed the basis for financial debt and default was found to be forged and fabricated, which is not the case in the present appeal. Therefore, this judgment does not come to the rescue of the Appellant."*

16. In the present case, the debt in default is more than Rs.1.0 crore i.e. the threshold limit prescribed under Section 4 of IBC, 2016. The petition is within limitation. The petition therefore meets the requirements as contemplated under Section 7 of IBC.

17. The Hon'ble Supreme Court in the case *Innoventive Industries Limited - Vs- ICICI Bank & Anr., (2018) 1 SCC 407* has held that Tribunal is required to see whether there is a 'debt' which is due and payable under the law and whether the default is more than Rupees One Lakh (now Rupees One Crore). The moment the default amount exceeds rupees one crore, this Tribunal is required to initiate a Corporate Insolvency Resolution Process as against the Corporate Debtor.

18. In the facts and circumstances of the case, we are of the view that the Petitioner has established its case that it is a financial creditor and had advanced the loans being the financial debt which is more than the threshold limit of Rs.1.0 Crore which the Corporate Debtor defaulted in repayment and this petition is within limitation.

19. In the light of the foregoing discussions, we admit the petition and initiate Corporate Insolvency Resolution Process against the Corporate Debtor, E.K.S. Spinners Private Limited.

20. The Financial Creditor has proposed the name of Mr. Jasin Jose having Registration No. IBBI/IPA-001/IP-P00695/2017-2018/11225 as an Interim Resolution Professional. He has also filed his consent in Form-2. Upon verification from the IBBI website, it is seen that the Authorization for Assignment is granted to the IRP till 30.06.2027. We therefore appoint **Mr. Jasin Jose having Registration No. IBBI/IPA-001/IP-P00695/2017-2018/11225** as the Interim Resolution Professional (IRP). The proposed IRP who is appointed shall take forward the process of Corporate Insolvency Resolution of the Corporate Debtor. The IRP appointed shall take in this regard such other and further steps as are required under the Statute, more specifically in terms of Section 15,17,18 of the Code and file his report within

20 days before this Bench. The powers of the Board of Directors of the Corporate Debtor shall stand superseded as a consequence of the initiation of the CIRP in relation to the Corporate Debtor in terms of the provisions of IBC, 2016.

21. The Financial Creditor is directed to pay a sum of **Rs. 3,00,000/- (Rupees Three Lakhs only)** to the Interim Resolution Professional to meet out the expenses and to perform the functions assigned to him in accordance to Regulation 6 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

22. As a consequence of the petition being **admitted** in terms of Section 7 of the Code, the moratorium as envisaged under the provisions of Section 14(1) and as extracted hereunder shall follow in relation to the Corporate Debtor:

- a. The institution of suits or continuation of pending suits or proceedings against the respondent including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority;
- b. Transferring, encumbering, alienating or disposing of by the respondent any of its assets or any legal right or beneficial interest therein;

- c. Any action to foreclose, recover or enforce any security interest created by the respondent in respect of its property including any action under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
- d. The recovery of any property by an owner or lessor where such property is occupied by or in the possession of the respondent.

Explanation.-For the purposes of this sub-section, it is hereby clarified that notwithstanding anything contained in any other law for the time being in force, a licence, permit, registration, quota, concession, clearance or a similar grant or right given by the Central Government, State Government, local authority, sectoral regulator or any other authority constituted under any other law for the time being in force, shall not be suspended or terminated on the grounds of insolvency, subject to the condition that there is no default in payment of current dues arising for the use or continuation of the license or a similar grant or right during moratorium period;

23. However, during the pendency of the moratorium period in terms of Section 14(2) (2A) and 14(3) as extracted hereunder:

- (2) The supply of essential goods or services to the Corporate Debtor as may be specified shall not be terminated or suspended or interrupted during moratorium period.
- (2A) Where the interim resolution professional or resolution professional, as the case may be, considers the supply of goods or services critical to protect and preserve the value of the Corporate Debtor and manage the operations of such Corporate Debtor as a going concern, then the supply of such goods or services shall not be terminated, suspended or interrupted during the period of

moratorium, except where such Corporate Debtor has not paid dues arising from such supply during the moratorium period or in such circumstances as may be specified.

(3) The provisions of sub-section (1) shall not apply to

(a) such transactions, agreements or other arrangement as may be notified by the Central Government in consultation with any financial sector regulator or any other authority;

(b) a surety in a contract of guarantee to a corporate debtor.

24. The duration of the period of moratorium shall be as provided in Section 14(4) of the Code and for ready reference reproduced as follows:

(4) The order of moratorium shall have effect from the date of such order till the completion of the Corporate Insolvency Resolution Process:

Provided that where at any time during the Corporate Insolvency Resolution Process period, if the Adjudicating Authority approves the Resolution Plan under sub-Section (1) of Section 31 or passes an order for liquidation of Corporate Debtor under Section 33, the moratorium shall cease to have effect from the date of such approval or Liquidation Order, as the case may be.

25. Based on the above terms, the petition CP(IB)201(CHE)2025 stands **admitted** in terms of Section 7(5) of IBC, 2016 and the moratorium shall come in to effect as of this date. A copy of the Order shall be communicated to the Financial Creditor as well as to the Corporate Debtor above named by the

Registry. In addition, a copy of the Order shall also be forwarded to IBBI for its records. Further, the Interim Resolution Professional above named who is figuring in the list of Resolution Professionals forwarded by IBBI be also furnished with copy of this Order forthwith by the Registry, who will also communicate the initiation of the CIRP in relation to the Corporate Debtor to the Registrar of Companies concerned.

Sd/-
VENKATARAMAN SUBRAMANIAM
MEMBER (TECHNICAL)

Sd/-
SANJIV JAIN
MEMBER (JUDICIAL)

Suguna