Patanjali Foods Limited v. Assistant Commissioner CGST, Narela Division & Ors.

A composite demand spanning periods both before and after approval of a resolution plan that took over an insolvent company on a clean-slate basis. At issue: the operative cut-off date separating dues extinguished by the plan from dues still open to recov

Date of Order: December 11, 2025
Case Law No: GIB-DHC-2025-61
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CASE DESCRIPTION / SUMMARY

Background.

Ruchi Soya Industries Ltd. underwent insolvency proceedings before the NCLT, Mumbai Bench, which approved the resolution plan submitted by the Patanjali Consortium by order dated 24.07.2019, reiterated by order dated 04.09.2019 directing the new management to take over. The consortium paid the approved sum and took over the company as a going concern on a clean slate basis, the company being renamed Patanjali Foods Limited. Audit objections thereafter led to a show cause notice dated 18.06.2024 and orders raising demands for periods from 2017-18 to 2021-22, including periods preceding approval of the plan.

Observations of the Court.

The Court applied Ghanashyam Mishra & Sons (P) Ltd. v. Edelweiss Asset Reconstruction Co. Ltd., (2021) 9 SCC 657, under which, on approval of a resolution plan under Section 31(1), claims provided in the plan stand frozen and bind the corporate debtor and all stakeholders including the Central and State Governments and local authorities, and all claims not forming part of the plan stand extinguished, with all statutory dues not forming part of the plan likewise extinguished and no proceedings permissible in respect of them for the prior period.

It noted that coordinate benches of the Andhra Pradesh and Bombay High Courts had already decided the point in the petitioner's own matters, setting aside composite demands straddling the date of the plan while permitting fresh notices for the post-plan period, and that those benches had examined the language of the two NCLT orders. Consistently with them, the Court held that the date of final approval must be taken as 04.09.2019, after which the new management came into control of the company.

Final verdict.

The impugned order, insofar as it raises demands for the period prior to 04.09.2019, was set aside. The respondent was left free to issue a fresh show cause notice for the period after 04.09.2019, to be decided in accordance with law; the period during which the writ petition remained pending was excluded for computing limitation, and a notice issued by 15.02.2026 was to be deemed within limitation.