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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

Date of decision: 11th December, 2025

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+ **W.P.(C) 5784/2025&CM APPL. 26378/2025**

PATANJALI FOODS LIMITED

.....Petitioner

Through: Mr. Anurag Bhatt, Mr. Lokesh Pathak,
Mr. Ashwarya Sharma, Mr. Vaibhav
Vijayvargiya, Mr. Adarsh Gupta, Mr.
Kinjal Srivastava & Mr. Yash Shahi,
Advs.

versus

**ASSISTANT COMMISSIONER CGST NARELA DIVISION &
ORS.**

.....Respondent

Through: Mr. Piyush Beriwal, & Ms. Ruchita
Srivastava, Advs.

CORAM:

JUSTICE PRATHIBA M. SINGH

JUSTICE SHAIL JAIN

JUDGMENT

Prathiba M. Singh, J.

1. This hearing has been done through hybrid mode.
2. The present petition has been filed by the Petitioner – Patanjali Foods Limited under Article 226 of the Constitution of India challenging the order-in original bearing no. 52/AC/NARELA/DN/2024 dated 21st January, 2025, along with the corrigendum dated 3rd February, 2025 (*hereinafter referred to as the "impugned order"*) passed for the financial year 2017-2018.
3. The background of the present case is that a company by the name of Ruchi Soya Industries Ltd. was undergoing insolvency proceedings before the National Company Law Tribunal (NCLT), Mumbai Bench. In the said



proceedings, a consortium led by Patanjali Ayurved Limited (*'Patanjali Consortium'*) had submitted a resolution plan in respect of the said company. Various other resolution plans were also submitted and the NCLT, Mumbai Bench, *vide* order dated 24th July, 2019, passed the following order:

“93. Given the above observations, we approve the resolution plan with modifications, as mentioned above, which shall be binding on the Corporate Debtor and its employees, members, creditors, guarantors, Resolution Applicant and other stakeholders involved in the resolution plan.”

4. Thereafter, *vide* order dated 4th September, 2019, the NCLT, Mumbai Bench, reiterated the above stated order dated 24th July, 2019 and directed the new management to take over the company. Thus, the NCLT had approved the resolution plan submitted by the Patanjali Consortium and accordingly, the business of the Company was restructured in accordance with and under the directions of the NCLT. Thereafter, Patanjali Consortium paid the entire sum, as approved therein and took over the Company as a 'going concern' and on a 'clean slate basis'.

5. Pursuant to the said approval of the resolution plan the name of the said company under liquidation, Ruchi Soya Industries Ltd. was changed to Patanjali Foods Limited, which is the Petitioner before this Court.

6. Certain audits were commenced against the company Ruchi Soya Industries Ltd. which culminated into various audit objections being filed. A show cause notice dated 18th June, 2024 was issued and an order-in-original dated 6th January, 2025 was passed by the Respondent no. 1- Assistant Commissioner CGST Narela Division. In terms of the said order, various



demands have been raised for the period 2017-18 to 2021-22.

7. The ground raised by the Petitioner in the present petition is that in so far as demands in respect of the years which are prior to the approval of the resolution plan are concerned, the same culminated into the resolution plan and no demand could have been raised after the resolution plan was approved as the take over was on a 'clean slate' basis.

8. Mr. Anurag Bhatt, Id. Counsel for the Petitioner further relies upon the decision in *“Ghanashyam Mishra & Sons (P) Ltd. Vs. Edelweiss Asset Reconstruction Co. Ltd. [(2021) 9 SCC 657]”* by the Supreme Court which states as under:

“102.1 That once a resolution plan is duly approved by the adjudicating authority under sub section (1) of Section 31, the claims as provided in the resolution plan shall stand frozen and will be binding on the corporate debtor and its employees, members, creditors, including the Central Government, any State Government or any local authority, guarantors and other stakeholders. On the date of approval of resolution plan by the adjudicating authority, all such claims, which are not a part of resolution plan, shall stand extinguished and no person will be entitled to initiate or continue any proceedings in respect to a claim, which is not part of the resolution plan.

102.2. The 2019 Amendment to Section 31 of the I&B Code is clarificatory and declaratory in nature and therefore will be effective from the date on which the I&B Code has come into effect.

102.3. Consequently, all the dues including the statutory dues owed to the Central Government, any State Government or any local authority, if not part of the resolution plan, shall stand extinguished and no proceedings in respect of such dues for the period prior to the date on which the adjudicating authority grants



its approval under Section 31 could be continued.”

9. He also relies upon a similar order passed by the High Court of Bombay in ***W.P. No. 2171 of 2025*** titled ***M/s Patanjali Foods Ltd., Nagpur v. The Joint Commissioner, CGST & Central Excise, Nagpur-I & Ors.*** which is another case of the Petitioner itself filed under similar circumstances.

10. On 9th May, 2025, notice was issued in this matter and Mr. Piyush Beriwal, Id. Counsel was requested to seek instructions and file an affidavit.

11. An application was, thereafter, moved to contend that the date of the approval of the Resolution Plan should be considered to be 4th September, 2019 and not 24th July, 2019. On this issue, the Court has heard the submissions today.

12. Mr. Bhatt, Id. Counsel appearing for the Petitioner has submitted that an order of the Andhra Pradesh High Court dated 11th September, 2024 in ***W.P. No. 28529 of 2023*** titled ***Patanjali Foods Limited v. The Assistant Commissioner St. Fac & Ors.*** is clear to the effect that the date of the approval of the Resolution Plan ought to be taken as 04th September, 2019 and not as 24th July, 2019. Reliance is also placed upon Section 31 of the Insolvency and Bankruptcy Code, 2016, to argue that the final Resolution Plan was approved only on 04th September, 2019, as one of the key aspects of source of funds, which had to be explained was directed to be explained *vide* order dated 24th July, 2019. Hence, the Resolution Plan had not been finalized on the said date.

13. This position is contested by Mr. Beriwal, Id. Counsel, who submits that the order dated 24th July, 2019 was passed under Section 31(1) of the Insolvency and Bankruptcy Code, 2016. In fact, he relies upon the IBBI's



website, wherein, the date of the resolution plan is taken as 24th July, 2019. The website extract is relied upon in this regard.

14. In addition, it is also submitted that the orders of NCLAT, Mumbai, where certain creditors had challenged the Resolution Plan are also relevant. In order dated 18th November, 2019, the Resolution Plan was taken to have been approved as on 24th July, 2019. Though, in the subsequent order, it is taken as 4th September, 2019.

15. The Court has heard the submissions made by the parties. The only question that arises is whether the date of Resolution Plan is to be taken as 24th July, 2019 or 04th September, 2019 and whether any demands could have been raised for the period prior to the approval of the resolution plan.

16. In terms of Section 31(1) of the Insolvency and Bankruptcy Code, 2016, the Adjudicating Authority has to record its satisfaction of the approval of the Resolution Plan. The said section reads as under:

“31. (1) If the Adjudicating Authority is satisfied that the resolution plan as approved by the committee of creditors under sub-section (4) of section 30 meets the requirements as referred to in sub-section (2) of section 30, it shall by order approve the resolution plan which shall be binding on the corporate debtor and its employees, members, creditors, 1[including the Central Government, any State Government or any local authority to whom a debt in respect of the payment of dues arising under any law for the time being in force, such as authorities to whom statutory dues are owed,] guarantors and other stakeholders involved in the resolution plan.

[Provided that the Adjudicating Authority shall, before passing an order for approval of resolution plan under this sub-section, satisfy that the resolution plan has provisions for its effective implementation.]”



17. a perusal of the order dated 24th July, 2019 shows that while the Resolution Plan has been approved in terms of paragraph 93 and 94, there are certain outstanding issues that have been kept pending for consideration in the said order. Relevant paragraphs of the order dated 24th July, 2019 are extracted below:

“93. Given the above observations, we approve the resolution plan with modifications, as mentioned above, which shall be binding on the Corporate Debtor and its employees, members, creditors, guarantors, Resolution Applicant and other stakeholders involved in the resolution plan.

94. The resolution professional shall forward all records relating to the conduct of the corporate insolvency resolution process and the resolution plan to the IBBI to be recorded on its database.

95. Upon perusal of the CA certificates issued in favour of the consortium members, it is noted that in the case of the Patanjali Ayurved Limited (PAL), the Auditor has certified that PAL is in the capacity to spare a sum of ₹75 crore for investment in acquisition of business of Ruchi Soya Industries Limited on the basis of assessment of funds/liquid assets available in the Books of Accounts of PAL as certified vide certificate dated 08.04.2019 and ₹65 crore in the case of Divya Pharmacy as certified vide CA certificate dated 10.04.2019. As per the balance confirmation as on 10.04.2019, Patanjali Parivahan Private Limited has a sum of ₹2.26 crore in its 7 Bank accounts & in the case of Patanjali Gramudyog Nyas as per the Bank statement it has credit balance of ₹2 crore. Thus, the aggregate amount available for investment including some other individual accounts is about ₹145 crore as against the proposed ₹600 crore provided in the Resolution Plan. Even during the hearings, the Bench had sought exact/detailed source of funds for the resolution plan, inspite of the same, the information submitted is short of



source of funds & there is a wide gap between the source of funds mentioned in the Plan and the actual available funds as per the records submitted. Therefore, we direct the Resolution Professional/Resolution Applicant to bridge the gap in information and provide the exact source of funds for the stated ₹600 crores that forms a part of the Resolution Plan before the next date of listing.

96. Further, the Resolution Professional has not mentioned the actual CIRP cost. The Resolution Professional is directed to submit a detailed breakup of the CIRP Cost before the next date of listing. The Resolution Professional or the Resolution Applicant to submit the details of remuneration to be paid to Mr. Shailendra Ajmera for discharging duties as monitoring agent.

97. List on 1.8.2019 for filing additional affidavit of Resolution applicant regarding acceptance of the modifications in the Resolution Plan and submitting the other informations as per directions above.

98. The Resolution Plan is at this moment approved, subject to the submission of additional affidavit for acceptance of the modifications in the Resolution Plan and other informations as per directions above, under section 31(1) of IBC with observations above. The MA 1721/2019 is accordingly allowed and disposed of.

18. Thereafter, however, on 04th September, 2019, the final approval of the Resolution Plan took place. The said relevant order is set out below:

*“It is also to be clarified that every eventuality has been discussed in the approved resolution plan and in implementation of the resolution plan circumstances may arise for which clarification can be sought by the Monitoring agency for effective implementation of the plan. **In the circumstances, we hereby approve the resolution plan.***



Designated Registrar is directed to immediately communicate this order to the Resolution Professional, Resolution Applicant, Corporate Debtor and IBBI for information.”

19. The Division Bench of the Andhra Pradesh High Court, in ***W.P. No. 28529 of 2023*** has already taken a view in this regard, where it records as under:

*“8. The main contention of the petitioner is that the petitioner is not liable to pay any of the aforesaid amounts in view of the order of the National Company law Tribunal dated 04.09.2019. **It is contended that the resolution plan, which was approved by the NCLT, on 04.09.2019, provided for payment of Rs.25 crores towards clearing all the statutory dues, including claims by all Government authorities. Upon approval of this offer, the petitioner would not be liable to clear any of such statutory duties set out in the scheme.***

[XXX]

*14. In the circumstances, both the Writ Petitions are allowed by setting aside the Demand-cum-Adjudication orders dated 03.06.2023, issued by the Assistant Commissioner (ST)(FAC), Kakinada and the order dated 25.11.2023 passed by the Deputy Commissioner (ST), Vijayawada. **However, since these proceedings have covered the period 05.09.2019 to 31.03.2020, which would not be effected by the orders of the NCLT, Mumbai Bench dated 04.09.2019, it would be open to the Assessing Authorities to issue fresh notice for quantifying the taxes and other dues arising for the period 05.09.2019 to 31.03.2020. Needless to say such assessment shall be done in accordance with law. There shall be no order as to costs.***

As a sequel, pending miscellaneous petitions, if any, shall stand closed.”

20. Further, in ***W.P. No. 2171 of 2025***, vide order dated 23rd April, 2025,



the Bombay High Court held as under:

*“2. Mr.Bhangde, learned counsel for the petitioner, submits, that an identical issue between the same parties, has been considered and decided by the learned Division Bench of the Andhra Pradesh High Court in the case of **Patanjali Foods Ltd. v. Assistant Commissioner St. Fac and others; Writ Petition No.28529/2023** and one other connected matter, decided on 11/09/2024, whereby the demand notice, which was for a composite period, prior and post the resolution plan (for short RP) **has been set aside and the Assessing Authority has been permitted to issue fresh notice for quantifying the taxes and dues for the period after the RP.**”*

*3. In the instant case also, since the demand notice is for a duration prior and subsequent to the RP, which was approved by the Adjudicating Authority/NCLT, Mumbai dated 04/09/2019 (Pg.153), the claim of GST, would be one, which would be covered by what has been held by the Hon’ble Apex Court in **Ghanshyam Mishra v. Edelwiss (2021) 9 SCC 657 para 102.1**, in view of which, we quash and set aside the notice of demand dated 13/01/2025 (Pg.335). **Insofar as the period subsequent to the approval of the RP is concerned, it would be open for the respondents to issue fresh notice and make assessment in terms thereof.** The petition is accordingly allowed in the above terms. No costs.”*

21. Since, in the case of the Petitioner itself, the Coordinate Benches of different High Courts have already taken a view and have also examined the language of the two orders passed by the NCLT, this Court is of the opinion that the date of final approval ought to be taken as 04th September, 2019 after which the new management claimed to have come into control of the



company.

22. In view thereof, the impugned order, which raises demands for a period prior to 04th September, 2019, would be required to be set aside.

23. The Respondent is free to issue a fresh Show Cause Notice, for the period after 04th September, 2019, which shall be then decided in accordance with law.

24. In view of the fact that the pendency of this writ petition may have affected the limitation for issuance of Show Cause Notice, the period during which the writ was kept pending, shall be excluded for the purpose of calculating limitation, if the Show Cause Notice is to be issued afresh.

25. If the Show Cause Notice is issued by 15th February, 2026, it shall be deemed to be within the period of limitation.

26. The petition is disposed of in these terms. All pending applications, if any, are also disposed of.

**PRATHIBA M. SINGH
JUDGE**

**SHAIL JAIN
JUDGE**

DECEMBER 11, 2025/pd/ss