

Patanjali Foods Limited v. Assistant Commissioner, CGST Narela Division and Others

Case number: W.P.(C) 5784/2025 with CM APPL. 26378/2025

Citation: 2025:DHC:11260-DB

Decision date: 11 December 2025

GST demands and IBC resolution: final approval on 4 September 2019 separates protected earlier claims from later-period assessment

Court: Delhi High Court

Bench: Hon'ble Ms. Justice Prathiba M. Singh and Hon'ble Ms. Justice Shail Jain

Decision stage: Final writ disposal deciding the resolution-plan approval date and setting aside the pre-approval GST demand, while preserving fresh proceedings for the later period.

01 Facts of case and issues

Patanjali Foods, formerly Ruchi Soya Industries, challenged a GST demand after its insolvency resolution. A Patanjali-led consortium's plan was addressed by NCLT orders dated 24 July and 4 September 2019. The company said the approved plan bound earlier claims and that the subsequent takeover operated on a clean-slate basis.

The petition identified a 21 January 2025 adjudication and 3 February corrigendum for FY 2017–18; the background elsewhere gives a different order date and wider periods, as disclosed below. The contested legal issue was which NCLT order constituted final approval and whether the Department could sustain the pre-approval demand.

Pinpoint: Paragraphs 2–7, physical pp. 1–3; paragraphs 11–15, pp. 4–5.

02 Discussion by Hon'ble Court

Section 31(1) required the Adjudicating Authority's satisfaction that the plan met the statutory requirements. The Court examined the July order as a whole. Despite its approval language, it left material matters outstanding: funding information, insolvency-process costs, monitoring remuneration and acceptance of modifications. The September order recorded final approval.

The quoted Ghanashyam Mishra rule distinguishes claims governed by the approved plan from earlier claims omitted from it, which stand extinguished. The Court also considered Andhra Pradesh and Bombay decisions concerning this same resolution, both preserving assessment for subsequent periods. It adopted 4 September 2019 as the final-approval date.

The decisive finding concerned the legal effect and timing of approval. It did not determine every GST objection or extend protection to all future business liabilities. The NCLT and other High Court passages were used as reproduced in this judgment.

Pinpoint: Paragraph 8, pp. 3–4; paragraphs 15–21, pp. 5–10. Ghanashyam passage corresponds to official original paragraph 95(i)–(iii).

03 Judicial decision and operative relief

The Court set aside the impugned order raising demands for the period before 4 September 2019. Revenue remained free to issue a fresh show-cause notice for the period after that date, to be decided according to law.

Writ-pendency time was excluded when calculating limitation for a fresh notice. A notice issued by 15 February 2026 was specifically deemed timely. The petition and pending applications were disposed of. No quantified refund, interest or costs award was made.

Pinpoint: Paragraphs 22–26, physical p. 10.

04 In favour of

The taxpayer on the final-approval date and pre-approval demand; Revenue retained the expressly protected route for later-period proceedings.

Final substantive relief for the earlier demand, with later-period liability left for assessment. The 15 February 2026 direction is historical; this review does not establish whether a fresh notice was issued or how it was decided.

Pinpoint: Paragraphs 21–26, physical pp. 9–10.

05 AKHB REVIEW POINT

AKHB analysis: Obtain the complete approval orders and plan, identify the corporate debtor and separate each tax period and claim. An approval heading alone may be insufficient where the order retains material conditions. Check how governmental claims are dealt with in the plan before asserting extinguishment.

Preserve post-approval liabilities and test any fresh notice against this case's exact limitation directions. Do not equate a change of ownership or name with general tax immunity. The 2026 IBC amendments now expressly address staged approval and earlier claims; their text and transitional rules must be checked before applying this historical reasoning.

Pinpoint: AKHB commentary based on paragraphs 15–25 and identified later legislation; not additional Court directions.

Sources and limitations

Relevant provisions

Constitution Article 226; Insolvency and Bankruptcy Code 2016 Section 31(1), referring to Section 30(2) and (4). The dispute concerns GST assessment, but the judgment does not identify a specific CGST demand section as its operative statutory basis. Later-law context: IBC (Amendment) Act 2026 Section 19.

Statutory note

The judgment applies the historical Section 31 framework. Act 6 of 2026, Section 19(a), later permits prescribed staged approval of plan implementation followed by distribution, so this decision is not a universal rule that every outstanding implementation or distribution matter postpones approval. Section 19(e) inserts Section 31(6): unless the plan provides otherwise, earlier claims against the corporate debtor and its assets are extinguished and proceedings, including assessment of those claims, cannot be instituted or continued. The explanations preserve specified claims/proceedings against promoters, management, guarantors and persons with joint liability; extinguish specified indemnity rights; and deem the new provisions applicable to plans approved from commencement of the Code, except matters attaining finality under it. S.O. 2625(E), dated 22 May 2026 and published 25 May, commences Section 19 on 26 May 2026. This is a targeted statutory update, not a ruling on its application to Patanjali's later proceedings.

Treatment note

Checked 13 October 2026. Bounded searches using the party names, Narela respondent, writ number, decision date and neutral citation, including Delhi High Court and Supreme Court domains, did not identify a verified later appeal, review, stay or modifying order concerning this judgment. That does not establish that no such proceeding exists; no complete registry or professional citator clearance is claimed. The fresh official judgment remains byte-identical. Later-period notices and assessments, including use of the 15 February 2026 direction, were not independently verified. The separately identified 2026 IBC changes postdate the judgment.

Scope of source review

All ten physical pages of the retained official judgment were read and individually viewed. Fresh official download on 13 October 2026 matched its SHA-256 and page count. Supplementary review was confined to historical IBC Section 31 on p. 40 of IBBI's 2021 compilation; Section 19 on pp. 8–9 of the 2026 amending Act; both pages of the commencement notification; and Ghanashyam Mishra's official original paragraph 95(i)–(iii), pp. 103–104, with identity/date pages 1 and 139 read. Relevant statutory and Ghanashyam operative pages were individually viewed. Complete NCLT, Andhra Pradesh and Bombay originals, the full Ghanashyam judgment and the full statute compilations were not reviewed. The 2026 amending Act was freshly downloaded; the commencement notification was checked from the retained official copy after fresh retrieval failed.

Source notes

Paragraph 2 identifies Order-in-Original 52/AC/NARELA/DN/2024 dated 21 January 2025, corrigendum 3 February 2025, and FY 2017–18. Paragraph 6 instead names a 6 January 2025 order and FY 2017–18 to 2021–22. Neither discrepancy is silently resolved, and no aggregate demand is inferred. Paragraph 5 calls the company “under liquidation”, while the reasoning concerns an approved resolution plan; this note does not infer a separate liquidation order. Paragraph 14's NCLAT description is not independently verified. The decision date is 11 December 2025; upload/signing is 12 December. Citation 2025:DHC:11260-DB is visible in page artwork. The quoted Ghanashyam reporter paragraphs 102.1–102.3 correspond to

paragraph 95(i)–(iii) of the accessed official original. Visible signature artwork and successful PDF parsing do not establish cryptographic signature validity.

Primary source

Source description: Complete ten-page official Delhi High Court judgment; fresh official PDF matches the retained original byte-for-byte.

Official source: [Open source document](#)

Source pages: 10

Judgment author: Prathiba M. Singh, J.

Outcome type: final substantive pre resolution demand relief

Additional source

IBBI official IBC compilation, updated to 12 August 2021

Official source: [Open source document](#)

Pinpoint: Section 31, physical p. 40. Historical statutory text, not a current consolidation.

Ghanashyam Mishra and Sons Private Limited v. Edelweiss Asset Reconstruction Company Limited, Supreme Court, 13 April 2021

Official source: [Open source document](#)

Pinpoint: Official original paragraph 95(i)–(iii), pp. 103–104, corresponding to reporter paragraphs 102.1–102.3 quoted by the High Court.

Insolvency and Bankruptcy Code (Amendment) Act 2026, Act 6 of 2026

Official source: [Open source document](#)

Pinpoint: Section 19(a), physical p. 8; Section 19(e), p. 9. Later development, not part of the 2025 holding.

MCA Notification S.O. 2625(E), dated 22 May 2026, published 25 May 2026

Official source: [Open source document](#)

Pinpoint: English text, physical p. 2, item 2: Sections 8–33, including Section 19, commence on 26 May 2026. Retained official copy checked.

Disclosures and source rights

AI disclosure: Prepared with AI assistance from the complete official judgment and identified primary legal sources. No human legal review is claimed.

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Source checked: 13 October 2026