

IBC News

IBC cannot override PMLA: NCLAT

The Appellate Tribunal has held that if there is any attachment by the Enforcement Directorate (ED) under the Prevention of Money Laundering Act (PMLA), which is validly made and confirmed, it cannot be undone under the IBC. Under Section 14 of the IBC, a moratorium is applied on assets of the Corporate Debtor (CD) for the purpose of resolution. However, if the property is alleged to be “proceeds of crime” and is already under adjudication by the competent authority under a penal statute, such property cannot be deemed to be part of the freely available resolution estate, said the National Company Law Appellate Tribunal (NCLAT). “ED does not act as a creditor, but as a public enforcement agency,” said NCLAT.

Source: *Business Standard*, July 06, 2025.

https://www.business-standard.com/india-news/insolvency-law-cannot-override-pmla-ed-attachment-to-stay-says-nclat-125070600202_1.html

NCLT Approves Adani Properties’ Resolution Plans for Two HDIL Projects

The NCLT Mumbai Bench has approved Adani Properties’ resolution plans for two verticals of bankrupt Housing Development and Infrastructure Ltd. (HDIL): Project BKC (Vertical V) and Shahad Maharaal Lands (Vertical IX). Both plans were cleared under Section 31 of the Insolvency and Bankruptcy Code 2016, with the Committee of Creditors (CoC) approving them by 66.084% vote. For Project BKC, the plan value is ₹3 crore, with a ₹2.83 crore payout to financial creditors and minimal allocations to other stakeholders. For Shahad Maharaal Lands, the plan has offered a payout of ₹90 crore, which was below liquidation value but deemed feasible and compliant by the CoC.

Source: *Scconline.com*, July 03, 2025.

<https://www.scconline.com/blog/post/2025/07/03/nclt-approves-adani-properties-acquisition-two-hdil-assets/>

No party can alter the record of the court without its permission: NCLAT

Allowing an appeal in connection with the ongoing proceedings against Infrastructure Leasing and Financial Services Ltd. (IL&FS), the NCLAT held that the entitlement to amend the petition does not empower a party to bypass procedural requirements and added that no party can alter the record of the court without its permission. Citing Rule 155 of the NCLT Rules, 2016



and Supreme Court precedent in the case of Gurdial Singh & Ors. vs. Raj Kumar Aneja, the NCLAT asserted that all necessary amendments must be carried out only with the Tribunal’s express leave, particularly when they alter substantive reliefs. The case pertains to the Ministry of Corporate Affairs’ (MCA) unilateral amendment to Company Petition No. 3638/2018, specifically the inclusion of a new prayer clause (e), was allegedly carried out without the leave of the Tribunal.

Source: *Taxscan.in*, June 16, 2025.

<https://www.taxscan.in/top-stories/nclat-allows-deloitte-appeal-strikes-down-nclt-order-in-ilfs-case-over-unauthorised-amendment-1421850>

NCLT approved ₹ 83.40 cr Resolution Plan for Astral Steritech

The Committee of Creditors (CoC) of Astral Steritech Pvt. Ltd. has already approved the Resolution Plan submitted by Asons Pharmaceuticals Pvt. Ltd. with a significant majority of 93.46%. The approved resolution amount stands at ₹83.40 crore while its fair value and liquidation value were respectively ~₹88.77 crore and ~₹61.46 crore. The plan is reportedly designed to ensure the continuation of Astral Steritech Pvt. Ltd. as a going concern, aligning with the objectives of the IBC. As per the Resolution Plan, a Monitoring Committee will be constituted to oversee its implementation.

Source: *InsolvencyTracker.in*, June 09, 2025.

<https://insolvencytracker.in/2025/06/09/resolution-of-astral-steritech-cirp/>

CCI gives a nod to INSCO’s Resolution Plan for Hindustan National Glass & Industries Ltd.

In its petition against Independent Sugar Corporation Ltd. (INSCO), AGI Greenpac has alleged that INSCO had made false statements or suppressed material facts in its merger filing. However, the Competition Commission of

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India (CCI) did not find any material to establish “willful suppression or misrepresentation” by INSCO.

“Based on material available on record, the Commission is of the view that no case for any false statement and/or willful concealment or suppression of material facts is made out against INSCO as regards the contents of the notice,” said CCI. The Commission reportedly added that the reference made by AGI was disposed of and no further communication in this regard would be entertained by the CCI. After the disposal of this matter by the CCI, the NCLT is expected to approve the Resolution Plan of INSCO for Hindustan National Glass & Industries Ltd. (HNGIL) by the end of June or early July. Separately, the Supreme Court of India, published on May 30, 2025, dismissed review petitions filed by AGI Greenpac and Exclusive Capital, a minority member of HNGIL’s Committee of Creditors. The Apex court reaffirmed its earlier judgment dated Jan. 29, 2025, which had set aside AGI Greenpac’s Resolution Plan on grounds of legal and procedural non-compliance.

Source: *Financial Express*, June 07, 2025.

<https://www.financialexpress.com/business/brandwagon-cci-dismisses-agi-greenpacs-complaint-against-insco-supreme-court-upholds-inscos-resolution-plan-for-hngil-3872082/>

NCLT approved resolution plans of over 67,000 crores in FY 2024-25 under the IBC

According to media reports, the Adjudicating Authorities across NCLT Benches in the country have approved 284 resolution plans in FY 2024-25 under the Insolvency and Bankruptcy Code, 2016 (IBC). These resolution plans collectively amount to ₹67,176 crores, which is about 42% higher than the ₹47,206 crores resolved through 275 resolution plans in 2023-2024. This is the second highest amount realized through the IBC after ₹1,19,993 crores realized in FY2018-19 from 81 cases.

“Higher levels of recoveries generally indicate that the code is generally better compared to other methods for resolution. However, we should also keep in mind that the data can be skewed by a few high value recoveries,” said the media report citing a research report.

Source: *The Hindu*, May 15, 2025.

<https://www.thehindu.com/news/national/tamil-nadu/nclt-gave-nod-for-resolution-plans-to-the-tune-of-over-67000-crore-in-fy2024-25-under-bankruptcy-law/article69579991.ece>

Insolvency Resolutions Exceed Liquidations

Insolvency and Bankruptcy Board of India (IBBI) has reportedly said that the IBC has resulted in two cases being resolved for every one case that goes into liquidation.

However, in 2017-18 for every one resolution, five companies went into liquidation.

This improvement is partly because the legacy cases related to liquidation have come down and also due to better quality of assets when they are admitted for Corporate Insolvency Resolution Process (CIRP), said the IBBI. “Since the law was enacted 30,310 cases with underlying default of ₹13.8 lakh crore were settled pre-admission. Postadmission, the IBC resolved 1,194 cases through resolution plans, 2,430 cases were closed through settlement, withdrawals and appeal, while 978 liquidations,” said IBBI. The IBBI also informed about various initiatives being taken to improve the outcomes of the IBC which include monitoring of cases pending for admission and ongoing CIRPs. Besides, IBBI has revised its mechanisms for real-time sharing of information, regarding applications for the initiation of CIRP with the information utility. There is also marked improvement in the number of cases being disposed of. However, the time taken to complete the insolvency process is still a matter of concern, said media reports. According to the IBBI data, the time taken in resolution process is 597 days, which is more than twice the extended deadline of 270 days provided under the IBC.

Source: *The Times of India*, May 22, 2025.

<https://timesofindia.indiatimes.com/business/india-business/now-insolvency-resolutions-exceed-liquidations/articleshow/121325791.cms>

There has been a 3.3% reduction in the cost of debt for distressed firms since the IBC was adopted: IIM Bangalore

In a study reportedly conducted by the Indian Institute of Management (IIM), Bangalore, it has been revealed that there has been a 3.3% reduction in the cost of debt for distressed firms compared to non-distressed ones since the Insolvency and Bankruptcy Code, 2016 (IBC) was adopted. Citing this study, the IBBI has said that the IBC has prompted borrowers to adhere to loan payment schedules. Creditors have become more willing to lend to distressed firms at lower interest rates since the IBC was adopted, showing they are more confident of recovering dues in case of a default, said IBBI. In another study, according to IBBI, the companies resolved under the IBC witnessed a 50% increase in the average employee cost in the three years indicating IBC contribution to preserving and adding jobs.

Source: *Mint*, May 21, 2025.

<https://www.livemint.com/news/india/ibc-impact-insolvency-and-bankruptcy-code-ravi-mital-debt-resolution-india-ibbi-update-distressed-firms-india-11747811499757.html>

Supreme Court Upholds Investor Protection Over Secured Creditors in NSEL Scam Case

In a landmark judgment dated May 15, 2025, the Supreme Court of India ruled that secured creditors cannot claim priority over properties attached under the Maharashtra Protection of Interest of Depositors (MPID) Act in the National Spot Exchange Ltd. (NSEL) case. The verdict affirms the orders passed by the Supreme Court Committee on August 10, 2023, and January 8, 2024, which held that such attached properties would be available for executing investor decrees despite moratorium provisions under the Insolvency and Bankruptcy Code (IBC).

The Court concluded that assets attached under the MPID Act and Prevention of Money Laundering Act (PMLA) are beyond the reach of secured creditors, even under provisions of the SARFAESI Act and the RDB Act. It also found no inconsistency between the MPID Act and the IBC, thereby rejecting the applicability of Section 238 of the IBC in this context. Notably, the Apex Court clarified that federal legislative powers allow the State-enacted MPID Act to prevail in such matters within its domain. The ruling stems from efforts to recover 5,600 crores defrauded by over 13,000 investors due to the NSEL scam. The judgment reaffirms the Supreme Court's commitment to investor protection and provides clarity on the balance between insolvency law and state-enforced depositor safeguard mechanisms.

Source: *IBCLaw.in*, May 16, 2025.

<https://ibclaw.in/national-spot-exchange-ltd-vs-union-of-india-and-ors-supreme-court/>

Supreme Court struck down JSW Steel's ₹19,700-crore Resolution Plan, ordered Liquidation

The Apex Court cited two key reasons for its decision - use of a mix of equity and optionally convertible debentures (OCDs) to complete the takeover, which should have been executed solely through equity, and its failure to implement the Plan within the timeframe mandated under insolvency law. Declaring the Resolution Plan of JSW Steel for Bhushan Power and Steel Ltd (BPSL) as illegal, the Court said it should not have been accepted in the first place. The resolution of BPSL has been one of India's largest insolvency proceedings, but the deal has been under legal scrutiny for years. After the resolution, JSW Steel, the Successful Resolution Applicant (SRA) faced multiple legal hurdles, especially after the Enforcement Directorate in 2020 named BPSL and its former chairman and managing director in a ₹47,204 crore bank frauds and money laundering case.

Earlier this year, the Delhi High Court quashed the money laundering proceedings against BPSL, offering some relief to the company. However, the Supreme Court's order has reportedly paved the way for BPSL's liquidation, bringing fresh uncertainty to its employees, creditors, and potential acquirers. "The judgment reinforces the core principles of the Insolvency and Bankruptcy Code (IBC), which emphasize transparency, fairness, and timely execution of resolution plans," an expert reportedly said to media.

Source: *CNBCTV18.COM*, May 02, 2025.

<https://www.cnbc18.com/business/companies/jsw-steel-bhushan-power-case-resolutions-plan-supreme-court-orders-liquidation-19597922.htm>

CoC approved Resolution Plan for Colour Roof (India) Limited

The Committee of Creditors (CoC) for Colour Roof (India) Ltd., the Corporate Debtor (CD), has approved the Resolution Plan submitted by JSW Steel's subsidiary JSW Steel Coated Products Ltd. (JSWSCPL) from a pool of 24 eligible prospective resolution applicants (PRAs). The CD entered the CIRP on an insolvency application filed by Phoenix Arc Private Limited under Section 7 of the IBC for an outstanding amount of ₹23.41 crore under an inland bill purchase account facility.

Source: *The Times of India*, March 29, 2025.

<https://legal.economictimes.indiatimes.com/news/corporate-business/jsw-steel-coated-products-wins-bid-for-colour-roof-india/120626128>

Arbitral award passed by MSME Facilitation Council after the approval of Resolution Plan is unenforceable: Supreme Court

The Apex Court has clarified that once a Resolution Plan is approved by the Adjudicating Authority (NCLT), all claims not included in the Resolution Plan are extinguished, and no person is entitled to initiate or continue proceedings for such claims which are not part of the Resolution Plan.

"Upon approval of the Resolution Plan by the NCLT, the claim of the respondent being outside the purview of the Resolution Plan stood extinguished. Therefore, the award dated 06.07.2018 is incapable of being executed," said the Court in the case of Electrosteel Steels Ltd. v. Ispat Carrier Private Ltd. The Court set aside execution proceedings initiated against the MSME. The CIRP against Electrosteel Steels Ltd. (Corporate Debtor) was initiated on an application filed by Ispat Carrier Pvt. Ltd. In this case, the Resolution Plan submitted by Vedanta Limited for Electrosteel Steels Ltd. was approved by the Adjudicating Authority in April 2018. Meanwhile,

the West Bengal MSMEs Facilitation Council passed an arbitral award in favor of Ispat Carrier dated July 06, 2018. “A successful resolution applicant cannot be faced with undecided claims after the Resolution Plan is accepted. Otherwise, this would amount to a hydra head popping up which would throw into uncertainty the amount payable by the resolution applicant,” the Court emphasized and set aside the order of the High Court. The Supreme Court also clarified that the Council did not have the jurisdiction to arbitrate on the said claim.

Source: *Bar & Bench*, April 22, 2025.

<https://www.barandbench.com/amp/story/news/litigation/arbitral-award-unenforceable-when-claims-not-part-insolvency-resolution-plan-supreme-court>

Funds recovered from the Fraudulent Transactions will go to Successful Resolution Applicant, ruled Supreme Court

The Supreme Court has ruled that ₹45,000 crore in recoveries from “avoidable” and “fraudulent” transactions at DHFL will go to Piramal Group, the Successful Resolution Applicant (SRA) but not the creditors of the DHFL. The court also upheld the Resolution Plan, which assigned a nominal value of ₹1 to these recoveries. Besides, the Court clarified that the resolution plan complied with regulations under the Reserve Bank of India Act, 1934, and the National Housing Bank (NHB) Act, 1987.

Corporate Insolvency Resolution Process (CIRP) of DHFL, a housing finance company, was initiated by the Reserve Bank of India (RBI) in 2019 after it defaulted on repayment of an overseas loan to the State Bank of India (SBI) and other creditors. The total dues claimed against the company were about ₹87,905.6 crore. The Committee of Creditors (CoC) which approved the Resolution Plan submitted by the Piramal Group assigned a nominal value of ₹1 to potential recoveries from fraudulent transactions under Section 66 of the Insolvency and Bankruptcy Code, 2016 (IBC). This provided the Piramal Group complete rights on future recoveries under the PUF transactions. On an appeal by 63 Moons Technologies Ltd, which held non-convertible debentures worth over ₹200 crore issued by DHFL, and other creditors, NCLAT ordered that proceeds from fraudulent transactions should be distributed among creditors which were challenged by SRA in the Supreme Court.

Source: *LiveMint.com*, April 01, 2025.

<https://www.livemint.com/companies/supreme-court-piramal-capital-resolution-plan-dhfl-proceeds-of-funds-recovered-63-moons-nclat-nclt-rbi-nhb-11743504571574.html>

Delhi High Court rules out prosecution of the CD after approval of the Resolution Plan by NCLT

Delhi High Court has held that once a resolution plan is approved by the NCLT and a change in management occurs, the corporate debtor cannot be prosecuted for offences committed prior to commencement of the Corporate Insolvency Resolution Process (CIRP). The Court also quashed a complaint filed by the Enforcement Directorate (ED) against Bhushan Power & Steel Limited (BPSL), for money laundering related to bank fraud of ₹470 billion (\$5.4 billion).

In this case, while BPSL, the Corporate Debtor (CD) was undergoing through CIRP, the Central Bureau of Investigations (CBI) registered criminal cases against BPSL for corruption, cheating and forgery. Subsequently, the Enforcement Directorate (ED) registered a complaint against BPSL under laws for the prevention of money laundering. Meanwhile, the Resolution Plan was approved by NCLT. On an appeal, the NCLAT ordered the ED to release the assets of the CD. During the process, an amendment was introduced to the insolvency law through ordinance that extended protection to CDs from criminal proceedings once a Resolution Plan is approved. The court quashed ED’s proceedings against the CD for offenses committed before the commencement of the CIRP. However, it clarified that erstwhile promoters, directors and key managerial persons responsible for offences committed before commencement of the CIRP initiation do not receive any protection.

Source: *Law Asia*, 07th April 2025.

<https://law.asia/corporate-debtor-prosecution-protection/>

Developers cannot use Insolvency Laws to avoid completing slum rehabilitation projects: Bombay High Court

The Bombay High Court has held that the developer cannot use the IBC as a tool to escape the consequences of failure to execute a slum rehabilitation scheme and can be removed by the Slum Rehabilitation Authority (SRA). It further clarified that builder’s appointment can be terminated despite a Resolution Plan (RP) in place under the IBC proceedings, except it cannot be done to recover “prior debts”. The SRA in August 2024, terminated the appointment of Anudan Properties Pvt. Ltd. due to “over prolonged failure to pay transit rent” as a developer of a slum rehab project in Thane (Mumbai).

Source: *The Times of India*, March 29, 2025.

<https://timesofindia.indiatimes.com/city/mumbai/bombay-high-court-rules-developer-cannot-use-insolvency-law-to-avoid-slum-rehabilitation-obligations/article-show/119690329.cms>

Updates

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Singapore Court grants recognition to an Indian company's CIRP

In this case, NCLT Mumbai, under the provisions of the IBC, had ordered commencement of CIRP against Compuage Infocom Limited (CIL), an Indian incorporated company specializing in IT distribution, with a branch office in Singapore and a Singapore incorporated subsidiary. The RP sought recognition of CIRP against CIL in Singapore as per the UNCITRAL Model Law, which is applicable to Singapore. However, the Singapore bank indicated that it would only provide the requested documents if the NCLT's orders were recognized. The Singapore Court, after rigorous analysis of related provisions of the IBC, concluded that the CIRP qualifies as a "foreign proceeding" under the UNCITRAL Model Law.

Source: *Bar & Bench, April 01, 2025.*

<https://www.barandbench.com/view-point/singapore-court-recognition-indian-company-cirp-first-time-key-takeaways>

Resolution Plan would be binding on a stakeholder even if it was not a party to the proceedings before the NCLT: Supreme Court

The Supreme Court has ruled that even if a stakeholder (s) does not raise claims before the Interim Resolution Professional (IRP) /Resolution Professional (RP), the

Resolution Plan as approved by the NCLT would still be binding on them.

"No doubt that even if any stakeholder is not a party to the proceedings before the NCLT and if such stakeholder does not raise his claim before the interim resolution professional/resolution professional, the resolution plan as approved by the NCLT would still be binding on him," said the Supreme Court. This judgement was delivered on a plea by JSW Ispat Special Products Ltd (now JSW Steel Ltd and petitioner) alleging that officers of the Commercial Tax Department of the State of Chhattisgarh (respondents) had disobeyed the Supreme Court judgment in the matter of Ghanshyam Mishra and Sons Pvt. Ltd. v. Edelweiss Asset Reconstruction Company Ltd. and others. The bench observed that once a Resolution Plan is approved, the resolution applicant starts on a clean slate and thus cannot be flung with surprise claims. The Court also observed that in spite of public notice, neither the State of Chhattisgarh nor its authorities raised any claim before the CoC. Therefore, the demand notices of the respondents to the tune of ₹2.66 crore under the Chhattisgarh Value Added Tax Act, 2005, ₹1.08 crore under the Central Sales Tax Act, 1956, and ₹61 lakh under the Entry Tax Act, 1957, were termed illegal and quashed.

Source: *Business Standard, March 27, 2025.*

https://www.business-standard.com/finance/news/resolution-plan-binding-even-if-stakeholder-not-party-to-nclt-case-sc-125032701261_1.html

