

IBC Case Laws

Supreme Court of India

Omkaara Assets Reconstruction Pvt. Ltd. Vs Amit Chaturvedi & Ors. Civil Appeal No. 11417 of 2021, Date of Supreme Court Judgement: February 24, 2026

Facts of the Case

The present appeal arises out of proceedings initiated under Section 7 of the Insolvency and Bankruptcy Code, 2016 (“IBC/the Code”) at the instance of Omkaara Assets Reconstruction Private Limited, assignee of a Stressed Assets Stabilisation Fund (“Financial Creditor/FC”), in respect of financial facilities extended to the respondent-Corporate Debtor (CD). Two term loans were sanctioned on 05.04.1999 and 12.12.2000 aggregating to ₹10,60,00,000/-. The Corporate Debtor committed default with effect from 01.01.2003. The outstanding liability, as claimed in the Section 7 application, was ₹154,33,12,274/- together with further interest.

As the CD failed to clear dues, an application under Section 7 of the IBC was filed before the Adjudicating Authority (AA) seeking initiation of Corporate Insolvency Resolution Process (“CIRP”). The CD opposed the maintainability of the application, inter alia, on the ground that a Scheme of Arrangement (“SOA”) under Sections 391–394 of the Companies Act, 1956 had been sanctioned by the Punjab and Haryana High Court and that proceedings in relation thereto were pending. It was contended that in view of the subsisting scheme and proceedings before the High Court, initiation of CIRP was unwarranted and impermissible.

The AA, upon consideration of the material on record, held that the CD had failed to demonstrate compliance with the statutory requirements governing implementation of the sanctioned scheme. Noting that the scheme had not been brought into effect within the prescribed time and had, in substance,



become redundant, the Authority invoked the overriding provision contained in Section 238 of the IBC and admitted the Section 7 application, thereby commencing CIRP and appointing an Interim Resolution Professional (“IRP”).

Aggrieved thereby, the CD preferred an appeal before the National Company Law Appellate Tribunal (“NCLAT/Appellate Tribunal”), which directed that the Section 7 proceedings be kept in abeyance pending disposal of proceedings before the High Court. Challenging the said order, the Apex Court instituted the present appeal before the Supreme Court. In the present appeal, Supreme Court issued an interim order reviving the moratorium and permitting the IRP to resume charge of the Corporate Debtor.

Supreme Court Observations

The principal issue considered by this Court was whether the existence or prior sanction of a Scheme of Arrangement under Sections 391–394 of the Companies Act, 1956 could operate as a legal impediment to the initiation or continuation of proceedings under Section 7 of the Insolvency and Bankruptcy Code, 2016. The Court observed that the mere sanction of a scheme does not, by itself, create a bar against insolvency proceedings, particularly where such scheme has not been implemented in accordance with statutory requirements.

In this backdrop, the Court examined the correctness

of the Appellate Tribunal's direction to keep the Section 7 proceedings in abeyance and considered whether such deferment aligned with the legislative intent and the factual findings recorded by the AA. After examining the record, the Court noted that the AA had returned a clear finding that the sanctioned Scheme of Arrangement had not been brought into effect within the prescribed timelines and that the CD had failed to demonstrate compliance with the conditions necessary for its implementation. The continued pursuit of recovery proceedings by creditors under other statutory mechanisms further indicated that the scheme had not achieved practical efficacy. In such circumstances, the scheme could not be treated as a subsisting arrangement capable of overriding the remedy available under the IBC.

Reiterating the object and scheme of the IBC as a comprehensive and time-bound framework for insolvency resolution, the Court underscored the overriding effect of Section 238 of the Code. It held that once default is established and the statutory requirements under Section 7 are satisfied, the AA is obligated to admit the application, subject only to limited judicial scrutiny. Proceedings under the Companies Act cannot be invoked to stall or defeat the operation of the Code where the arrangement in question has, in effect, become redundant.

Order: Considering the facts and circumstances of the case as highlighted above, the Supreme Court ruled that there was no reason to sustain the order of the Appellate Tribunal and accordingly set aside the same restoring the order of the AA which allowed the IRP to proceed in accordance with law.

Case Review: *Appeal allowed.*

State Bank of India Vs Union of India & Ors. Civil Appeal No. 1810 of 2021, Date of Supreme Court Judgement: February 13, 2026

Facts of the Case

The present batch of civil appeals arises from a judgment of the National Company Law Appellate

Tribunal ("NCLAT") concerning the treatment of spectrum under the Insolvency and Bankruptcy Code, 2016 ("IBC/the Code"). The NCLAT, while dealing with insolvency proceedings initiated against certain telecom service providers (TSPs), held that spectrum usage rights held by the corporate debtors constitute intangible assets and can be subjected to the corporate insolvency resolution process ("CIRP") under the Code. It further held that dues payable to the Department of Telecommunications ("DoT"), including license fees and spectrum usage charges, fall within the ambit of "operational debt" under Section 5(21) of the Code.

The controversy arose in the backdrop of CIRP proceedings against telecom companies such as the Aircel Group and Reliance Communications, which had defaulted on substantial license fee and adjusted gross revenue (AGR) dues payable to the Union of India. Financial creditors, including State Bank of India and other lending institutions, contended that spectrum, though governed by statutory and contractual conditions, was reflected as an asset in the books of the corporate debtor and formed part of the overall business undertaking. Relying upon the Tripartite Agreement framework executed between DoT, lenders and the licensee, it was argued that the right to use spectrum could be treated as part of the insolvency estate and made available for resolution, including by way of transfer to a successful resolution applicant.

The Union of India, through DoT, assailed this position, asserting that spectrum is a scarce and finite natural resource vested in the State in trust for the public. It was submitted that license holders acquire only a limited, conditional and revocable right to use spectrum, without any proprietary or ownership interest. According to DoT, permitting spectrum to be dealt with under the IBC in a manner that extinguishes or dilutes governmental dues would undermine the statutory regime under the Telegraph Act and related laws. Aggrieved by the NCLAT's findings on the nature of spectrum, its amenability to insolvency proceedings, and the characterization of DoT dues as operational

debt, appeals were preferred before the Supreme Court by SBI, resolution professionals, successful resolution applicants, and the Union of India, culminating in the present adjudication.

Supreme Court's Observations

After duly hearing both the parties, the Supreme Court framed certain issues for proper adjudication of the matter. At the outset, this Court examined the nature of spectrum and reiterated that it is a natural resource held by the Union of India in public trust. The conferment of a right to use spectrum under a licence granted under Section 4 of the Telegraph Act, 1885 does not vest ownership or proprietary interest in the telecom service providers (TSPs); ownership remains with the nation, with the Union Government acting as trustee. The Court distinguished between ownership, possession and occupation, observing that TSPs merely hold a limited right to use, subject to strict statutory and contractual conditions.

The Court then considered whether the right to use spectrum constitutes an “asset” within the meaning of Section 18 of the IBC. It analysed the interplay between the IBC and the Telegraph Act, Wireless Telegraphy Act, and TRAI Act, particularly in light of the revenue-sharing regime. The Court also addressed whether licence dues, including AGR dues and deferred spectrum instalments, could be characterised as operational debt, and whether such dues could be extinguished or diluted through a resolution plan. A significant part of the analysis concerned transferability of spectrum in insolvency proceedings vis-à-vis the Spectrum Trading Guidelines. The Court examined whether approval of a resolution plan could override or substitute the requirements of prior governmental approval and clearance of past dues under Guidelines 10, 11 and 12. It further considered whether licence conditions or tripartite agreements created any enforceable security interest in favour of lenders, and the mode of enforcement thereof.

Finally, the Court addressed concerns regarding bona fides in triggering CIRP, particularly where insolvency

proceedings were initiated by TSPs facing substantial governmental dues. It underscored that CIRP cannot be invoked as a device to evade statutory liabilities or frustrate regulatory control over a scarce public resource.

Order: Considering the facts and circumstances of the case as highlighted above, the Supreme Court ruled that spectrum allocated to TSPs and shown in their books of account as an “asset” cannot be subjected to proceedings under the IBC.

Case Review: *Appeal filed by the Banks/TSPs dismissed; Appeal of the Union of India through DoT allowed in part.*

Apex Heights Pvt. Ltd. Vs Ram Kishor Arora & Anr. Civil Appeal No. 2626/2025, Date of Supreme Court Judgement: February 05, 2026

Facts of the Case

These appeals arise from the judgment passed by the National Company Law Appellate Tribunal (NCLAT), Principal Bench, New Delhi. The aforesaid order was passed in an interim application (IA) in an appeal, which in turn, was directed against the order of the National Company Law Tribunal (NCLT), New Delhi, while admitting an application under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC/the Code) filed by the Union Bank of India against the Corporate Debtor (CD), namely, M/s. Supertech Limited.

The Corporate Debtor is a real estate developer engaged in construction of multiple residential and commercial projects across Noida, Greater Noida, Yamuna Expressway, Gurugram and other regions. On account of noncompletion of projects and default in repayment of financial obligations, Union Bank of India initiated proceedings under Section 7 of the Code. The application was admitted and the CIRP commenced. The controversy in the present batch of appeals pertains to 16 incomplete projects of the CD involving a substantial number of residential units. While the management stated that approximately 40,000 units were involved, the home buyers contended

that the number exceeded 51,000. It was also brought on record that certain units had been completed prior to initiation of insolvency proceedings and some additional units were completed during pendency of the proceedings.

During the pendency of appeals before the NCLAT, the aforementioned IA was argued with a view to explore a mechanism for completion of the stalled projects. The home buyers suggested engagement of NBCC (India) Ltd., a Government of India enterprise, to undertake completion of the projects. The Interim Resolution Professional and project management consultant supported the proposal. The NCLAT, by the impugned order, issued comprehensive directions approving NBCC's proposal (with modifications), prescribing timelines for commencement of construction, constituting an Apex Court Committee and Project-wise Committees, directing maintenance of separate project accounts, and regulating funding and supervision mechanisms for completion of the projects.

Subsequent to the said order, certain stakeholders raised objections and sought modification; however, in view of interim orders passed by the Supreme Court, further proceedings before the NCLAT were curtailed. Aggrieved particularly by the decision to entrust completion of the projects to NBCC and the consequential directions issued, the present appeals came to be filed before the Supreme Court.

Supreme Court Observations

The Supreme Court noted that the primary consideration in the present matter was the protection of the interests of the home buyers, who had invested their life savings in the residential projects and had been awaiting possession for several years. The Court emphasised that in real estate insolvencies, the interests of home buyers assume central importance, and any resolution mechanism must be tested on feasibility, practicality and likelihood of completion. In this backdrop, the approach adopted by the NCLAT in bringing NBCC (India) Ltd. on board as a completing agency was

examined.

Examining the impugned order, the Court noted that the NCLAT had devised a structured framework to ensure completion of 16 stalled projects through institutional supervision. The Court held that the decision of the NCLAT to entrust completion of the aforementioned projects to NBCC was neither per se unfair nor contrary to any express provision of the Code. It was observed that the objective of the Code is resolution and value maximisation, and in the peculiar facts of the case, facilitating completion of long-pending housing projects subserved that objective. The Court further noted that the competing claims of secured creditors, operational creditors and statutory authorities would not stand extinguished, but could be addressed at an appropriate stage after completion of the projects and ascertainment of surplus. The entrustment of the projects to NBCC (India) Ltd. was viewed as a measure intended to provide credibility and execution capability.

The Supreme Court emphasised that not a mere recovery mechanism but a resolution framework intended to maximise value and balance stakeholder interests. Once residential units are completed and handed over with basic amenities, the remaining claims of stakeholders could be determined in accordance with law. The Court also clarified that completion of projects through NBCC would not prejudice the rights of statutory authorities or creditors, whose claims would be adjudicated in due course.

Order: Considering the facts and circumstances of the case as highlighted above, the Supreme Court found no merit in the challenge to the NCLAT's directions and upheld the impugned order, subject to certain clarifications and modifications issued in the interest of smooth implementation and supervision of the projects.

Case Review: *Appeals dismissed.*

Gloster Ltd. Vs. Gloster Cables Ltd & Ors. Civil Appeal No. 2996/2024 WITH Civil Appeal No. 4493/2024, Date of Supreme Court Judgement: January 22, 2026

Facts of the Case

These two appeals arise from the judgment of the National Company Law Appellate Tribunal (NCLAT), Principal Bench, New Delhi dated 25.01.2024 in Company Appeal (AT) (Ins.) No. 1343 of 2019. While one civil appeal was filed by Gloster Limited – the Successful Resolution Applicant (SRA), another cross-appeal filed by Respondent No.1- Gloster Cables Limited (GCL), challenging the findings in the impugned judgment insofar as it held that the Adjudicating Authority (AA/NCLT) had the jurisdiction to declare on the aspect of title to the trademark “Gloster”.

The CIRP of Fort Gloster Industries Limited (“Corporate Debtor/CD”) was initiated on an application filed under Section 9 of the IBC by a former employee of the CD. Upon admission of the application, a Resolution Professional was appointed and the CIRP commenced in accordance with the provisions of the Code. During the CIRP, a Resolution Plan submitted by Gloster Limited was placed before the Committee of Creditors (CoC), duly considered and approved. Pursuant thereto, the Resolution Professional filed an application before the Adjudicating Authority, seeking approval of the Resolution Plan. While the application for approval of the Resolution Plan was pending, Gloster Cables Limited filed an application before the AA claiming ownership over the trademark “GLOSTER” and objecting to its treatment as an asset of the CD under the Resolution Plan. It was contended that the said trademark did not belong to the CD and could not form part of the assets resolved under the CIRP. By its order, the Adjudicating Authority approved the Resolution Plan submitted by Gloster Limited. While doing so, the AA also made certain observations with respect to the ownership of the trademark “GLOSTER”, holding that the said trademark formed part of the assets of the CD. The application filed by Gloster Cables Limited was accordingly dismissed.

Aggrieved by the observations of the AA concerning the ownership of the trademark, Gloster Cables Limited preferred an appeal before the NCLAT. By the impugned judgment, the NCLAT held that the AA did not have jurisdiction under the Code to decide disputes relating to ownership of trademarks and further held that the trademark “GLOSTER” did not belong to the CD. Aggrieved by the said judgment, the parties approached the Supreme Court by way of the present appeals.

Supreme Court's Observations

The Supreme Court considered whether the AA, while exercising jurisdiction under the IBC, could determine disputes relating to ownership of intellectual property, specifically the trademark “GLOSTER”. The Court observed that the jurisdiction of the NCLT under the IBC is limited to matters which arise directly in relation to the insolvency resolution of the CD and does not extend to adjudication of independent civil or commercial disputes concerning title or ownership of assets, particularly where such disputes involve third parties. The Court noted that while the Resolution Professional and the AA are required to identify and deal with the assets of the CD for the purpose of resolution, such exercise cannot confer jurisdiction upon the NCLT to conclusively decide questions of ownership which are disputed and require adjudication by a competent civil forum. The Supreme Court held that any observations made by the AA on the ownership of the trademark were incidental and could not attain finality or bind parties claiming independent rights.

The Court further observed that approval of a Resolution Plan under Section 31 of the Code does not have the effect of extinguishing or overriding third-party proprietary rights which were never vested in the CD. It is reiterated that a resolution applicant acquires only such rights and interests as legitimately belonged to the CD and were capable of being transferred under law. At the same time, the Supreme Court clarified that the NCLAT was correct in holding that the AA could not assume jurisdiction to finally adjudicate the trademark dispute. However, it

cautioned that appellate interference should be limited to correcting jurisdictional excess and should not result in conclusive findings on ownership, which remain open to be determined in appropriate proceedings. Accordingly, the Court delineated the boundary between insolvency jurisdiction and adjudication of independent proprietary disputes, emphasising that the IBC is not a forum for resolution of title disputes unconnected with insolvency.

Order: Considering the facts and circumstances of the case as highlighted above, the Supreme Court noted that the findings of the NCLT, specifically with respect to adjudicating on the ownership of the trademark, are perverse and in gross violation of the principles of natural justice and beyond the scope of the enquiry as far as the present case is concerned. While doing so, the Court also clarified that these observations would not come in the way of any other Court or authority deciding the issue of title to the trademark “Gloster”, if the parties herein litigate upon and those proceedings will be decided on their own merits uninfluenced by these observations.

Case Review: *Appeals disposed off accordingly.*

Elegna Co-Op. Housing and Commercial Society Ltd. Vs Edelweiss ARC Ltd. & Anr. Civil Appeal No. 10261 of 2025 with Civil Appeal No. 10012 of 2025, Date of Supreme Court’s Judgement: January 15, 2026

Facts of the Case

The present appeals arise from the judgment dated 01.07.2025 passed by the National Company Law Appellate Tribunal, Principal Bench, New Delhi (“NCLAT”). By the impugned judgment, the NCLAT set aside the order dated 06.11.2024 passed by the National Company Law Tribunal, Ahmedabad Bench (“Adjudicating Authority”), and directed admission of the application filed under Section 7 of the Insolvency and Bankruptcy Code, 2016 (“the Code”), thereby initiating the Corporate Insolvency Resolution Process (“CIRP”) against Takshashila Heights India Private

Limited (“Corporate Debtor”), the appellant in Civil Appeal No. 10012 of 2025. The NCLAT further rejected the intervention application filed by Elegna Co-operative Housing and Commercial Society Ltd. (homebuyers’ society), the appellant in Civil Appeal No. 10261 of 2025, on the ground of lack of locus standi.

The Corporate Debtor had availed financial assistance aggregating to ₹70 crores from ECL Finance Ltd., the original lender, under two term loan facilities for development of a residential-cum-commercial project titled “Takshashila Elegna”. Term Loan–I of ₹40 crores and Term Loan–II of ₹30 crores were extended pursuant to duly executed loan agreements, promissory notes, and allied security documents, including an Indenture of Mortgage. Due to defaults in repayment, the loan accounts were classified as Non-Performing Assets, with the last payment having been made on 30.09.2021. On 09.05.2022, the original lender assigned its rights, title, and interest in the loan facilities to Edelweiss Asset Reconstruction Company Ltd. (“EARCL”). Thereafter, EARCL issued a recall and invocation of guarantee notice on 31.05.2022. Recovery proceedings were initiated before the Debts Recovery Tribunal, Ahmedabad, and a demand notice under Section 13(2) of the SARFAESI Act was issued on 21.07.2022 claiming ₹57.24 crores as outstanding. Subsequently, on 23.05.2023, the Corporate Debtor and EARCL entered into a Restructuring-cum-One Time Settlement Agreement to settle the outstanding liability for ₹55 crores. The Corporate Debtor paid ₹5.5 crores towards the first instalment and sought issuance of a provisional No Objection Certificate to enable sale of unsold units. The Financial Creditor, however, revoked the restructuring arrangement on 29.12.2023 citing default.

Thereafter, EARCL filed an application under Section 7 of the Code. By order dated 06.11.2024, the Adjudicating Authority dismissed the application, observing that the Code was being invoked as a recovery mechanism and noting the advanced stage of the real estate project. Aggrieved, the Financial

Creditor preferred an appeal before the NCLAT, which allowed the appeal by the impugned judgment, giving rise to the present civil appeals.

Supreme Court Observations

After duly hearing both the parties, the Supreme Court examined the scope of enquiry under Section 7 of the Code, and reiterated that once the existence of a financial debt and occurrence of default are established, the Adjudicating Authority is statutorily mandated to admit the application. The Court emphasised that at the admission stage, the jurisdiction of the NCLT is circumscribed and does not extend to considerations of equity, project viability, or the stage of completion of a real estate project. It held that factors such as substantial completion of the project or the possibility of resolving disputes outside the insolvency framework cannot override the express mandate of Section 7(5) of the Code.

The Court further clarified that the Insolvency and Bankruptcy Code does not permit the Adjudicating Authority to refuse admission of a Section 7 application on the ground that insolvency proceedings may cause hardship to third parties or disrupt an ongoing project. Observations made by the NCLT regarding invocation of the Code as a recovery mechanism were held to be legally untenable once debt and default stood established. The Court reiterated that the objective of the Code is resolution of insolvency through a collective process, and not adjudication of commercial expediency at the threshold stage.

On the issue of locus standi, the Supreme Court affirmed the finding of the NCLAT that a Cooperative Housing Society does not, by itself, acquire the status of a financial creditor merely by representing homebuyers. It observed that the right to participate in insolvency proceedings flows from statutory recognition under the Code, and an association or society cannot claim an independent right of intervention unless it satisfies the statutory requirements. In the absence of such standing, the intervention application was rightly rejected.

Order: Considering the facts and circumstances of the case as highlighted above, the Supreme Court dismissed the appeal challenging the admission of the CD into CIRP, as well as the intervention application by the homebuyers' society. Additionally, the Court issued directions to the Committee of Creditors to support any extraordinary/non-routine decisions by cogent decisions duly recorded in writing

Case Review: *Appeal dismissed.*

UV Asset Reconstruction Company Ltd. Vs Electrosteel Castings Ltd. Civil Appeal No. 9701 of 2024, Date of Supreme Court's Judgement: January 06, 2026

Facts of the Case

This appeal filed by UV Asset Reconstruction Company Ltd. (UV-ARCL) under Section 62 of Insolvency and Bankruptcy Code, 2016 (IBC/ Code) calls in question the legality and correctness of the judgment dated 24.01.2024 by the National Company Law Appellate Tribunal (NCLAT), whereby, the NCLAT affirmed the order dated 24.06.2022 passed by the NCLT rejecting the application filed by the appellant under Section 7 of the IBC.

Electrosteel Steels Limited (ESL) availed financial assistance amounting to ₹500 crores from SREI Infrastructure Finance Limited ("SREI") pursuant to a sanction letter dated 26.07.2011. The sanction letter provided for security in the form of a demand promissory note and post-dated cheques and did not stipulate any requirement of a personal or corporate guarantee from ECL, the promoter of Electrosteel Castings Ltd. (ESL). However, ECL was required to furnish an undertaking to arrange for infusion of funds to enable ESL to comply with stipulated financial covenants. In furtherance thereof, ECL executed a Deed of Undertaking dated 27.07.2011, whereby it undertook a limited obligation to arrange for infusion of funds into ESL in the event of breach of financial covenants. Clause 2.2 of the said Deed obligated ECL to facilitate compliance by arranging funds,

without expressly undertaking to discharge ESL's liability towards SREI. Subsequently, a supplementary agreement dated 21.11.2011 was entered into between ESL, ECL and SREI, amending certain terms of the facility and security package. CIRP against ESL was initiated on an application filed by State Bank of India (SBI) under Section 7 of the Code, which was admitted by the NCLT, Kolkata on 20.07.2017. A resolution plan submitted by Vedanta was approved on 17.04.2018 and duly implemented, pursuant to which ESL's debts stood resolved. Following implementation, SREI issued a 'no dues certificate' to ESL, acknowledging full discharge of its claims. Thereafter, SREI executed a Deed of Assignment dated 30.06.2018 in favour of UV-ARCL, purporting to assign a residual debt allegedly arising from reduced equity allotment under the Resolution Plan. The Appellant subsequently filed an application under Section 7 of the Code before the NCLT, Cuttack, asserting that ECL was a corporate guarantor and that a financial debt subsisted notwithstanding the resolution of ESL.

The NCLT dismissed the application on the ground that the ECL was not a guarantor in terms of financial facilities availed by ESL as Deed of Undertaking did not constitute a contract of guarantee, and that approval of the Resolution Plan extinguished any liability. The NCLAT affirmed the said findings, leading to the present appeal before the Supreme Court

Supreme Court Observations

After duly hearing both the parties, the Supreme Court examined whether the Deed of Undertaking executed by ECL could be construed as a contract of guarantee so as to render ECL a "corporate guarantor" and consequently a "corporate debtor" under the IBC. The Court observed that a guarantee, within the meaning of Section 126 of the Indian Contract Act, 1872, must involve a clear and unequivocal promise to discharge the liability of a principal debtor in the event of default. On a plain reading of the Deed of Undertaking, the Court held that ECL had merely undertaken to arrange for infusion of funds to ensure compliance with financial covenants and had not assumed any

obligation to repay the debt of ESL.

The Court further noted that the language of the Deed of Undertaking did not disclose the essential ingredients of a contract of guarantee, namely the existence of a principal debtor, a surety, and a promise to discharge the debt upon default. It held that commercial undertakings aimed at financial support or facilitation cannot, by implication, be elevated to guarantees in the absence of a clear contractual intent. Accordingly, the Court agreed with the concurrent findings of the NCLT and NCLAT that ECL could not be treated as a corporate guarantor.

The Supreme Court also considered the effect of approval and implementation of the resolution plan in the CIRP of ESL. Relying on the settled position of law, the Court observed that once a Resolution Plan is approved and implemented, all claims not forming part of the Plan stand extinguished. It held that the issuance of a 'no dues certificate' by SREI conclusively demonstrated discharge of the underlying debt, and no residual or contingent liability could thereafter be asserted against ECL. Rejecting the Appellant's contention that assignment of an alleged residual debt revived a cause of action, the Court held that an assignee cannot acquire rights greater than those held by the assignor. In the absence of a subsisting debt or a valid guarantee, initiation of proceedings under Section 7 of the Code against ECL was held to be legally unsustainable.

Order: Considering the facts and circumstances of the case as highlighted above, the Supreme Court concurred with the findings of NCLT and NCLAT that the Deed of Undertaking does not constitute a contract of guarantee and that ECL cannot be treated as a Corporate Guarantor for the financial facilities availed by ESL. Therefore, there was no infirmity in the impugned judgment warranting interference in this appeal.

Case Review: *Appeal dismissed.*

High Court(s)

Roseland Buildtech Pvt. Ltd. Vs Vihaan 43 Reality Pvt Ltd & Ors. CS (COMM.) 812/2025, Date of Delhi's High Court Judgement: December 23, 2025

Facts of the Case

Roseland Buildtech Pvt. Ltd. (“the Plaintiff”) and Defendant Nos. 1 to 5 are entities engaged in real estate and allied commercial activities. From 2006 onwards, Defendant No. 5, Anant Raj Ltd., held 50% of the equity shareholding in the Plaintiff company, while the remaining 50% was held by other entities. During the financial year 2021–22, the balance shareholding was held by Defendant No. 2, CLE Private Limited (formerly Sonata Investments Ltd.), which was subsequently transferred to Defendant No. 4 in April 2024.

On 31.10.2006, the Plaintiff availed a term loan of ₹80 crores from Defendant No. 2 under a Loan Agreement. The Plaintiff asserted that the entire loan liability stood fully discharged over time through various payments made in accordance with the agreed terms. It was the Plaintiff’s case that no amount remained outstanding under the said loan arrangement. On 06.03.2020, a Business Transfer Agreement (“BTA”) was executed between Defendant No. 1 (Vihaan 43 Realty Pvt. Ltd.), Defendant No. 2 (CLE Private Limited), and Defendant No. 3 (Summit Ceminfra Pvt. Ltd.), whereby Defendant No. 2 purported to assign its rights under the Loan Agreement in favour of Defendant No. 1. The Plaintiff contended that the said BTA was never disclosed to it and was fraudulent, fabricated, and unenforceable in law.

In February 2024, a Share Purchase Agreement (“SPA”) was executed between Defendant No. 5 (Seller) and Defendant No. 6 (Purchaser), Hallow Securities Pvt. Ltd., with Defendant No. 2 acting as a confirming party. According to the Plaintiff, upon execution of the SPA and receipt of consideration, all liabilities, including the loan of ₹88 crores, stood fully extinguished. Despite this, Defendant No. 1 initiated

proceedings under Section 7 of the Insolvency and Bankruptcy Code, 2016 before the NCLT, New Delhi, claiming to be a financial creditor on the basis of the BTA.

Aggrieved by the initiation of CIRP, the Plaintiff filed the present suit before the Delhi High Court seeking declarations that no debt was due, that the BTA was void and unenforceable, and for injunctions restraining enforcement of the alleged loan and insolvency proceedings. The Plaintiff’s core grievance was that no legally enforceable debt existed and that the insolvency proceedings were initiated on the basis of a contrived and fraudulent transaction.

High Court’s Observations

The High Court examined the maintainability of the present civil suit in light of the insolvency proceedings initiated under Section 7 of the Insolvency and Bankruptcy Code, 2016. The Court observed that the IBC is a self-contained and exhaustive code governing issues relating to insolvency, including determination of the existence of a financial debt and default. It held that once a petition under Section 7 is filed, all questions relating to the validity of the debt, the status of the creditor, and the legality of transactions relied upon must be adjudicated exclusively by the National Company Law Tribunal.

The Court rejected the Plaintiff’s contention that allegations of fraud, forgery, or prior discharge of liability justified invocation of the civil court’s jurisdiction. It observed that the IBC framework empowers the NCLT to examine such objections at the threshold stage, and permitting a parallel civil suit would directly interfere with and derail the insolvency resolution process. The Court emphasised that mere allegations of fraud cannot be used as a device to bypass the statutory forum prescribed under the Code.

Addressing the challenge to the Business Transfer Agreement dated 06.03.2020, the Court held that questions relating to its validity, enforceability, and effect on the status of the financial creditor are

matters squarely within the domain of the NCLT while considering the Section 7 application. The Court noted that granting declaratory or injunctive reliefs in respect of such transactions would amount to pre-empting the jurisdiction of the insolvency forum.

The High Court further observed that entertaining the suit and granting interim relief would defeat the object of the IBC, which mandates a time-bound and collective resolution process. It accordingly declined to grant any interim protection and dismissed the suit, while leaving it open to the Plaintiff to raise all permissible defences before the NCLT in accordance with law.

Order: Considering the facts and circumstances of the case as highlighted above, the High Court allowed the application under Order VII Rule 11 of the CPC thereby rejecting the plaint. However, it granted interim protection to prevent prejudice to the plaintiff, while clarifying that its observations would not affect the merit of pending insolvency proceedings.

Case Review: *Plaint rejected.*

National Company Law Appellate Tribunal (NCLAT)

Gopal Trading Company Vs. RP of Matrushi Fibres Pvt Ltd & Ors. Company Appeal (AT) (Insolvency) No. 222 of 2026, Date of NCLAT's Judgement: March 17, 2026

Facts of the Case

The present appeal arises from an order dated 15.12.2025 passed by the NCLT, Ahmedabad Bench, whereby two Interlocutory Applications (IAs) — IA No. 1316(AHM)/2024 and IA No. 643(AHM)/2025— were allowed, resulting in termination of the Corporate Insolvency Resolution Process (CIRP) of Matrushi Fibres Pvt. Ltd. (Corporate Debtor or CD) and imposition of financial liabilities on the Appellant, Gopal Trading Company, an Operational Creditor.

The Appellant had initially filed a CIRP application

under Section 9 of the Insolvency and Bankruptcy Code, 2016 (IBC), leading to the admission of the CD into CIRP on 25.09.2023. Following admission, the Interim Resolution Professional (IRP) verified claims and constituted the Committee of Creditors (CoC), which comprised solely two Operational Creditors—Assistant Commissioner of GST (95.01% voting share) and Assistant Commissioner of State Tax (4.99% voting share). During the CIRP, the RP faced significant challenges due to non-cooperation from the suspended management of the CD, which failed to provide essential financial records despite repeated communications. Additionally, the Appellant initially did not deposit CIRP costs citing financial constraints, prompting the RP to initiate contempt proceedings.

Due to lack of progress in the CIRP, the RP filed IA No. 1316 of 2024 seeking termination of CIRP, payment of fees and expenses, and discharge from duties, without impleading the Appellant. Subsequently, IA No. 643 of 2025 was filed impleading the Appellant, alleging fraudulent initiation of CIRP under Section 65 of the IBC. By a common order, the Adjudicating Authority allowed both applications, terminated the CIRP, imposed a penalty of ₹10 lakh on the Appellant, and directed payment of ₹6 lakh toward CIRP costs, in addition to ₹2 lakh already paid.

Aggrieved by the judgement, this appeal was filed wherein the Appellant contending that the CIRP had been validly admitted, and that its failure was due to non-cooperation by the suspended management and inaction by the RP under Section 19(2), not the Appellant. It also challenged the ex-parte proceedings and disproportionate financial liabilities imposed

NCLAT's Observations

The NCLAT observed that Section 65 embodies a clear legislative mandate to prevent abuse of the insolvency process and empowers the AA to intervene at any stage, even suo-motu, if fraudulent or malicious intent is evident from the surrounding facts and circumstances. The Appellate Tribunal further noted that the CIRP had stagnated after expiry of the statutory period, and the

RP had filed IA No. 643 of 2025 alleging fraudulent initiation. The NCLAT affirmed the AA's finding that the conduct of the Appellant was unusual and indicative of ulterior motive. Despite initiating CIRP for an operational debt of ₹3.80 crore, the Appellant failed to file its claim pursuant to the public announcement and did not participate further in the process. This omission, without any credible explanation, was held to be inconsistent with the conduct of a genuine creditor and suggested lack of bona fide intent. The Tribunal further noted that the only tax authorities filed the claims during CIRP, whose recovery proceedings were effectively halted due to the moratorium under Section 14. The timing of CIRP initiation, coinciding with pending tax recovery, indicated that the process was invoked to circumvent statutory liabilities rather than for insolvency resolution. "Thus, what seems to underpin the reason for triggering CIRP proceedings was clearly to circumvent the tax liability," said the Court. Appellant claimed non-filing of claims was due to lack of legal awareness. NCLAT rejected this because the Appellant had issued a legal notice dated 11.01.2022 demanding ₹3.90 crore and had also lodged police complaints — showing deliberate legal preparation. The plea was held to be an after-thought. The Appellant's proprietor was the real brother of the Corporate Debtor's director and was also an ex-director of the CD. NCLAT gave this independent weight in upholding the Section 65 finding. The NCLAT further noted that Section 65 is designed to deter misuse and protect the integrity of the insolvency framework, the Adjudicating Authority was not off the mark in examining the overall conduct of the Appellant in the surrounding circumstances and in satisfying itself that the threshold elements of malicious intent was met in the facts of the present case. Finally, the Appellate Tribunal held that given the absence of assets, a non-functional CoC, and prima facie abuse of CIRP, the Adjudicating Authority rightly exercised its residuary jurisdiction to direct the Appellant to bear the RP's fees and expenses

Order: The Appellate Tribunal found no merit in the appeal and find no cogent reasons to interfere with the

impugned order of the Adjudicating Authority (AA) in any manner.

Case Review: *Appeal Dismissed.*

Income Tax Officer, Jaipur Vs. Solar Voltaic Power LLP & Anr. Company Appeal (AT) (Insolvency) No. 286 of 2025, Date of NCLAT's Judgement: March 13, 2026

Facts of the Case

The present appeal has been filed by the Income Tax Officer, Ward 1(3), Jaipur (Appellant) under Section 61 of the Insolvency and Bankruptcy Code, 2016 (IBC), aggrieved by the order dated 11.12.2024 passed by the NCLT, Jaipur Bench (Adjudicating Authority). By the said order, the Adjudicating Authority (AA) approved the Resolution Plan of M/s Solar Voltaic Power LLP (Corporate Debtor), which provides only ₹1,50,000/- towards the appellant's statutory dues against a claim of ₹3,11,11,442/- for various assessment years.

The Corporate Insolvency Resolution Process (CIRP) of the Corporate Debtor (CD) commenced on 19.09.2023 upon admission of a petition under Section 7 of the IBC by the AA. Pursuant to the public announcement, the Appellant filed its claim on 08.10.2023 in Form B for ₹3,11,11,442/-, representing outstanding income tax dues, along with a notice of demand under Section 156 of the Income Tax Act, 1961. The Resolution Professional (RP) sought additional documents on 29.11.2023 and again on 20.05.2024, which were duly furnished by the Appellant on 01.12.2023 and 30.05.2024, respectively. However, by email dated 06.06.2024, the RP rejected the claim, stating that the Resolution Plan submitted by M/s Valente Lifespace Creators Pvt. Ltd. had been approved by the CoC in its meeting held on 25.04.2024, and that the claim could not be considered under Regulation 13(1B) of the CIRP Regulations. The Appellant also alleged that this email had gone to the spam folder and was not seen by the Income Tax Officers. The Resolution Plan was subsequently approved by the AA in which the Appellant was allocated only ₹1,50,000/.

The Appellant contended that its claim, duly supported by documents, was repeatedly submitted but rejected by the RP without cogent reasons. The RP, however, argued that the claim was not part of the approved Resolution Plan and thus stands extinguished in law, further submitting that demand notices lack independent existence unless backed by subsisting assessment orders, which, despite several reminders, were furnished only after CoC approval of the Resolution Plan. Further, the RP also alleged that the Appellant did not raise this issue during pendency of the Resolution Plan before the AA.

NCLAT's Observations

After considering the submissions of both parties and the documents, the NCLAT framed two issues: (i) whether the RP erred in not considering the IT Department's claim; and (ii) whether such non-consideration resulted in a reduction of the amount receivable by the IT Department under the Resolution Plan.

The NCLAT observed that the Appellant and the RP were in regular email correspondence regarding the IT Department's claim, with the RP repeatedly seeking assessment orders to crystallize the claim. However, the assessment orders were first furnished only on 30.05.2024, after the CoC had approved the Resolution Plan and the RP had already filed an application for its approval before the Adjudicating Authority on 28.05.2024. Further, the NCLAT observed that the appellant failed to approach the AA due to its own delay; no irregularity or lapse is attributable to the RP.

Regarding the Appellant's allegation of receiving lesser amount in the Resolution Plan compared to what they would have received if the claim was admitted, the NCLAT observed that the size of the Resolution Plan was ₹20 lakh and it involved upfront one-time payment to all stakeholders. The Resolution Plan provides three categories of payments from the resolution proceeds, with CIRP costs having first priority under Section 53(1)(a) and being payable in full. Thereafter, unsecured financial creditors and

operational creditors were provided their dues. The NCLAT further noted that considering their lower priority, operational creditors typically receive a nominal share. However, in this case, the SRA and CoC allocated about 46% to government (IT) creditors and retained 54% for the CoC member, despite its higher priority under Section 53(1) of the Code. Based on its proportionate share within the category, the IT Department has been allotted twice the amount it would have received if its claim had been admitted. Therefore, the NCLAT held the view that no injustice has been done to the appellant and there is no infirmity in the impugned order. The Court put on record that the present case exemplifies a waste of valuable public resources in pursuing frivolous litigation by public agencies. The NCLAT further noted that such appeals waste valuable governmental and judicial resources amid heavy caseloads and directed that the matter be brought to the notice of the Chairperson, CBDT, for appropriate policy action to curb frivolous litigations.

Order: NCLAT Court did not find any infirmity in the impugned order of AA. Pending IAs, if any, stand closed.

Case Review: *Appeal Dismissed.*

National Company Law Tribunal (NCLT)

Central Bank of India Ltd. Vs. Narmada Extrusions Ltd. I CP(IB)/21(MP)2025, Date of NCLT's Judgement: March 13, 2026

Facts of the Case

The present case concerns a petition filed by the Central Bank of India, acting as the Financial Creditor, seeking initiation of the Corporate Insolvency Resolution Process (CIRP) against Narmada Extrusions Limited, the Corporate Debtor (CD), under Section 7 of the Insolvency and Bankruptcy Code, 2016 (IBC). The petition arises from an alleged default in repayment of financial debt amounting to approximately ₹95.31 crore, inclusive of interest.

The Financial Creditor submits that it had extended various credit facilities to the CD, including cash credit, term loans, letters of credit, and bank guarantees, which were periodically enhanced, with the latest sanction issued in 22.09. 2022. Due to persistent irregularities and failure to service the debt, the loan account of the Corporate Debtor became overdrawn, particularly following the devolvement of letters of credit. Despite repeated reminders and opportunities for regularization, the CD failed to clear its outstanding dues, leading to classification of the account as a NonPerforming Asset (NPA).

Subsequently, the Financial Creditor initiated recovery proceedings under the SARFAESI Act and issued notice dated 02.03.2024. However, the CD did not discharge its liability. The Financial Creditor contended that the CD was financially distressed, with declining operations and insufficient income, and that its liabilities significantly exceeded its assets, indicating an inability to meet its financial obligations. The debt is also stated to have been acknowledged in the Corporate Debtor's balance sheets. The CD, however, opposed the petition on grounds of maintainability, disputing the occurrence and timing of default. However, the CD argued that continued "holding-on" operations negated any crystallized default. It claimed to be a going concern, making payments and pursuing multiple restructuring proposals. The CD also alleged suppression of material facts by the Financial Creditor and contended that parallel SARFAESI and IBC proceedings amounted to forum shopping and misuse of insolvency proceedings for recovery purposes.

Thus, the dispute centers on the existence of default, the maintainability of the insolvency petition in light of ongoing proceedings under the SARFAESI Act.

NCLT Observations

The NCLT Bench observed that a longstanding banking relationship existed between the parties, spanning over four decades, during which multiple credit facilities

were extended. It noted that despite repeated follow-ups, the CD failed to regularize its account, which remained overdrawn and was classified as NPA in accordance with RBI norms. It was further observed that a recall notice was duly issued and served; however, the CD failed to repay the outstanding dues. The Tribunal noted that although a final opportunity through "holding-on operations" was granted, it was conditional and temporary in nature. However, the CD failed to repay the amount or regularize the loan account. The Tribunal observed that documentary evidence, including account statements and records, sufficiently established the existence of financial debt under Section 5(8) of the Code. Further, the objection regarding authority of the bank officer was rejected, with the Tribunal observing that the officer was duly authorized by the Financial Creditor. The Tribunal further observed that pendency of SARFAESI proceedings does not bar initiation of CIRP, as both operate in distinct legal domains. Proceedings under SARFAESI are in the nature of enforcement of security interest, whereas proceedings under the IBC are aimed at resolution of insolvency of the CD as a whole. Citing the Supreme Court judgement in the case of *Innoventive Industries Ltd. v. ICICI Bank Ltd.* (2018), the Bench said that at this stage the Adjudicating Authority is required to ascertain whether a financial debt exists and whether a default has occurred. Finally, the Tribunal observed that the CD's objections regarding holding-on operations, restructuring, and parallel SARFAESI proceedings did not affect the determination of default. Accordingly, it concluded that the Financial Creditor had successfully established the existence of financial debt and default.

Order: After considering the material on record and the applicable legal position, the NCLT concluded that the Financial Creditor had successfully established the existence of financial debt and the occurrence of default on the part of the Corporate Debtor.

Case Review: *CIRP application allowed.*