



INDIAN INSTITUTE OF INSOLVENCY PROFESSIONALS OF ICAI

(Company formed by ICAI under Section 8 of the Companies Act 2013)

IBC Case Law Capsule

Number 251

(November 24, 2025)



Astral Agro Ventures vs Mr. Vakati Balasubramanyam Reddy and Ors.

Company Appeal (AT) (Ins.) No. 530 of 2025

Date of NCLAT Order: 18th November 2025

Facts of the Case: -

The appeal was preferred by a Prospective Resolution Applicant (“PRA”) challenging an order of the Adjudicating Authority dismissing its application, which it had taken out for the rejection of the resolution plan submitted by the Successful Resolution Applicant (“SRA”), inter alia on the ground that the SRA is ineligible to participate in the resolution process as it is a related party within the meaning of Section 29A of the IBC.

The Corporate Insolvency Resolution Process (“CIRP”) of Megi Agro Chem Ltd. (“Corporate Debtor/CD”) was initiated upon admission of the Section 7 petition, and the first respondent was appointed as the Resolution Professional (“RP”). Multiple attempts were made to revive the CD, with Form G being issued thrice after the first two rounds failed to yield a viable resolution plan. In each of these attempts, the appellant submitted its Expression of Interest (“EOI”) but did not follow through by submitting a resolution plan. After the Adjudicating Authority permitted a third issuance of Form G, both the Appellant and the third respondent were shortlisted as Prospective Resolution Applicants (“PRAs”) and invited to submit plans. The third respondent/SRA submitted its resolution plan within the stipulated deadline, while the appellant sought a 15-day extension on the last date of submission. Despite receiving additional time, the appellant again failed to submit a plan and instead continued sending emails expressing “interest” without any substantive compliance. The CoC thereafter convened its meetings, opened the sole plan submitted by the SRA, sought commercial improvements, and ultimately approved the SRA’s plan in its 12th meeting. Subsequently, the appellant filed an application seeking rejection of the approved plan, alleging that the SRA failed to meet the prescribed net-worth criteria, was ineligible under Section 29A of the IBC due to alleged relation with a wilful defaulter, and that the RP had violated procedural mandates, including inadequate notice for CoC meetings and insufficient recording of deliberations. The appellant argued that these defects vitiated the approval granted by the CoC.

Conversely, the RP and the SRA opposed the application, asserting that the appellant lacked locus standi due to its repeated failure to submit a resolution plan, had been accommodated fairly, and could not challenge a process it had effectively abandoned. They defended the SRA’s eligibility and maintained that all actions were compliant with the IBC framework.



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NCLAT's Observations:

The Tribunal observed that the central issue was whether the appellant, who did not submit any resolution plan despite being provided multiple opportunities, could maintain objections to the approval of the SRA's plan. The NCLAT noted that the Appellant had filed its EOI and was included in the final list of PRAs, yet failed to place a compliant plan within the stipulated or extended timelines. In such circumstances, the appellant could not claim that the CIRP process or the approval of the plan caused any prejudice to it.

The Tribunal further noted that the timelines for submission were duly fixed and extended with the approval of the CoC, and the RP had acted strictly in accordance with the decisions taken therein. The appellant's request for a further 15-day extension was considered by the CoC, and a shorter window of extension was even granted. The NCLAT held that a PRA who does not submit any plan cannot later question the process or evaluation, as it was never in the zone of consideration. It also held that locus standi cannot be claimed merely on the basis of having filed an EOI, and that the IBC does not envisage challenges by parties who have not participated in the submission stage.

On the allegations of ineligibility under Section 29A and non-fulfilment of net-worth criteria, the Tribunal observed that the CoC had examined the documents submitted by the SRA, sought clarifications, and recorded its satisfaction in its meetings. The Tribunal reiterated that the commercial wisdom of the CoC cannot be supplanted unless the plan violates Section 30(2) or suffers from material irregularity, neither of which was shown in the present case.

Order/Judgement: Accordingly, in light of the above facts and circumstances, the NCLAT dismissed the appeal and imposed a cost of ₹15 lakhs on the appellant for unnecessarily interfering with the resolution process. Further, the appellate tribunal ordered for the cost to be distributed equally to all the operational creditors of the CD, and in their absence, to be added to the asset of the CD but outside the resolution plan to be disbursed as per the waterfall mechanism to be disbursed as per the waterfall mechanism envisaged in Section 53 of the IBC.

Case Review: Appeal dismissed with imposition of cost on the appellant.