

10 Important Insolvency Judgments of 2025



Vasanth Rajasekaran*
Founder and Head



Harshvardhan Korada**
Counsel

In recent years, several noteworthy judgments have been rendered by the Indian Courts and Tribunals in matters pertaining to the Insolvency and Bankruptcy Code, 2016 (IBC). This article covers ten such significant decisions rendered in the year 2025.

1. ***Independent Sugar Corpn. Ltd. vs. Hindustan National Gas & Industries Ltd. (Resolution Professional)*** [(2025) 5 SCC 209]

The Supreme Court, in its judgment in ***Independent Sugar Corporation Ltd.***, has held that prior approval of the Competition Commission of India ("**CCI**") under Section 31(4) of the Insolvency and Bankruptcy Code, 2016 ("**IBC**") is mandatory before the Committee of Creditors ("**CoC**") votes on the Resolution Plan.

Brief Facts

Hindustan National Glass and Industries Ltd. ("**HNGIL**"), a leading player in the glass packaging industry, was admitted into the Corporate Insolvency Resolution Process ("**CIRP**"). AGI Greenpac Ltd. ("**Successful Resolution Applicant**") submitted a resolution plan proposing a combination with HNGIL. This proposed merger was expected to result in a dominant market position in the glass packaging sector, causing an Appreciable Adverse Effect on Competition.

Independent Sugar Corporation Ltd. ("**Appellant**"/ "**INSCO**") challenged the approval of AGI Greenpac's resolution plan. The main ground of challenge was that the prior approval of the CCI had not been obtained before the CoC approved the resolution plan, as required under the proviso to Section 31(4) of the IBC. The National Company Law Appellate Tribunal ("**NCLAT**") held that although CCI approval is mandatory, the requirement to obtain it before CoC approval is merely directory and not mandatory. Aggrieved by this finding, INSCO preferred the appeal before the Supreme Court.

Observations

The Supreme Court held that the proviso to Section 31(4) of the IBC is mandatory in nature. It ruled that prior approval of the CCI must be obtained before the CoC approves any resolution plan involving a "combination" under the Competition Act, 2002. It was observed that the legislative intent behind introducing the proviso was to ensure that combinations proposed in resolution plans are subject to scrutiny under competition law before the CoC grants its approval. This is important to ensure fair competition in markets and to keep a check on anti-competitive practices.

The Supreme Court applied a literal interpretation of the proviso to Section 31(4) of the IBC. It rejected AGI Greenpac's argument for a purposive interpretation that would allow post facto CCI approval. It was observed that the language of the statute stating that the resolution applicant is to obtain approval "*prior to the approval of such resolution plan by the Committee of Creditors*" is clear and leaves no room for flexibility. Accordingly, the Supreme Court allowed the appeal.

2. *Kalyani Transco vs. Bhushan Power & Steel Ltd.* [2025 SCC OnLine SC 2093]

In *Kalyani Transco*, the Supreme Court has recalled its order which had set aside the approved resolution plan submitted by JSW Steel due to violations of the Insolvency and Bankruptcy Code, 2016 ("**IBC**") more than five years after implementation.

Brief Facts

The case arose out of the corporate insolvency resolution process ("**CIRP**") of Bhushan Power & Steel Ltd. The Committee of Creditors ("**CoC**") had approved the resolution plan submitted by JSW Steel. The plan had also been cleared by the National Company Law Tribunal ("**NCLT**") and affirmed by the National Company Law Appellate Tribunal ("**NCLAT**"). Certain creditors and promoters challenged this approval on grounds of procedural lapses, statutory violations, and irregularities in the manner in which the resolution process was conducted. The matter eventually reached the Supreme Court, where two important orders were passed, directing liquidation of the corporate debtor on account of statutory breaches, and recalling that order upon review.

Observations (made in Order dated 2 May 2025)

In *Kalyani Transco vs. Bhushan Power & Steel Ltd.* [2025 SCC OnLine SC 1010], the Supreme Court set aside the Resolution Plan submitted by JSW Steel, which had earlier been approved by both the NCLT and the NCLAT, and ordered liquidation of the Corporate Debtor. The Court found that the resolution process was marred by procedural lapses and violations of mandatory provisions of the IBC.

The Supreme Court observed that the CIRP must strictly adhere to the maximum timeline of 330 days under Section 12 of the IBC. Delays beyond this limit defeat the objective of the IBC. If the resolution process cannot be completed within this timeframe, liquidation should follow. The Supreme Court also clarified that a Resolution Plan, once approved, must be unconditional and immediately enforceable.

On Section 29A, the Supreme Court observed that Resolution Applicants must disclose their eligibility and submit an affidavit confirming compliance. The Resolution Professional must independently verify such eligibility before placing the Resolution Plan before the CoC.

While acknowledging the 'commercial wisdom of the CoC', the Supreme Court held that such discretion must operate within the bounds of law. The CoC must ensure eligibility of the applicant, viability of the plan, and adherence to timelines. If these conditions are ignored, the CoC's decision is open to judicial review.

The Supreme Court interpreted the term "any person aggrieved" under Section 61 of the IBC broadly. CIRP proceedings are *in rem*, meaning they affect all stakeholders. Therefore, appeals may be filed by any party whose legal rights are impacted, not only those who directly participated before the NCLT. The Supreme Court also clarified that NCLT and NCLAT do not have the power to review decisions of statutory bodies under other laws such as the PMLA. Relying on these findings, the Apex Court set aside JSW's plan and ordered liquidation on the ground that the statutory timeframe had expired.

Observations (made in Order dated 26 September 2025)

The Supreme Court began by examining whether the CoC had become *functus officio* after the approval of the resolution plan. The Court held that the CoC does not cease to exist once the plan is approved; rather, it continues until the plan is fully implemented. Since the implementation of BPSL's resolution plan was still underway, the CoC retained authority to extend timelines. The Court also observed that a clause in a resolution plan allowing extension of the implementation period does not make the plan uncertain or open-ended. The Court held that the delay in implementing JSW's plan was caused by events entirely outside the control of JSW or the CoC. The delay was due to the Enforcement Directorate's attachment of BPSL's assets and the NCLT's interim decision directing distribution of EBITDA to creditors. The Court noted that despite these external legal and procedural hurdles, JSW eventually implemented the plan in March 2021. The Supreme Court found no fault or lack of diligence on the part of either JSW or the CoC.

The Supreme Court further stated that Compulsorily Convertible Debentures ("**CCDs**") are treated as equity instruments. It held that JSW's infusion of funds in the form of CCDs satisfied its obligation to contribute upfront equity under the resolution plan.

On the question of EBITDA generated during the CIRP, the Supreme Court noted that there was no provision in the Request for Resolution Plan ("**RFRP**") dealing with distribution of such earnings. In the absence of such a provision, lenders could not claim entitlement to EBITDA midway or at a later stage. The Court also found that the CoC's conduct (of not seeking such distribution) barred it from making contradictory claims later. Entertaining such belated claims, the Court held, would reopen settled positions and undermine the stability and finality that the IBC seeks to ensure.

These findings led the Supreme Court to recall the earlier judgment and restore the resolution plan, thereby preventing liquidation of a viable enterprise.

3. *Mansi Brar Fernandes vs. Shubha Sharma* [2025 SCC OnLine SC 1972]

In ***Mansi Brar Fernandes***, the Supreme Court reaffirmed that the right to secure timely possession of one's home is a facet of the fundamental right to shelter under Article 21 of the Constitution. It held that housing is not a commodity for speculation but a basic human need, and the State has a constitutional duty to protect genuine homebuyers.

Brief Facts

The case arose from a batch of appeals challenging orders of the National Company Law Appellate Tribunal ("**NCLAT**"), which reversed the admission of the application filed under Section 7 of the Insolvency and Bankruptcy Code, 2016 ("**IBC**") by Mansi Brar Fernandes ("**Appellant**") for initiation of Corporate Insolvency Resolution Process ("**CIRP**") against Gayatri Infra Planner Private Limited, holding that she was a "speculative investor" and not a genuine homebuyer / financial creditor.

The appellants had entered into agreements for residential units and paid substantial sums but were denied possession due to delays by developers. The NCLAT found their intention was to profit from the transaction rather than occupy the property. Aggrieved by this classification, the homebuyers approached the Supreme Court seeking recognition as 'financial creditors' entitled to protection under IBC.

Issue

Whether homebuyers who enter into agreements with developers can be denied protection under the IBC on the ground that they are speculative investors and not genuine allottees, and whether the right to secure possession of a home is part of the fundamental right to shelter under Article 21.

Observations

The Supreme Court held that the right to secure and peaceful possession of one's home forms an integral component of the right to life under Article 21. It observed that housing cannot be treated as a mere commercial transaction or speculative venture. The Court noted that delays and defaults in the real estate sector have deprived many families of their homes despite investing their life savings.

The Apex Court distinguished between genuine homebuyers and speculative investors. It held that genuine allottees are those who intend to occupy the property, while speculative investors seek profits or refunds without such intent. The determination of speculative intent, it stated, must be holistic, considering the terms of the agreement, payment schedule and conduct of the parties. The Apex Court emphasised that while the Real Estate Regulatory Authority ("**RERA**") is the primary forum for homebuyers' grievances, IBC should be invoked only for the revival of viable projects and not as a debt recovery mechanism.

The judgment strongly spoke about the State's constitutional duty to ensure access to adequate housing. The Supreme Court remarked that a home represents stability, dignity, and security, and the anxiety of not obtaining one despite payment causes immense mental and financial distress.

In detailed directions, the Supreme Court called for filling vacancies in NCLT and NCLAT on priority, creating dedicated IBC benches, improving infrastructure, and forming a high-level committee to suggest systemic reforms in the real estate sector. It proposed the establishment of a revival fund for stressed projects, stricter due diligence by RERA authorities, and periodic audits by the Comptroller and Auditor General of India (CAG) for transparency. The Supreme Court also recommended that real estate insolvency be handled on a project-specific basis.

The Supreme Court concluded that speculative investors cannot misuse the IBC, which was designed to revive sick projects and protect genuine homebuyers. Such investors have

alternative remedies under consumer law or RERA and even recourse to Civil Courts in appropriate cases. The right to housing, it said, is not a contractual privilege but a fundamental right flowing from Article 21. The judgment directed the Union Government and States to take coordinated steps to protect homebuyers, enhance regulatory mechanisms, and ensure timely completion of projects. The appeals were disposed of, and the findings of the NCLAT were affirmed with liberty to the appellants to pursue remedies before appropriate fora.

4. *EPC Constructions India Ltd. vs. Matix Fertilizers & Chemicals Ltd.* [2025 SCC OnLine SC 2293]

The Supreme Court, in ***EPC Constructions India Limited***, held that holders of cumulative redeemable preference shares ("**CRPS**") are not financial creditors under the Insolvency and Bankruptcy Code, 2016 ("**IBC**") and cannot therefore, initiate corporate insolvency proceedings under Section 7 of IBC.

Brief Facts

EPC Constructions India Limited ("**EPCC**") executed engineering and construction contracts with Matix Fertilizers and Chemicals Limited for establishing a fertilizer complex in West Bengal. EPCC claimed that INR 572.72 crores were due under these contracts. To help Matix draw further credit and complete the project, the parties agreed to convert dues up to INR 400 crores into CRPS of Matix. Matix allotted CRPS worth INR 250 crores to EPCC, redeemable at par at the end of three years or earlier at the company's discretion. The shares carried an 8% cumulative dividend.

In April 2018, insolvency proceedings were commenced against EPCC. Its liquidator demanded redemption of INR 310 crores (on account of CRPS) and other dues. Matix denied liability. EPCC initiated proceedings under Section 7 of the IBC, claiming itself a financial creditor.

The National Company Law Tribunal ("**NCLT**") dismissed the Section 7 petition. It held that preference shares can be redeemed only out of profits or out of the proceeds of a fresh issue of shares as under Section 55 of the Companies Act, 2013. Since Matix had incurred losses and had not raised fresh equity, the CRPS had not become redeemable in law. The NCLT also held that non-redemption did not convert the preference shareholder into a creditor. The National Company Law Appellate Tribunal ("**NCLAT**") affirmed this view. It observed that once preference shares were issued, the earlier receivables stood extinguished. The shares formed part of the company's capital, and in the absence of profits or a qualifying fresh issue, no liability to redeem had arisen. Consequently, no debt was due and payable, and the Section 7 application could not be maintained.

Observations

The issue before the Supreme Court was *whether the NCLT and NCLAT had rightly rejected the Section 7 application on the ground that the appellant, having accepted CRPS was not a financial creditor under the IBC.*

The Supreme Court first noted that, once the appellant accepted 8% CRPS pursuant to its own Board Resolution dated 30.07.2015, the relationship with the respondent changed from that of a creditor to that of a preference shareholder. The Court emphasised that "*preference shares are part of the company's share capital and the amounts paid up on them are not loans*". Dividends become payable only out of profits, and if profits do not exist, payment cannot be compelled; therefore the amount invested cannot be treated as a debt.

Relying on Section 3(37) of the IBC read with Sections 2(84), 43 and 55 of the Companies Act, the Supreme Court held that preference share capital is expressly classified as share capital. The statutory scheme clearly treats preference shareholders as members with preferential rights, not creditors with enforceable repayment rights.

The Supreme Court referred to A. Ramaiya's Guide to the Companies Act, which states that: "*Preference shareholders are only shareholders and not in the position of creditors... An unredeemed preference shareholder does not become a creditor.*" It also relied on **Lalchand Surana vs. Hyderabad Vanaspathy Ltd.** [1988 SCC OnLine AP 290], where it was held that the holders of redeemable preference shares do not and cannot become creditors of the company in case their shares are not redeemed at the appropriate time.

The judgment then distinguished between debt under Section 3(11) and financial debt under Section 5(8). Since preference shares are not amounts disbursed "against the consideration for the time value of money", they do not fall within Section 5(8). The Court also relied on **Radha Exports (India) Pvt. Ltd. vs. K.P. Jayaram** [(2020) 10 SCC 538], and observed that the payment received for shares cannot be a debt, not to speak of financial debt.

Coming to the requirement of default, the Court applied the standard laid down in **Innovative Industries Ltd. vs. ICICI Bank** [(2018) 1 SCC 407], which held that default arises only when a debt that is legally due and payable is not paid. In the present case, since CRPS can be redeemed only out of profits or fresh issue proceeds, and neither were available, the redemption amount had not become "due and payable". Therefore, there was no default under Section 3(12).

The Supreme Court held that a preference shareholder does not acquire the status of a financial creditor merely because the redemption period has expired. As the CRPS had not become due for redemption in law, and the appellant did not satisfy the definition of a financial creditor, a petition under Section 7 of the IBC was not maintainable.

5. *Tata Steel Ltd. vs. Raj Kumar Banerjee* [(2025) 257 Comp Cas 146]

In **Tata Steel Ltd.** the Supreme Court observed that the National Company Law Appellate Tribunal ("**NCLAT**") does not have the jurisdiction to condone delays in filing appeals beyond the 45-day limit (30 days + 15 days condonable) prescribed under Section 61(2) of the Insolvency and Bankruptcy Code, 2016 ("**IBC**"). It was observed that the limitation period commences from the date of the pronouncement of the order.

Brief Facts

Tata Steel Ltd. ("**Appellant**") challenged the order dated 14.12.2022 passed by the NCLAT by which the delay in filing an appeal under Section 61 of the IBC was condoned. The appellant was the successful resolution applicant for Rohit Ferro-Tech Ltd., whose plan was approved by the Committee of Creditors ("**CoC**") and thereafter by the National Company Law Tribunal ("**NCLT**") on 07.04.2022. Respondent No. 1, a minority shareholder, was not part of the Section 7 proceedings. He filed an appeal before the NCLAT seeking to set aside the approval order and for scrutiny of the resolution plan under Section 30(2). Since the appeal was filed beyond 30 days, he sought condonation of a 15-day delay. The NCLAT allowed the request and treated the filing as being within time.

Observations

The Supreme Court noted that Section 61(2) of the IBC prescribes a strict timeline of 30 days for filing an appeal, extendable only by 15 days on sufficient cause being shown. This period cannot be enlarged beyond 45 days. The Court reviewed Section 238A IBC, Section 4 of the Limitation Act, and Rule 3 of the NCLAT Rules. It reiterated that Section 4 applies only when the "prescribed period" expires on a holiday, and that "prescribed period" refers only to the statutory limitation period, not the additional condonable days.

The Court examined the claim that limitation commenced only on 08.04.2022 due to late disclosure and found that documentary records showed the disclosure was issued on 07.04.2022 itself, within the mandatory timeline. Hence, limitation began on the date of the NCLT order. Since 07.05.2022 was a working Saturday for the registry, Section 4 did not extend the time. The appeal filed on 23/24.05.2022 was thus beyond the 45-day permissible limit under Section 61(2). The NCLAT had no jurisdiction to condone delay beyond 15 days after expiry of limitation.

6. *Saranga Anilkumar Aggarwal vs. Bhavesh Dhirajlal Sheth* [(2025) 4 SCC 629]

In the case of *Saranga Anilkumar Aggarwal*, the Supreme Court held that penalties imposed under consumer protection laws cannot be equated to recovery of an outstanding debt and therefore, the moratorium that applies to personal guarantors under Section 96 of the Insolvency and Bankruptcy Code, 2016 ("**IBC**") does not extend to enforcement of such penalties.

Brief Facts

Saranga Anilkumar ("**Appellant**") had stood as a personal guarantor for A.A. Estates Pvt. Ltd. Insolvency proceedings were initiated against the company under Section 75 of the IBC and against the appellant under Section 95 dealing with personal insolvency. After the application under Section 95 was filed, the appellant claimed that the interim moratorium under Section 96 had come into effect and that all pending legal actions, including those arising from penalties imposed by the National Consumer Disputes Redressal Commission ("**NCDRC**"), ought to be put on hold.

In 2018, the NCDRC had passed 27 penalty orders against the appellant for failing to hand over residential units within the stipulated time. When steps were taken to enforce these orders, the appellant pressed that due to the moratorium under Section 96, no further action could be taken. The NCDRC, while passing the impugned order, referred to the Supreme Court's judgment in *State Bank of India vs. V. Ramakrishnan* [(2018) 17 SCC 394], which clarified that the moratorium available to personal guarantors under Sections 96 and 101 is distinct from the moratorium under Section 14 applicable to corporate debtors. The NCDRC noted that the protection under Sections 96 and 101 extends only to proceedings tied to debt recovery and does not insulate the guarantor from every kind of legal proceeding.

The NCDRC also relied on the decision in *Ajay Kumar Radheyshyam Goenka vs. Tourism Finance Corporation of India Ltd.* [(2023) 10 SCC 545], where the Supreme Court held that criminal proceedings against directors or signatories do not come to a halt merely because insolvency resolution is pending against the company. The NCDRC held that the interim moratorium under Section 96 would not apply to the enforcement of the penalty orders. It declined the appellant's request for a stay. Aggrieved by this, the appellant approached the Supreme Court, challenging the NCDRC's order.

Observations

The Supreme Court observed that penalties imposed by the National Consumer Dispute Redressal Commission ("**NCDRC**") under Section 27 of the Consumer Protection Act, 1986, are regulatory and punitive in character. They cannot be treated as a "debt" under the IBC. The Supreme Court noted that the interim moratorium under Section 96 of the IBC operates only in relation to debts; it does not extend to statutory penalties or proceedings of a penal nature. It drew a clear line between ordinary civil proceedings for recovery of debts and regulatory actions meant to uphold public interest. It held that the latter cannot be halted on the strength of the IBC moratorium.

The Supreme Court further held that damages awarded by the NCDRC for deficiency in service fall within the category of "excluded debts" under Section 79(15) of the IBC, which expressly covers fines, penalties, and similar statutory liabilities. These are fully enforceable even during the pendency of insolvency proceedings. The definition of excluded debts thus makes it clear that such obligations are not shielded by the interim moratorium and must be honoured notwithstanding the initiation of the insolvency process.

In distinguishing Section 14 from Section 96, the Court noted that the moratorium applicable to corporate debtors (under Section 14) is far wider and bars all proceedings, including execution and enforcement. On the other hand, the interim moratorium under Section 96 is narrowly worded and suspends only those legal actions that directly cover a "debt." The insolvency framework for individuals and personal guarantors is directed at restructuring personal liabilities, unlike corporate insolvency, which deals with holistic resolution.

The Supreme Court then dealt with the issue whether penalty orders passed by the NCDRC could be halted during the interim moratorium triggered by an application under Section 95 of IBC. The appellant, a real estate developer, had been subjected to multiple penalties for failing to hand over residential units within the agreed time. The appellant sought a stay on the penalty proceedings due to moratorium under Section 96 of the IBC.

The NCDRC rejected the application, holding that consumer claims and penalties do not fall within the moratorium under the IBC. The Supreme Court affirmed this view, holding that penalties imposed to enforce consumer rights are outside the scope of the interim moratorium under Section 96.

7. *Piramal Capital & Housing Finance Ltd. vs. 63 Moons Technologies Ltd.* [2025 SCC OnLine SC 690]

In *Piramal Capital and Housing Finance Limited*, the Supreme Court, *inter alia*, held that the legislature has given paramount importance to the commercial wisdom of the committee of creditors ("**CoC**") and therefore, a clause in the resolution plan pertaining to the treatment of recoveries from avoidance applications filed under the Insolvency and Bankruptcy Code, 2016 ("**IBC**") should not be interfered with.

Brief Facts

The case concerns the insolvency of Dewan Housing Finance Corporation Limited ("**DHFL**"), a housing finance and NBFC regulated under the National Housing Bank Act, 1987 and the Reserve Bank of India Act, 1934. DHFL was alleged to have engaged in large-scale financial misconduct including money laundering. The RBI, finding its conduct harmful to depositors

and creditors, invoked Section 45-IE of the RBI Act to supersede DHFL's Board and appointed an administrator. RBI then filed a petition under Section 227 of the IBC before the NCLT to initiate the CIRP against DHFL.

After CIRP began, the administrator, acting as the Resolution Professional, constituted the CoC. Piramal Capital and Housing Finance Limited ("**Appellant**") submitted its Resolution Plan, which the CoC approved. The Resolution Plan was then placed before the NCLT under Section 31. However, 63 Moons Technologies Limited ("**63 Moons**"), a Non-convertible debenture ("**NCD**") holder of DHFL, objected to a clause allowing the Appellant to receive benefits from future recoveries under Section 66. The NCLT approved the plan and dismissed 63 Moons' challenge.

63 Moons, along with ex-directors/promoters and FD holders, filed an appeal before the NCLAT. The NCLAT directed reconsideration of the plan, specifically the clause on appropriation of recoveries under Section 66. These decisions were challenged before the Supreme Court, which divided the appeals into three categories: (a) issues concerning statutory limits on recoveries from avoidance transactions; (b) rights of FD and NCD holders; and (c) rights of ex-promoters/directors.

Issues

The main questions before the Supreme Court were: (1) what is the extent of judicial review the NCLT can exercise under Section 31 of the IBC and the NCLAT under Section 61; and (2) whether the Resolution Plan, having been approved by the CoC and NCLT, violated any law so as to justify interference by NCLAT under Section 61.

Observations

The Supreme Court emphasised that the Statement of Objects and Reasons of the IBC speaks of a time-bound insolvency resolution and maximisation of the value of assets. Under Section 31, the NCLT's duty is confined to checking compliance with Section 30(2); it is not permitted to re-evaluate commercial considerations.

Once a plan approved by the CoC is submitted for approval, the NCLT is only required to examine whether it satisfies Section 30(2). Only if it fails those conditions can it be rejected under Section 31(2). The Supreme Court held that the NCLAT exceeded its mandate under Section 61 by altering clauses of an approved Resolution Plan. The Court noted that modifying the plan on the ground that the Appellant should not benefit from the recoveries under Section 66 was not justified.

The Supreme Court reaffirmed that the 'commercial wisdom of the CoC' is paramount. Judicial scrutiny by the NCLT and NCLAT is deliberately narrow. The Court referred to its decisions in ***Sashidhar vs. Indian Overseas Bank*** [(2019) 12 SCC 150], ***Ghanashyam Mishra and Sons Private Limited vs. Edelweiss Asset Reconstruction Company Limited*** [(2021) 9 SCC 657], and ***Committee of Creditors of Essar Steel India Ltd. vs. Satish Kumar Gupta*** [(2020) 8 SCC 531], reiterating that adjudicating authorities cannot substitute their own assessment for the CoC's commercial wisdom. In ***Ebix Singapore Private Limited vs. Committee of Creditors of Educomp Solutions Ltd.*** [(2022) 2 SCC 40], the Court had also held that NCLT cannot direct unilateral modification of a resolution plan.

The Supreme Court further clarified that applications under Section 66 (fraudulent and wrongful trading) cannot be treated as avoidance applications under Sections 43, 45, and 50,

which deal with preferential, undervalued, or extortionate transactions. There is a clear separation in the IBC between avoidance transactions in Chapter III and wrongful trading in Chapter VI of Part II. Where applications under both sets of provisions are filed together, the NCLT must distinguish them and apply the appropriate statutory powers.

The Supreme Court held that allocating Section 66 recoveries to the Appellant did not infringe the rights of NCD holders, especially since the plan was not contrary to the IBC and the NCD holders themselves had voted overwhelmingly in its favour. Creditors who support a plan cannot later challenge it. The claim of FD holders alleging unequal treatment was also rejected. The Resolution Plan provided full repayment to depositors with claims up to INR 2 lakhs and liquidation-value-based distribution for others. The Court held that neither Section 36A of the NHB Act nor Section 45-QA of the RBI Act requires full repayment of deposits, contrary to the FD holders' contention.

The appeals by former promoters and directors were dismissed. The Supreme Court held that suspended directors under Section 24 of the IBC may attend CoC meetings without voting rights, but superseded directors (whose offices have been vacated under the RBI Act) have no such right. The Supreme Court noted the distinction between "supersession" under the RBI Act, which permanently displaces directors, and "suspension" under the IBC, which is temporary.

8. *Visa Coke Ltd. vs. Mesco Kalinga Steel Ltd.* [(2025) 9 SCC 461]

In *Visa Coke Ltd. vs. Mesco Kalinga Steel Ltd.*, the Supreme Court has held that a demand notice issued to the Key Managerial Personnel ("**KMP**") of the Corporate Debtor and delivered at the registered office of the Corporate Debtor can be construed as a deemed service of demand notice under Section 8 of the Insolvency and Bankruptcy Code, 2016 ("**IBC**").

Brief Facts

On 11.10.2019, Visa Coke Ltd. ("**Appellant**" / "**Operational Creditor**") and Mesco Kalinga Steel Ltd. ("**Respondent**") entered into a contract for the supply of 12,000 MT of Low Ash Metallurgical Coke ("**LAM Coke**") at a price of ₹18,800 per MT plus GST. The delivery was to be completed by 10.11.2019. The agreement was amended several times, extending the delivery schedule. In the meantime, the respondent emailed the appellant on 12 and 16.11.2019, seeking delivery of 1,700 MT of LAM Coke and stating that the Letter of Credit would be opened shortly. Acting on these assurances, the appellant issued delivery orders on credit. However, the respondent did not make payment for this additional quantity.

On 25.11.2019, the respondent acknowledged the outstanding dues through email and assured the appellant that payment would be released soon. Despite this admission, no payment was made. The appellant then issued a legal notice dated 23.11.2020 to the Director of the respondent company, demanding the unpaid amount. As there was no response, the appellant sent a demand notice in Form-3 on 31.03.2021 under Section 8 of the IBC to the corporate debtor at its registered address, addressed to its Director, Chief Financial Officer, and Manager (Commercial). The amount claimed was ₹4,19,77,245.17, inclusive of interest calculated up to 31.03.2021. Although the notice was received, the respondent did not reply.

The appellant thereafter filed a Section 9 application before the National Company Law Tribunal ("**NCLT**"). By order dated 24.01.2023, the NCLT dismissed the application on the ground that the demand notice had not been issued to the corporate debtor itself but only to

three managerial officials, and therefore service was not valid. The appellant challenged this order before the National Company Law Appellate Tribunal ("**NCLAT**").

On 3.10.2024, the NCLAT dismissed the appeal, holding that the demand notice was not addressed to the corporate debtor through any authorised individual such as its managing director and, therefore, could not be treated as service under Section 8 of IBC. The Operational Creditor approached the Supreme Court, challenging the order of the NCLAT.

Observations

The Supreme Court held that a demand notice issued to the KMPs of the Corporate Debtor and delivered at the registered office of the Corporate Debtor can be construed as a deemed service of demand notice under Section 8 of the IBC. It was further held that the purpose of a Section 8 notice is to give the corporate debtor a fair chance either to clear the operational debt or to raise a genuine dispute. That object stands fulfilled when the notice clearly demands repayment from the corporate debtor and the debtor cannot show any prejudice suffered because of the manner in which the notice was served. The Supreme Court stated that the substantive rights of an operational creditor should not be defeated on narrow technical grounds. Consequently, the orders of the NCLT and NCLAT, which rejected the Section 9 application only on the ground that the notice was not served directly on the corporate debtor, were set aside, and the matter was remitted to the NCLT for a decision on the merits.

On the facts, the Supreme Court noted that Visa Coke Limited had supplied coke to MESCO Kalinga Steel Limited and issued a demand notice dated 31.03.2021 under Section 8, addressed to the Corporate debtor's KMP at its registered office. The debtor did not respond within the prescribed ten days, nor did it dispute the outstanding amount.

The Section 9 petition filed thereafter was dismissed by the NCLT on the ground that the notice was invalid because it was not issued directly in the name of the corporate debtor, and the NCLAT affirmed that view. The Supreme Court found that Section 8 requires service of the notice on the "corporate debtor" but does not mandate any particular mode of addressing or delivering it. Since the notice was issued to the KMP in their official role and explicitly demanded payment from the corporate debtor, the Supreme Court held that the statutory purpose was fully met and no prejudice was shown. The dismissal of the Section 9 petition on such a technical objection was held to be unsustainable. The Supreme Court allowed the appeal.

9. *Mohd. Enterprises (Tanzania) Ltd. vs. Farooq Ali Khan* [2025 SCC OnLine SC 23]

In this case, the Supreme Court delivered an important judgment reinforcing the Insolvency and Bankruptcy Code, 2016 ("**IBC**") as a comprehensive legal framework for resolving corporate insolvencies. The Supreme Court categorically held that High Courts must exercise extreme caution when entertaining writ petitions under Article 226 of the Constitution in matters governed by the IBC.

Brief Facts

The Corporate Insolvency Resolution Process ("**CIRP**") against Associate Decor Ltd. ("**Corporate Debtor**") was initiated on 26.10.2018, upon an application filed by Oriental Bank of Commerce. During the CIRP, Mohammed Enterprises (Tanzania) Ltd. ("**METL**") submitted a resolution plan, which was unanimously approved by the Committee of Creditors ("**CoC**") on 11.02.2020. Respondent No. 1, a suspended director of the Corporate Debtor,

challenged the approval of the plan, alleging procedural irregularities, particularly the failure to provide the mandatory 24-hour notice before the CoC meeting.

Nearly three years later, on 4.01.2023, the suspended director approached the Karnataka High Court by way of a writ petition, seeking to set aside the resolution plan. The High Court entertained the petition and annulled the CoC-approved plan, holding that the lapse amounted to a violation of natural justice.

Aggrieved, METL approached the Supreme Court, contending that the High Court's interference was unjustified given the existence of comprehensive statutory remedies under the IBC.

Issue

Whether the High Court could exercise writ jurisdiction in such matters despite alternate remedies being available under the IBC framework.

Observations

The issue before the Supreme Court was whether the Karnataka High Court was justified in invoking its supervisory and judicial review powers under Article 226 of the Constitution. The Supreme Court observed that the High Court ought not to have exercised its discretionary powers under Article 226 to interfere with the conduct of a Corporate Insolvency Resolution Process under the IBC. It noted that the IBC is a self-contained code with its own checks, balances, and appellate mechanisms.

In dealing with the issue of delay and laches, the Supreme Court recorded that the respondent had approached the High Court almost three years after being aware of the proceedings. Although the High Court had relied on an alleged breach of natural justice, the Supreme Court found that such grounds could not override the respondent's unexplained delay and the availability of remedies under the IBC. On this basis, the writ petition was held to be untenable.

The Supreme Court also held that the finality and timely completion of CIRP proceedings are central to the functioning of the IBC. Any interruption, by recourse to writ jurisdiction, undermines the legislative intent of expeditious insolvency resolution. Consequently, the Supreme Court set aside the High Court's judgment and restored the resolution plan that had been approved by the CoC. It further directed the Adjudicating Authority to resume the matter from the point at which it had been halted and to bring the process to a close without delay. The appeals were thus allowed.

10. *Vaibhav Goel vs. CIT* [(2025) 8 SCC 511]

In *Vaibhav Goel*, the Supreme Court held that all dues, including statutory dues owed to the Central Government, that are not claimed prior to the approval of the resolution plan and are not part of the approved resolution plan shall stand extinguished. No proceedings can be continued in respect of such dues for the period prior to the approval of the resolution plan under Section 31 of the Insolvency and Bankruptcy Code, 2016 ("**IBC**").

Brief Facts

Corporate Insolvency Resolution Process ("**CIRP**") was initiated against M/s Tehri Iron & Steel Casting Ltd. ("**Corporate Debtor**"). The appellants were Joint Resolution Applicants, who

submitted a Resolution Plan on 21.01.2019. The NCLT approved the Resolution Plan on 21.05.2019.

The Resolution Plan recorded an income-tax liability of ₹16,85,79,469/- for AY 2014-15 as a contingent liability based on a demand dated 18.12.2017. No claim was submitted by the Income Tax Department before the Resolution Professional in respect of AY 2012-13 and AY 2013-14.

After approval of the Resolution Plan, the Income Tax Department issued fresh demand notices dated 26.12.2019 and 28.12.2019 for AY 2012-13 and AY 2013-14. The Monitoring Professional objected, stating that these demands were not sustainable, as no claim had been lodged before approval of the Resolution Plan.

The Monitoring Professional moved an application before the NCLT seeking a declaration that these demands were invalid. By order dated 17.09.2020, the NCLT dismissed the application as frivolous and imposed costs of ₹1 lakh on the applicants. The NCLAT, by judgment dated 25.11.2021, upheld the NCLT's order. The Appellants filed the appeal under Section 62 of the Insolvency and Bankruptcy Code ("**IBC**") challenging the judgment dated 25.11.2021 of the NCLAT.

Observations

The Supreme Court noted that the Income Tax Department never filed any claim for AY 2012-13 or AY 2013-14 during CIRP. These dues were also not shown as contingent liabilities in the approved Resolution Plan.

The Supreme Court noted Section 31(1) IBC, which expressly makes Resolution Plans binding on government authorities. The Court then relied on the three-judge Bench decision in **Ghanashyam Mishra and Sons Pvt. Ltd. vs. Edelweiss ARC** [(2021) 9 SCC 657], wherein it was observed that once a resolution plan is duly approved, 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.

The Supreme Court held that the income-tax dues for AY 2012-13 and AY 2013-14 stood extinguished, since they were not part of the Resolution Plan approved on 21 May 2019.

It found that the NCLAT had wrongly brushed aside the binding precedent of *Ghanashyam Mishra*. The Court also relied on **Committee of Creditors of Essar Steel India Ltd. vs. Satish Kumar Gupta** [(2020) 8 SCC 531], which held:

"A successful resolution applicant cannot suddenly be faced with 'undecided' claims... this would amount to a hydra head popping up... All claims must be submitted... so that a prospective resolution applicant knows exactly what has to be paid..."

The Supreme Court held that allowing the subsequent income-tax demands would obstruct implementation of the Resolution Plan and defeat the "clean slate" principle. It accordingly set aside the orders of the NCLT and NCLAT, and allowed the appeal.

* **Vasanth Rajasekaran** is the Founder and Head of Trinity Chambers, Delhi.

** **Harshvardhan Korada** is a Counsel at Trinity Chambers, Delhi.