



ECONOMIC
LAWS
PRACTICE
ADVOCATES & SOLICITORS



LATEST UPDATES - JUDGEMENTS UNDER IBC

TABLE OF CONTENTS

TABLE OF CONTENTS	1
SUPREME COURT JUDGMENTS	2
Satinder Singh Bhasin v. Col. Gautam Mullick & Ors.....	2
Ankhim Holdings Pvt. Ltd. v. Zaveri Construction Pvt. Ltd.	2
R. Savithri Naidu v. Cotton Corporation of India Ltd.	3
State Bank of India v. Union of India.....	3
B. Prashanth Hegde v. State Bank of India	3
Power Trust v. Bhuvan Madan (IRP).....	4
Kitply Industry Ltd. v. State of Uttar Pradesh	4
Omkara Assets Reconstruction Pvt. Ltd. v. Amit Chaturvedi.....	5
Catalyst Trusteeship Ltd. v. Ecstasy Realty Pvt. Ltd.	5
S. Rajendran v. Deputy Commissioner of Income Tax (Benami)	5
ICICI Bank Ltd. v. Era Infrastructure (India) Ltd.	6
Torrent Power Ltd. v. Ashish Arjunkumar Rathi	6
Bhagyalaxmi Co-Operative Bank Ltd. v. Babaldas Amtharam Patel & Ors.	7
UV Asset Reconstruction Company Limited v. Electrosteel Castings Limited: Interpreting Guarantees Under the Insolvency and Bankruptcy Code.....	7
NCLT JUDGMENTS	8
Vivek Parti (RP) v. Uttarakhand Power Corporation Ltd. & Anr.....	8
J.C. Flowers Asset Reconstruction Pvt. Ltd. v. Vithal M. Dahake (RP)	8
Deepak Kalanand Jha v. Dhruv Wellness Ltd.....	9
MGM Infra Development Solution Pvt. Ltd. v. Bank of Maharashtra.....	9
Authorised Officer ICICI Bank Ltd. v. Ponniah Sudakaran and Ors.	10

SUPREME COURT JUDGMENTS

Satinder Singh Bhasin v. Col. Gautam Mullick & Ors.

SINGLE INSOLVENCY PETITION UNDER SECTION 7 CAN BE MAINTAINED AGAINST TWO RELATED CORPORATE DEBTORS INVOLVED IN A COMPOSITE REAL ESTATE PROJECT

Case No.: (2026) ibclaw.in 47 SC

GIST OF THE JUDGEMENT:

The Supreme Court held that a single insolvency petition under Section 7 can be maintained against two related corporate debtors involved in a composite real estate project. The statutory threshold of 100 allottees must be assessed on the date of registration of the petition, not at the stage of admission. The Court clarified that substitution of petitioners before registration is permissible under Rule 28 of the NCLT Rules. The linkage between the two developer entities justified joint proceedings. Arguments relating to project completion and possession were rejected due to absence of completion certificates and executed documents. Settlement offers made after registration do not affect the maintainability of the petition. The Court upheld the NCLT and NCLAT orders admitting the insolvency petition. All appeals were dismissed.

Ankhim Holdings Pvt. Ltd. v. Zaveri Construction Pvt. Ltd.

ARBITRAL PROCEEDINGS CONDUCTED DURING THE IBC MORATORIUM CANNOT AUTOMATICALLY BE TREATED AS NULL AND VOID

Case No.: (2026) ibclaw.in 74 SC

GIST OF THE JUDGEMENT:

The Supreme Court held that arbitral proceedings conducted during the IBC moratorium cannot automatically be treated as null and void. While appointing a substitute arbitrator under Section 15(2) of the Arbitration Act, courts must continue the arbitration from the stage already reached. The High Court exceeded its jurisdiction by declaring prior arbitral proceedings a nullity. The Arbitration Act is a self-contained code limiting judicial interference.

Orders passed by the arbitral tribunal remain valid unless set aside through statutory mechanisms. The Court preserved third-party rights created pursuant to arbitral orders. The impugned judgment was modified and the appeal allowed in part.

R. Savithri Naidu v. Cotton Corporation of India Ltd.**ARBITRAL AWARD DOES NOT PROTECT THE TRANSFEREE FROM EXECUTION PROCEEDINGS.****Case No.: (2026) ibclaw.in 82 SC****GIST OF THE JUDGEMENT:**

The Supreme Court held that purchase of property after an arbitral award does not protect the transferee from execution proceedings. A purchaser who acquires property pendente lite cannot resist execution under Order XXI Rules 58 and 102 CPC. The doctrine of lis pendens applies even to money decrees. The Court rejected the purchaser's plea of bona fide acquisition due to suspicious circumstances and familial links with the judgment debtor. Recovery proceedings under SARFAESI do not override execution of arbitral awards. The attachment order was upheld and the appeal dismissed. The executing court was directed to conclude proceedings expeditiously.

State Bank of India v. Union of India**SPECTRUM ALLOCATION DOES NOT CONSTITUTE AN ASSET OF THE CORPORATE DEBTOR FOR PURPOSES OF INSOLVENCY UNDER THE IBC****Case Nos.: (2026) ibclaw.in 85 SC****GIST OF THE JUDGEMENT:**

The Supreme Court held that spectrum allocation does not constitute an asset of the corporate debtor for purposes of insolvency under the IBC. Spectrum is a sovereign natural resource held by the State in public trust, and telecom companies only possess a limited, conditional right to use it. The Court clarified that the IBC applies only to assets owned by the corporate debtor, not merely recorded in financial statements. The telecom regulatory regime prevails over insolvency proceedings. Spectrum cannot be transferred or dealt with in CIRP without compliance with telecom laws and payment of statutory dues. The appeals filed by lenders were dismissed.

B. Prashanth Hegde v. State Bank of India**MINOR DEFECTS OR OMISSIONS IN A SECTION 7 APPLICATION CANNOT DEFEAT ADMISSION****Case No.: (2026) ibclaw.in 86 SC****GIST OF THE JUDGEMENT:**

The Supreme Court held that minor defects or omissions in a Section 7 application cannot defeat admission if the application substantially discloses debt and default. The Court reaffirmed that acknowledgment of debt in balance sheets or restructuring agreements extends limitation under Section 18 of the Limitation Act. Pendency of

counterclaims or criminal proceedings does not bar CIRP. The Court rejected allegations of mala fides against lenders. It confirmed that the NCLT's role is limited to verifying existence of debt and default. The Section 7 application was held to be within limitation and validly admitted. The appeal was dismissed.

Power Trust v. Bhuvan Madan (IRP)

AT THE ADMISSION STAGE UNDER SECTION 7, THE NCLT ONLY EXAMINES EXISTENCE OF FINANCIAL DEBT AND DEFAULT

Case No.: (2026) ibclaw.in 87 SC

GIST OF THE JUDGEMENT:

The Supreme Court reiterated that at the admission stage under Section 7, the NCLT only examines existence of financial debt and default. The tribunal is not required to examine the corporate debtor's ability to pay or business viability. The Court held that Section 10A protection did not apply as the default occurred before the COVID-19 suspension period. Restructuring proposals that never became binding cannot prevent CIRP. Settlement offers cannot compel withdrawal of insolvency proceedings. The Court reaffirmed the primacy of CoC commercial wisdom in rejecting settlement proposals. The appeal challenging CIRP admission was dismissed.

Kitply Industry Ltd. v. State of Uttar Pradesh

CORPORATE DEBTOR UNDER NEW MANAGEMENT CANNOT BE PROSECUTED FOR CHEQUE DISHONOUR COMMITTED PRIOR TO THE TAKEOVER

Case No.: (2026) ibclaw.in 98 SC

GIST OF THE JUDGEMENT:

The Supreme Court held that after approval of a resolution plan, the corporate debtor under new management cannot be prosecuted for cheque dishonour committed prior to the takeover. Criminal liability under Section 138 of the Negotiable Instruments Act remains confined to the erstwhile directors or signatories responsible for issuance of the cheque. The Court relied on the precedent in *Ajay Kumar Radhe Shyam Goenka v. Tourism Finance Corporation*. The new management is protected from legacy criminal liability arising before CIRP completion. Criminal complaints may continue only against former directors or signatories. Appeals were allowed and proceedings against the company quashed.

Omkaara Assets Reconstruction Pvt. Ltd. v. Amit Chaturvedi**PENDENCY OF A SCHEME OF ARRANGEMENT UNDER THE COMPANIES ACT DOES NOT BAR INITIATION OF CIRP UNDER THE IBC.****Case No.: (2026) ibclaw.in 103 SC****GIST OF THE JUDGEMENT:**

The Supreme Court held that pendency of a Scheme of Arrangement under the Companies Act does not bar initiation of CIRP under the IBC. Where statutory requirements for implementing the scheme are not fulfilled, the scheme becomes ineffective and cannot stall insolvency proceedings. The Court reiterated that Section 238 of the IBC gives it overriding effect over other laws. The Appellate Tribunal erred in keeping the Section 7 application in abeyance due to pending company court proceedings. CIRP cannot be suspended merely on grounds of judicial discipline. The NCLAT order was set aside and CIRP was restored.

Catalyst Trusteeship Ltd. v. Ecstasy Realty Pvt. Ltd.**FOR ADMISSION OF A SECTION 7 APPLICATION THE NCLT ONLY NEEDS TO ESTABLISH EXISTENCE OF FINANCIAL DEBT AND DEFAULT****Case No: (2026) ibclaw.in 104 SC****GIST OF THE JUDGEMENT:**

The Supreme Court reiterated that for admission of a Section 7 application the NCLT only needs to establish existence of financial debt and default. Alleged restructuring proposals or moratorium discussions that are not formally approved under contractual procedures cannot defeat the claim. The Court held that the Debenture Trust Deed modification procedure must be strictly followed. Informal discussions with individual debenture holders cannot alter binding contractual terms. The NCLT and NCLAT erred in rejecting the application. The Supreme Court set aside the orders and remitted the matter for admission of CIRP.

S. Rajendran v. Deputy Commissioner of Income Tax (Benami)**NCLT CANNOT REVIEW OR NULLIFY ATTACHMENT ORDERS PASSED UNDER THE BENAMI TRANSACTIONS (PROHIBITION) ACT****Case No.: (2026) ibclaw.in 105 SC****GIST OF THE JUDGEMENT:**

The Supreme Court held that NCLT cannot review or nullify attachment orders passed under the Benami Transactions (Prohibition) Act. The Benami Act constitutes a self-contained statutory mechanism with exclusive jurisdiction.

Property held benami does not form part of the liquidation estate under Section 36 of IBC. Section 32A of the IBC cannot legitimise defective title or shield tainted assets. The moratorium under Section 14 protects the debtor from creditor actions, not sovereign enforcement under penal statutes. The appeals were dismissed with exemplary costs.

ICICI Bank Ltd. v. Era Infrastructure (India) Ltd.

SIMULTANEOUS CIRP PROCEEDINGS CAN BE INITIATED AGAINST BOTH THE PRINCIPAL BORROWER AND THE CORPORATE GUARANTOR

Case No.: (2026) ibclaw.in 107 SC

GIST OF THE JUDGEMENT:

The Supreme Court held that simultaneous CIRP proceedings can be initiated against both the principal borrower and the corporate guarantor. The IBC does not require creditors to elect between remedies. The doctrine of election does not apply in insolvency proceedings. Concerns of double recovery are addressed through claim adjustment mechanisms under IBC regulations. The Court emphasised that the statutory framework permits proceedings against multiple liable entities. Orders restricting such simultaneous proceedings were set aside. Appeals challenging maintainability were dismissed.

Torrent Power Ltd. v. Ashish Arjunker Rathi

COMMERCIAL DECISIONS OF THE COMMITTEE OF CREDITORS ARE NON-JUSTICIABLE EXCEPT ON LIMITED STATUTORY GROUNDS

Case No.: (2026) ibclaw.in 109 SC

GIST OF THE JUDGEMENT:

The Supreme Court reaffirmed that commercial decisions of the Committee of Creditors are non-justiciable except on limited statutory grounds. Clarifications sought by the RP from a resolution applicant pursuant to CoC directions do not amount to modification of the resolution plan. Courts cannot substitute their evaluation for the commercial wisdom of the CoC. Judicial review under Section 61 is limited to material irregularity or statutory non-compliance. Since the resolution plan had already been implemented, interference was unwarranted. The appeals by unsuccessful resolution applicants were dismissed.

Bhagyalaxmi Co-Operative Bank Ltd. v. Babaldas Amtharam Patel & Ors.**EXTENT OF LIABILITY OF GUARANTOR WHERE CREDITOR PERMITS WITHDRAWAL BEYOND SANCTIONED LIMIT WITHOUT CONSENT****Case No.: Civil Appeal No. 3200 of 2016****Date of Judgement: February 27, 2026****GIST OF THE JUDGEMENT:**

The Supreme Court examined the extent of liability of guarantors where the creditor permits the borrower to withdraw amounts beyond the sanctioned limit without the consent of the sureties. In the case, a cash-credit facility of ₹4,00,000 was sanctioned by the bank and two individuals stood as guarantors for the facility. However, the borrower subsequently withdrew amounts far exceeding the sanctioned limit, allegedly with the knowledge or involvement of bank officials.

When recovery proceedings were initiated, the bank sought to recover the entire outstanding amount from both the borrower and the guarantors. The guarantors contested their liability on the ground that the bank had allowed withdrawals beyond the sanctioned amount without their consent.

The Supreme Court analysed Sections 133 and 139 of the Indian Contract Act, 1872, which deal with the discharge of sureties. The Court held that any variation in the terms of the contract between the creditor and the principal debtor without the consent of the surety discharges the surety only in respect of transactions occurring after such variation. The Court clarified that discharge of the surety is not absolute but limited to the extent of the altered portion of the transaction.

UV Asset Reconstruction Company Limited v. Electrosteel Castings Limited: Interpreting Guarantees Under the Insolvency and Bankruptcy Code**INTERPRETING UNDERTAKINGS AS GUARANTEES: SUPREME COURT'S RULING IN UV ARC V. ELECTROSTEEL CASTINGS LTD****Case No.: Civil Appeal No. 9701 of 2024****Date of Judgement: January 6, 2026****GIST OF THE JUDGEMENT:**

The Supreme Court of India, in its judgment dated January 6, 2026, in UV Asset Reconstruction Company Limited v. Electrosteel Castings Limited, addressed the issue: whether Deed of Undertaking dated July 27, 2011, constituted a contract of guarantee under Section 126 of the Indian Contract Act, 1872, thereby rendering Electrosteel Castings Limited (ECL) liable as a guarantor for debts owed by Electrosteel Steels Limited (ESL) to the original creditor, SREI Infrastructure Finance Limited (SREI), whose rights were assigned to the appellant, UV Asset Reconstruction Company Limited.

The Court's ruling, affirming the decisions of the National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCLAT), clarified that a mere obligation to arrange fund infusions for financial compliance does not equate to a guarantee, emphasizing the need for direct and unambiguous liability discharge to qualify under Section 126. This decision emphasizes the strict construction of guarantees in insolvency proceedings, protecting entities from undue CIRP initiation based on tenuous contractual interpretations.

NCLT JUDGMENTS

Vivek Parti (RP) v. Uttarakhand Power Corporation Ltd. & Anr

LIMITATION FOR FILING AN APPEAL UNDER SECTION 61 OF THE INSOLVENCY AND BANKRUPTCY CODE BEGINS FROM THE DATE OF PRONOUNCEMENT OF THE ORDER IN OPEN COURT

Case No.: (2026) ibclaw.in 227 NCLAT

Date of Judgement: February 25, 2026

GIST OF THE JUDGEMENT:

The NCLAT held that the limitation for filing an appeal under Section 61 of the Insolvency and Bankruptcy Code begins from the date of pronouncement of the order in open court, and not from the date when the order is subsequently uploaded on the tribunal's website. In this case, the NCLT had pronounced its order on 11 June 2025 in the presence of the parties, but the appellant filed the appeal only on 28 August 2025, contending that limitation should run from the date of uploading of the order. Rejecting this contention, the Appellate Tribunal held that uploading of the order does not postpone the commencement of limitation when the order has already been pronounced. Relying on the Supreme Court decisions in *V. Nagarajan v. SKS Ispat & Power Ltd.*, *Sanjay Pandurang Kalate v. Vistra ITCL (India) Ltd.*, *A. Rajendra v. Gonugunta Madhusudhan Rao*, and *Tata Steel Ltd. v. Raj Kumar Banerjee*, the Tribunal reiterated that appeals under Section 61 must be filed within 30 days, extendable by only 15 days, and delay beyond the statutory 45-day limit cannot be condoned. As the appeal was filed beyond the permissible period, the delay condonation application and the appeal were dismissed as time-barred.

J.C. Flowers Asset Reconstruction Pvt. Ltd. v. Vithal M. Dahake (RP)

MORTGAGE CREATED BY A CORPORATE DEBTOR SECURING A THIRD-PARTY LOAN CAN CONSTITUTE "FINANCIAL DEBT" UNDER SECTION 5(8) OF THE IBC

Case Number: Company Appeal (AT) (Insolvency) No. 1801 of 2024

Date of Judgement: February 24, 2026

GIST OF THE JUDGEMENT:

NCLAT held that a mortgage created by a corporate debtor securing a third-party loan can constitute “financial debt” under Section 5(8) of the IBC if the mortgage deed contains a clear “covenant to pay.” The Tribunal clarified that direct disbursement of funds to the corporate debtor is not a sine qua non for classification as financial debt; disbursement made for the benefit of the corporate debtor may suffice. It further held that where the security document creates personal liability akin to a guarantee, the creditor may qualify as a secured financial creditor. Distinguishing the Supreme Court ruling in Anuj Jain v. Axis Bank, the Tribunal observed that the present case involved an express covenant to pay, thereby creating enforceable liability. Consequently, the appellant ARC was held entitled to recognition as a secured financial creditor in the CIRP.

Deepak Kalanand Jha v. Dhruv Wellness Ltd.

Case No.: (2026) ibclaw.in 526 NCLT

GIST OF THE JUDGEMENT:

It is a well settled law that any assessment order passed after the initiation of insolvency of the Corporate Debtor is unenforceable in view of the various judgments passed by Hon’ble NCLAT, more specifically:

Employees’ Provident Fund Vs. Jaykumar Pesumal Arlani RP of Decent Laminates Pvt. Ltd. [Company Appeal (AT) (Ins) No. 1062/2024] wherein it had been held that no assessment proceedings can be continued after initiation of moratorium and claim based on such assessment cannot be admitted. CA Pankaj Shah vs. EPFO & Anr. [Company Appeal (AT) (Ins) No. 17/2025] wherein the Hon’ble NCLAT had discussed the issue at length and affirmed that after initiation of moratorium under section 14 of IBC, no assessment proceedings can be continued by the EPFO. Applying the ratio of the above judgment, the Hon’ble NCLAT in Harry Dhauil vs. Regional Provident Fund Commissioner – II [Company Appeal (AT) (Ins) No. 1691/2024] held that the claim of EPFO which was based on report after initiation of moratorium, is unsustainable and unenforceable. Accordingly, I.A. is not sustainable and is dismissed.

MGM Infra Development Solution Pvt. Ltd. v. Bank of Maharashtra

ONCE IT IS FOUND THAT THE CLASSIFICATION OF THE LOAN ACCOUNTS AS NPA WAS ILLEGAL, THE SUBSEQUENT PROCEEDINGS INITIATED UNDER THE SARFAESI ACT CANNOT BE SUSTAINED AND ARE LIABLE TO BE QUASHED

Case No.: SA No. 149/2024,

Date of Judgement: March 3, 2026

GIST OF THE JUDGEMENT:

The Debt Recovery Tribunal, Chandigarh, allowed the MSME borrower's application under Section 17 of the SARFAESI Act, ruling the bank's NPA classification of loans (Term Loan Rs. 880 lakhs and CC limit Rs. 75 lakhs) on July 1, 2018, illegal for failing to refer the matter to the Designated Committee as required for MSMEs, despite RBI circular relief

eligibility (accounts standard as on August 31, 2017). The Tribunal quashed all subsequent SARFAESI proceedings, including Section 13(2), 13(4) notices, and sale notices (culminating in a 2019 auction to respondents 2 & 3), due to procedural lapses like non-response to Section 13(3-A) representation and improper possession notice service, holding that illegal NPA classification vitiates the entire process. It directed the bank to restore possession of mortgaged properties to applicants within 30 days, refund auction purchasers' money with FD-rate interest, and permitted fresh proceedings if compliant with law.

Authorised Officer ICICI Bank Ltd. v. Ponniah Sudakaran and Ors.

WHEN BANKS AND FINANCIAL INSTITUTION ARE EMPOWERED TO SELL THE SECURED ASSET WITHOUT THE INTERVENTION OF COURTS AND TRIBUNALS, THEY ARE EXPECTED TO FOLLOW THE MANDATORY PROVISIONS OF THE SARFAESI ACT IN ITS LETTER AND SPIRIT

Case No.: DRAT – Chennai- (RA(SA) 42/2013 & 137/2013,

Date of Judgement: January 27, 2026

GIST OF THE JUDGEMENT:

The Debt Recovery Appellate Tribunal, Chennai, dismissed appeals by ICICI Bank and the auction purchaser against DRT-III Chennai's order setting aside a 2012 private treaty sale of secured property (sold for Rs.49 lakhs vs claimed Rs.80 lakhs value), upholding it on grounds of procedural flaws despite validating earlier notices. While finding Section 13(2) demand notice and possession measures properly served (via post to borrower's addresses including Australia/Singapore, agent's PoA holder, and publications where needed, per Rule 3 SIE Rules) and NPA classification unchallenged substantively, the Tribunal ruled the private treaty sale invalid for failing mandatory 30-day clear notice under unamended Rules 8(5)-(7) & 9(1) SIE Rules, notice dated May 30, 2012 lacked sale date, publication on June 3 preceded June 20 sale by under 30 days, and no affixture proof, despite borrower's non-response not excusing compliance. It confirmed DRT's quashing, directed bank to refund purchaser's consideration with FD interest, and allowed fresh proceedings, emphasizing strict adherence to SARFAESI Act procedures by banks.

We hope you have found this information useful. For any queries/clarifications please write to us at insights@elp-in.com or write to our authors:

Mukesh Chand, Senior Counsel – Email – MukeshChand@elp-in.com

Disclaimer: The information contained in this document is intended for informational purposes only and does not constitute legal opinion or advice.



MUMBAI

9th Floor, Mafatlal Centre
Vidhan Bhavan Marg
Nariman Point, Mumbai 400 021
T: +91 22 6636 7000



PUNE

1307, Nandan Probiz, 1501, Sai Chowk Road
Laxman Nagar, Off Balewadi High Street,
Balewadi, Pune - 411045
T: +91 20 4912 7400



DELHI NCR

NEW DELHI

Dr. Gopal Das Bhawan, 16th Floor,
28, Barakhamba Road,
New Delhi – 110 001.
T: +91 11 41528400

NOIDA

9th Floor, Berger Tower, Sector 16 B,
Noida, Uttar Pradesh - 201301.
T: +91 120 6984 300



BENGALURU

6th Floor, Rockline Centre
54, Richmond Road
Bengaluru 560 025
T: +91 80 4168 5530/1



CHENNAI

No 18, BBC Homes, Flat-7 Block A
South Boag Road
Chennai 600 017
T: +91 44 4210 4863



AHMEDABAD

C-507/508, 5th Floor, Titanium Square
Thaltej Cross Roads, SG Highway,
Ahmedabad - 380054
T: +91 79460 04854



GIFT CITY

GIFT CITY Unit No. 605,
Signature, 6th Floor Block 13B,
Zone – I GIFT SEZ, Gandhinagar 382355



elplaw.in



insights@elp-in.com



[/elplaw.in](https://www.facebook.com/elplaw.in)



[/ELPIndia](https://twitter.com/ELPIndia)



[/company/economic-laws-practice](https://www.linkedin.com/company/economic-laws-practice)



<https://elppodcast.buzzsprout.com/>

DISCLAIMER:

The information contained in this document is intended for informational purposes only and does not constitute legal opinion or advice. This document is not intended to address the circumstances of any particular individual or corporate body. Readers should not act on the information provided herein without appropriate professional advice after a thorough examination of the facts and circumstances of a particular situation. There can be no assurance that the judicial/quasi judicial authorities may not take a position contrary to the views mentioned herein.