

IBC INSIGHTS

A MONTHLY NEWSLETTER FOR INSOLVENCY MATTERS



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Transparency, our cover story this month examines the consequences of suppressing foreign bankruptcy proceedings and advancing illusory causes of action, reaffirming that insolvency proceedings demand complete candour and good faith from every stakeholder.

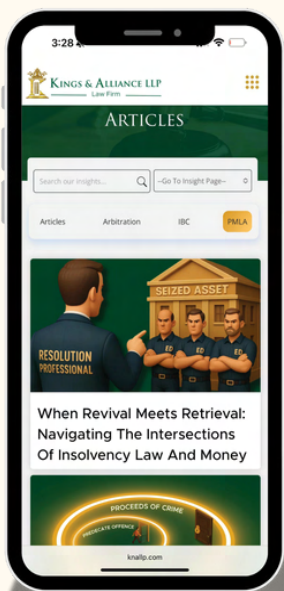
This edition also explores the continuing evolution of the **clean slate principle**, clarifying that the finality of an approved resolution plan does not depend on the identity of the successful resolution applicant. We further analyse the Resolution Professional's powers to recover corporate assets from former promoters, the NCLAT's guidance on age limits for Insolvency Professionals and extensions in liquidation, and the Supreme Court's latest clarification on limitation and re-filing under Section 62 of the IBC.

Across these decisions, the courts continue to reinforce the principles of **finality, procedural discipline, and value maximisation** that underpin India's insolvency framework.

To cap it off, this edition brings you noteworthy case law developments, regulatory updates, and a curated selection of insolvency trainings and events.

Let's dive in.

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COVER STORY 04

Suppression of Foreign Bankruptcy Proceedings and Illusory Causes of Action: Claudia Z. Springer v. Voizzit Technology, Kerala High Court



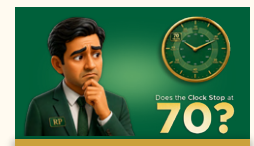
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Supreme Court Clarifies Limitation and Re-Filing Rules Under Section 62 of the IBC



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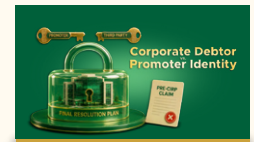
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TRAINING & EVENTS 15



COVER STORY

Suppression of Foreign Bankruptcy Proceedings and Illusory Causes of Action: Claudia Z. Springer v. Voizzit Technology, Kerala High Court

Camouflage vs. Judicial Integrity



Can a litigant bypass international insolvency sales and domestic statutory moratoriums by suppressing crucial cross-border proceedings to create an illusory local cause of action? In *Claudia Z. Springer v. Voizzit Technology Pvt. Ltd.* the High Court of Kerala rejected the argument, establishing that manufacture a sustainable cause of action against a foreign bankruptcy trustee or excuse] or excuse the fraudulent suppression of material facts. Delivering its judgment on June 1, 2026, Mr. Justice Easwaran S. emphasized that Indian commercial courts will not entertain farcical litigation over subject matters already legally eroded by foreign courts of competent jurisdiction, especially when parallel domestic insolvency proceedings trigger an automatic statutory bar.

The dispute arose out of C.S. No. 118 of 2024 before the Commercial Court III, Ernakulam, where the plaintiffs (respondents 1 and 2) sought a declaration of absolute ownership and mandatory injunctions concerning the internet domains www.getepic.com and www.playosmo.com. These web assets belonged to 'Epic Creations INC' and 'Tangible Play INC', which were US-incorporated subsidiary companies of the first defendant, Voizzit Technology Pvt. Ltd. The petitioner, Claudia Z. Springer, was a Chapter 11 Trustee appointed by the United States Bankruptcy Court for the District of Delaware to oversee bankruptcy proceedings against these US subsidiaries. Crucially, the US Bankruptcy Court had already finalized the sale of these assets on May 20, 2025 proceedings in which the plaintiffs had actively participated and for which they were subsequently facing foreign contempt actions...

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PIVOTAL ISSUES

Supreme Court Clarifies Limitation and Re-Filing Rules Under Section 62 of the IBC

Time-Bound Insolvency vs. Serial Condonation



Can the statutory discipline of the Insolvency and Bankruptcy Code (IBC) be circumvented by the procedural flexibility of the Supreme Court Rules (SCR), and to what extent can a litigant rely on past judicial indulgence to overcome repeated lapses in filing? This question lies at the heart of the Supreme Court's recent judgment in *CA Ramchandra Dallaram Choudhary v. Adani Infrastructure and Developers Private Limited*, a decision that reinforces the uncompromising nature of limitation periods within the insolvency framework. The Court definitively held that the strict, time-bound scheme of the IBC operates as an insurmountable jurisdictional bar, rendering it impermissible for any litigant to use the re-filing of defective appeals as a mechanism to extend statutory timelines.

The factual matrix of the matter involves an appeal filed under Section 62 of the IBC against an order of the National Company Law Appellate Tribunal (NCLAT) dated December 8, 2025. The appeal was initially presented to the Supreme Court on January 29, 2026, which fell beyond the primary limitation period but within the statutorily permissible grace period. However, the appeal was marked defective by the Registry; the subsequent re-filing of the appeal after curing these defects was delayed by 82 days. Seeking to justify this, the appellant a liquidator argued that the delay stemmed from an internal administrative oversight and maintained that, given his role as a neutral officer of the Court, a liberal approach to condonation should be...

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PIVOTAL ISSUES

Age Limit for Insolvency Professionals and Liquidation Extensions: NCLAT Chennai in Chavva Naga Sampathi Tayaru



Does the Clock Stop at
70?

The legal landscape of insolvency proceedings in India is frequently tested by the delicate balance between procedural adherence and the practical necessity of completing liquidation within specified timeframes. A pivotal question arises: does the attainment of the age of 70 years by an Insolvency Professional (IP) or Bankruptcy Trustee automatically mandate their removal from an ongoing assignment, and in what circumstances may an appellate tribunal decline to interfere with a further extension of the liquidation period granted by the Adjudicating Authority? The National Company Law Appellate Tribunal (NCLAT), Chennai Bench, addressed these issues in the recent case of Chavva Naga Sampathi Tayaru v. Sri Ananda Lakshmi Narasimha Industries India Pvt. Ltd. and Anr., clarifying that the expiry of an Insolvency Professional's Authorisation for Assignment during the pendency of an existing assignment does not, by itself, terminate that assignment. The Tribunal also declined to interfere with a further liquidation extension in the particular circumstances of the case, including the fact that the extension period had already elapsed. The factual matrix of this matter stems from the insolvency proceedings against Sri Ananda Lakshmi Narasimha Industries India Pvt. Ltd., wherein the Corporate Debtor defaulted on credit facilities amounting to over Rs. 33 crore. Following the commencement of the Corporate Insolvency Resolution Process (CIRP) and the failure to receive a viable resolution plan, the National Company Law Tribunal (NCLT), Amaravati Bench, ordered the liquidation of the entity on 19 December 2024. Although the initial liquidation was slated for completion within one year, subsequent delays necessitated a four-month extension, followed by an...

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PIVOTAL ISSUES

NCLAT on Recovery of Corporate Assets from Former Promoters During CIRP: Raman Khangura v. Navneet Gupta



Limits of Private Rights in **Corporate Insolvency**

Can an unregistered intra-family agreement or a subsequent, unrecorded arbitral award override the statutory mandate of a Resolution Professional to take custody and control of and protect the assets of a Corporate Debtor? This critical question lies at the heart of the corporate insolvency landscape, showing the tension between private familial arrangements and statutory obligations. The Tribunal's analysis in *Raman Khangura v. Navneet Gupta & Ors.* clarifies the hierarchy of asset rights during insolvency, holding an unregistered and undisclosed arrangement that does not create an enforceable occupancy right cannot defeat the Resolution Professional's statutory duty to take control of assets owned by the Corporate Debtor. By prioritizing statutory mandates over unrecorded intra-family arrangements, the ruling ensures that private covenants cannot subvert the Resolution Professional's duty to secure the corporate estate. The Tribunal also established that former directors or their families cannot claim a parallel or superior right of continued occupancy to withhold corporate property from the insolvency estate, as allowing such retention would fundamentally derail the maximization of asset value for creditors. The factual matrix of the dispute traces back to Majestic Hotels Limited, the Corporate Debtor, which owns a five-star establishment known as the "Hotel Majestic Park Plaza" in Ludhiana. The Corporate Debtor had secured extensive financial facilities from the Punjab and Sind Bank, for which the Appellant, Mrs. Raman Khangura, a director and share holder holding an 11.05% equity share, had mortgaged her personal residential property in Chandigarh as security. Following defaults by the company, the bank auctioned her personal property in...

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PIVOTAL ISSUES

Clean Slate Principle Overrides Promoter Identity: Delhi High Court Rejects Revival of Pre-CIRP Claims Through Arbitration



Corporate Debtor vs. Promoter Identity

Can a creditor revive a pre-CIRP claim through arbitration merely because the corporate debtor's resolution plan was submitted and implemented by its existing promoter rather than an unrelated third party?

The Delhi High Court addressed this question in *MBL Infrastructure Ltd. v. Pradeep Colonisers and Suppliers Pvt. Ltd.*, decided on 4 May 2026. The arbitral tribunal had held that Pradeep Colonisers' counterclaims remained maintainable despite their exclusion from MBL Infrastructure's approved resolution plan. Its reasoning was that the "clean slate" principle primarily protects an incoming third-party resolution applicant from unknown liabilities and should not automatically benefit the same promoter or management continuing after resolution. The High Court rejected that distinction. It held that the extinguishment of claims under Section 31 of the Insolvency and Bankruptcy Code, 2016 attaches to the approved resolution plan and the corporate debtor, not to the identity of the resolution applicant. Once a plan is approved and attains finality, claims outside it cannot be revived through arbitration, litigation or any other collateral proceeding. MBL Infrastructure had received a contract from the Water Resources Department, Government of Bihar, for restoration works relating to the Western Gandak Canal System. On 23 April 2015, it issued a work order to Pradeep Colonisers for execution of part of the project. Pradeep Colonisers claimed that it completed substantial work and raised running account bills, but received only partial payment after deductions. The parent contract was foreclosed in July 2016 and later...

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SIGNIFICANT CASE LAWS

NCLT New Delhi ruled that no perjury action lies for omitting part-payments in Section 9 IBC proceedings if the petition was dismissed

In *Tollman International Pvt. Ltd. v. Capstech Network Pvt. Ltd.* (alongside the main petition *Capstech Network Pvt. Ltd. v. Tollman International Pvt. Ltd.*), the National Company Law Tribunal New Delhi Bench addressed critical boundaries regarding insolvency thresholds, the principle of *res judicata*, and perjury under the Insolvency and Bankruptcy Code. Initially, Capstech Network (the Operational Creditor) filed a Section 9 IBC petition alleging a default of over ₹1 crore. However, the NCLT dismissed this initial petition because Capstech failed to account for two part-payments of ₹10 lakh each made by Tollman, which dipped the actual debt below the mandatory statutory threshold of ₹1 crore. Following this, Tollman filed an interlocutory application for perjury, accusing Capstech of deliberately concealing these part-payments. The NCLT declined to initiate perjury proceedings, ruling that an omission of part-payments does not warrant punitive perjury actions if the Tribunal has already considered the adjusted debt and dismissed the primary petition. Undeterred, Capstech filed an identical second petition relying on the exact same invoices; the NCLT Principal Bench swiftly dismissed it, emphasizing that the matter had attained finality, making the subsequent filing an abuse of process clearly barred by the principle of *res judicata*, and consequently imposed a cost of ₹50,000 on Capstech.

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SIGNIFICANT CASE LAWS

NCLT Rules Redirecting RP to MCA Portal Fails Duty of Cooperation

In the case of Teena Saraswat Pandey, RP of Xyron Technologies Ltd. v. Aditya Bhatnagar and Ors., decided on June 2, 2026, the NCLT Indore Bench ruled that a suspended management's statutory duty to cooperate with a Resolution Professional (RP) under Section 19 of the Insolvency and Bankruptcy Code (IBC) cannot be bypassed by merely redirecting them to public regulatory databases. The former directors had argued that the RP could download necessary records from the Ministry of Corporate Affairs (MCA) portal or access XBRL-formatted filings. However, the tribunal flatly rejected this defense, clarifying that structured summaries on public websites do not substitute for signed, board-approved financial statements and comprehensive books of accounts. Emphasizing that a company's inactive status or classification as a non-performing asset does not absolve its former management of their record-keeping duties, the NCLT allowed the RP's application and ordered the suspended directors to hand over all physical financial records, asset registers, and creditor files within 30 days.



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SIGNIFICANT CASE LAWS

Insolvency Pleas Filed Solely to Stall Concluded Property Auctions Constitute an Abuse of Process

In the case of Vandana Ravindra Chaudhari v. Union Bank of India, decided on June 2, 2026, the National Company Law Tribunal (NCLT), Mumbai Bench, rejected a personal insolvency application filed under Section 94 of the Insolvency and Bankruptcy Code (IBC). The applicant, a personal guarantor for the Heera Group of companies, had filed the insolvency petition shortly after Union Bank of India successfully auctioned her mortgaged residential property under the SARFAESI Act to recover outstanding defaults exceeding ₹49 crores. The tribunal observed that the personal guarantor only chose to initiate the insolvency process after realizing the mortgaged asset had already been sold, demonstrating that the petition was not a bona fide attempt at financial resolution. Rather, it was a strategic move designed to exploit the immediate interim moratorium under Section 96 of the IBC to frustrate and scuttle a legally concluded auction process. Dismissing the plea as a clear abuse of the judicial process, the NCLT firmly ruled that the protective umbrella of the IBC cannot be used as a bad-faith stalling tactic to disrupt legitimate recovery actions initiated by secured creditors.



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SIGNIFICANT CASE LAWS

Belated, Unsubstantiated Disputes Raised After Demand Notice Cannot Defeat Section 9 Insolvency Petition

In the case of *Dakshesh Divyakant Desai v. Inodaya Foods Pvt. Ltd.*, decided on June 5, 2026, the National Company Law Tribunal (NCLT), Chandigarh Bench, admitted a Section 9 petition under the Insolvency and Bankruptcy Code (IBC), ruling that a bald and unsupported dispute raised by a corporate debtor for the first time after receiving a Section 8 demand notice cannot stall the initiation of the Corporate Insolvency Resolution Process (CIRP). The operational creditor, Dakshesh Divyakant Desai (proprietor of Dwarkesh Trading Co.), filed the petition to recover outstanding operational dues amounting to over ₹6.77 crores arising from 30 unpaid invoices for the supply of pure ghee. The corporate debtor sought dismissal of the petition by claiming that the debt was disputed due to ongoing disagreements over pricing, quantities, and product rejections, and argued that a prior balance confirmation letter was conditional and subject to reconciliation. The tribunal flatly rejected these contentions, finding that the corporate debtor had formally acknowledged its liability through a balance confirmation letter and had failed to raise any genuine, pre-existing dispute prior to the issuance of the statutory demand notice. Clarifying that vague, afterthought defenses cannot shield a defaulting debtor, the NCLT held that the debt and default were clearly established well above the ₹1 crore statutory threshold, thereby admitting the petition and appointing an Interim Resolution Professional (IRP) to commence the CIRP.



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SIGNIFICANT CASE LAWS

Housing Societies Cannot Demand Pre-Sale
Maintenance Arrears from Successful Auction
Purchasers

In the case of Anil Patel and Ors. v. Panchratna Co-operative Housing Society and Anr., decided on June 2, 2026, the National Company Law Tribunal (NCLT), Mumbai Bench, ruled that a cooperative housing society cannot withhold membership or demand outstanding pre-sale maintenance arrears from a successful auction purchaser who acquires property through an insolvency liquidation process. The applicants, Anil Patel and others, had purchased an office unit within the Panchratna building for over ₹3.01 crores during an e-auction ordered by the tribunal under the liquidation process of C. Mahendra Export Ltd. Following the sale, the housing society refused to process the transfer of the property and its corresponding share certificates unless the buyers cleared more than ₹28.24 lakhs in historic maintenance dues and interest left behind by the defaulting corporate debtor. Defending the buyers, the tribunal held that a successful auction purchaser acquires an asset entirely free from prior encumbrances, liabilities, and historic claims under the Insolvency and Bankruptcy Code (IBC). The NCLT firmly clarified that a housing society must instead claim any pre-sale dues directly from the liquidator as an operational creditor under the statutory waterfall mechanism of Section 53 of the IBC. Consequently, the tribunal allowed the application, restrained the society from recovering past dues from the buyers, and directed it to register the new owners as members without any preconditions.

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SIGNIFICANT CASE LAWS

Filing an Insolvency Plea While Hiding a Pending Supreme Court SLP Constitutes Malicious Prosecution

In the case of *Shree Basaveshwar Sugars Ltd. v. Uttam Industrial Engineering Pvt. Ltd.*, decided on June 3, 2026, the National Company Law Tribunal (NCLT), Bengaluru Bench, held that initiating a Section 9 insolvency petition while actively concealing a pending Special Leave Petition (SLP) before the Supreme Court constitutes a malicious initiation under Section 65 of the Insolvency and Bankruptcy Code (IBC). The dispute originated from an arbitral award passed in 2019 directing the corporate debtor to pay outstanding operational dues, a decision subsequently upheld by the High Court under Sections 34 and 37 of the Arbitration Act. Armed with this award, the operational creditor filed a Section 9 petition and submitted a mandatory affidavit under Section 9(3)(b) claiming that no "notice of dispute" had been received. However, the corporate debtor had already preferred an SLP before the Supreme Court challenging the underlying arbitral execution prior to the issuance of the Section 8 demand notice. The NCLT forcefully rejected the operational creditor's defense that the SLP was merely at the diary stage and had not yet stayed the execution, ruling that the pendency of a Supreme Court appeal is a critical objective fact rather than a matter of unilateral legal interpretation. The tribunal clarified that creditors cannot unilaterally declare active legal challenges irrelevant to mask a pre-existing dispute, and suppressing such information from the adjudicating authority amounts to a bad-faith abuse of the judicial process designed to force insolvency maliciously.



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TRAINING AND EVENTS

Workshop on Insolvency and Bankruptcy Code (IBC)

Organized By: The Indian Institute of Management Bangalore



22 JULY 2026



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Intensive program breaking down the implications of recent legislative changes and NCLT/NCLAT precedents.

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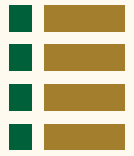
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