

**NATIONAL COMPANY LAW APPELLATE TRIBUNAL**  
**PRINCIPAL BENCH, NEW DELHI**

**Company Appeal (AT) (Insolvency) No. 443 of 2026**

(Arising out of Order dated 17.02.2026 passed by the Adjudicating Authority (National Company Law Tribunal), New Delhi Bench, Court-II in IA-5571/ND/2025 in CP(IB)-450/ND/2025)

**IN THE MATTER OF:**

**Sushant Chhabra**

**...Appellant**

**Versus**

**Catalyst Trusteeship Ltd. & Anr.**

**...Respondents**

**Present:**

**For Appellant** : Mr. Neeraj Malhotra, Mr. Rajiv Singh, Mr. Nimish Gupta, Mr. Neeraj Kumar, Mr. Somesh Narayan, Advocates.

**For Respondents** : Mr. Abhinav Mathur, Mr. Gourav Asati, Ms. Ishita Arora, Advocates for RP  
Mr. Gaurav Mitra, Mr. Atul Sharma, Ms. Renuka Iyer, Mr. Anmol Bansal, Advocates

**Company Appeal (AT) (Insolvency) No. 444 of 2026**

(Arising out of Order dated 17.02.2026 passed by the Adjudicating Authority (National Company Law Tribunal), New Delhi Bench, Court-II in IA-4652/ND/2025 in CP(IB)-446/ND/2025)

**IN THE MATTER OF:**

**Verinder Kumar Chhabra**

**...Appellant**

**Versus**

**Catalyst Trusteeship Ltd. & Anr.**

**...Respondents**

**Present:**

**For Appellant** : Mr. Neeraj Malhotra, Mr. Rajiv Singh, Mr. Nimish Gupta, Mr. Neeraj Kumar, Mr. Somesh Narayan, Advocates.

**For Respondents** : Mr. Abhinav Mathur, Mr. Gourav Asati, Ms. Ishita Arora, Advocates for RP

Mr. Gaurav Mitra, Mr. Atul Sharma, Ms. Renuka Iyer, Mr. Anmol Bansal, Advocates

## **J U D G M E N T**

### **Ashok Bhushan, J.**

These Appeals have been filed by Personal Guarantors of Corporate Debtor (“**CD**”) M/s UM Autocomp Pvt. Ltd. (Now M/s UM Automotive Pvt. Ltd.) challenging order dated 17.02.2026 passed by National Company Law Tribunal, New Delhi Bench, Court-II admitting Section 95 application filed by Catalyst Trusteeship Ltd. being CP(IB)-450/ND/2025 in Catalyst Trusteeship Ltd. vs. Sushant Chhabra; and CP(IB)-446/ND/2025 in Catalyst Trusteeship Ltd. vs. Verinder Kumar Chhabra.

2. Company Appeal (AT) (Insolvency) No. 443 of 2026 has been filed by Sushant Chhabra challenging order dated 17.02.2026 admitting Section 95 application on the basis of report submitted by RP by IA No.5571/ND/2025, whereas Company Appeal (AT) (Insolvency) No. 444 of 2026 has been filed by Verinder Kumar Chhabra challenging order dated 17.02.2026 admitting Section 95 application on the basis of report submitted by RP by IA No.4652/ND/2025. The facts and question of law in both the Appeals being common, both the Appeals have been heard together and are being decided by this common judgment. It shall be sufficient to refer to the pleadings in Company Appeal (AT) (Insolvency) No. 443 of 2026 for deciding both the Appeals.

3. Brief facts of the case necessary to be noticed for deciding the Appeal are:

- (i) Both the Appellant(s) Sushant Chhabra and Verinder Kumar Chhabra executed an unconditional and irrevocable Deed of Personal guarantee on 28.12.2024 in respect of debt arising out of non-convertible debentures issued by M/s UM Automotive Pvt. Ltd. Debenture Trust Deed was also executed on 28.12.2024.
- (ii) CD defaulted in its obligation, hence Respondent No.1 Catalyst Trusteeship Ltd. issued a default-cum-legal notice dated 01.04.2025 to the CD and Personal Guarantors, demanding the payment of an amount of Rs.36,14,50,354/-. The CD UM Autocomp Pvt. Ltd. vide its Novation Agreement dated 12.05.2025, transferred its liabilities of the NCDs to UM Automotive Pvt. Ltd. – (CD).
- (iii) Canara Bank has filed a CP(IB) No.122/ND/2025 under Section 95(1) of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as the “**IBC**”) against Sushant Chhabra on 12.01.2025. Similarly, Canara Bank also filed an application being CP(IB)No.121/ND/2025 under Section 95(1) against the Personal Guarantor - Verinder Kumar Chhabra. By order dated 27.02.2025, the Adjudicating Authority appointed one Mr. Prabhjit Singh Soni as Resolution Professional (“**RP**”) in CP(IB)122/ND/2025 and CP(IB)121/ND/2025. Interim

moratorium commenced with effect from 12.01.2025 when application was filed by Canara Bank against the Appellants.

- (iv) On 05.08.2025, Respondent No.1 - Catalyst Trusteeship Ltd. filed CP(IB)450/ND/2025 and CP(IB)446/ND/2025 against the Appellants herein. By order dated 23.09.2025, the Adjudicating Authority appointed one Mr. Anil Kohli as RP in Section 95 application filed by Respondent No.1 against the Appellants. The RP filed report being IA No.5571/ND/2025 in CP(IB)450/ND/2025 and IA No.4652/ND/2025 in CP(IB)446/ND/2025 recommending for admission of Section 95 application.
- (v) The company petitions filed by Canara Bank against the Appellants, came to be withdrawn by order dated 10.11.2025
- (vi) On the report submitted by the RP in Section 95 applications, notices were issued. The Appellant raised an issue of maintainability due to moratorium under Section 96 coming into operation by Section 95 application filed by the Canara Bank. Written submissions were filed by the Appellants before the Adjudicating Authority.
- (vii) The Adjudicating Authority pronounced order dated 17.02.2026 admitting Section 95 application filed by Catalyst Trusteeship Ltd. against the Appellants being CP(IB)450/ND/2025 and

CP(IB)446/2025 by separate orders passed on the same date.

Challenging which orders, these Appeals have been filed.

4. We have heard Shri Neeraj Malhotra, learned Senior Counsel appearing for the Appellant; Shri Gaurav Mitra, learned Counsel has appeared on behalf of Respondent No.1; Shri Abhinav Mathur, learned Counsel has appeared for the RP.

5. Learned Counsel for the Appellant in support of the Appeal submits that Section 95 application filed by Catalyst Trusteeship Ltd. against the Appellant on 05.08.2025 was not maintainable due to subsistence of statutory interim moratorium triggered by CP(IB)122/ND/2025 filed by Canara Bank on 12.01.2025 against Sushant Chhabra and CP(IB)121/ND/2025 filed by Canara Bank on 12.01.2025 against the Appellant – Verinder Kumar Chhabra. It is submitted that interim moratorium triggered on 12.01.2025 in Section 95 applications filed by Canara Bank, which applications were pending for adjudication on the day when Catalyst Trusteeship Ltd. filed Section 95 applications against the Appellants on 05.08.2025. Section 95 applications filed by Respondent No.1 was non-est and non-maintainable due to moratorium having already triggered in the applications filed by Canara Bank. The filing of applications by Catalyst Trusteeship Ltd. being non-est filing, Section 95 applications filed by Respondent No.1 deserved rejection. However, the Adjudicating Authority committed error in overruling the objection raised by the Appellant regarding maintainability of Section 95 application. Section 96 creates statutory bar in

proceedings against Personal Guarantors. The appointment of RP in Section 95 application filed by Catalyst Trusteeship Ltd. was itself non-est, since the proceedings were without jurisdiction. When the appointment of RP itself was non-est, there was no occasion to consider the report submitted by the RP under Section 99. The filing of Section 95 application by Catalyst Trusteeship Ltd. against the Appellants being void ab initio, it was liable to be rejected. The mere fact that application filed by Canara Bank was subsequently withdrawn on 10.11.2025 shall not make the filing of Section 95 applications by Catalyst Trusteeship Ltd. a valid filing.

6. Learned Counsel for Respondent No.1 refuting the submissions of the Appellant submits that debts and defaults are established and uncontroverted by the Appellants - Personal Guarantors. The Personal Guarantors failed to answer statutory notice, including invocation of guarantees, despite having been given ample opportunities. The Appellants' maintainability objection premised on the pending CP(IB)122/ND/2025 and CP(IB)121/ND/2025 regarding filing of Section 95 applications by Respondent No.1 is malafide. The CP(IB)122/ND/2025 and CP(IB)121/ND/2025 by Canara Bank vs. Sushant Chhabra and Verinder Chhabra, stood withdrawn on 10.11.2025 extinguishing any alleged bar under Section 96 of the IBC, as on the date of filing of the objection, i.e. 12.11.2025 by the Appellant. Withdrawal of application by Canara Bank restores the parties to its *status quo ante* and obliterates the entire proceeding in the eyes of law. Once a judicial proceeding is withdrawn, it shall be deemed

never to have existed. A withdrawn petition has no continuing and/or residual legal effect.

7. Learned Counsel for the parties placed reliance on various judgments of the Hon'ble Supreme Court and this Tribunal, as well as High Court, which we shall refer to while considering the submissions in detail.

8. We have considered the submissions of learned Counsel for the parties and have perused the record.

9. The only submission, which has been raised by the Appellants challenging the order dated 17.02.2026 is admitting Section 95 application filed by Catalyst Trusteeship Ltd. against the Appellants during the period when interim moratorium had already been triggered on Section 95 applications filed by Canara Bank and was subsisting on the date of filing of Section 95 application by Catalyst Trusteeship Ltd. The applications under Section 95 sub-section (1) were filed by Canara Bank against both the Appellants, which were CP(IB)122/ND/2025 and CP(IB)121/ND/2025, which were filed on 12.01.2025. Section 96 of the IBC contemplates issuance of interim moratorium when application is filed under Section 94 or Section 95. Section 96, sub-section (1) is as follows:

**“96. Interim- moratorium.** - (1) When an application is filed under section 94 or section 95 –

(a) an interim-moratorium shall commence on the date of the application in relation to all the debts and shall cease to have effect on the date of admission of such application; and

(b) during the interim-moratorium period –

(i) any pending legal action or proceeding in respect of any debt shall be deemed to have been stayed; and

(ii) the creditors of the debtor shall not initiate any legal action or proceedings in respect of any debt.”

10. There is no dispute between the parties that on filing of Section 95 application by Canara Bank, interim moratorium was triggered on 12.01.2025 and on the date when applications were filed by Catalyst Trusteeship Ltd. against the Appellants, i.e. CP(IB)450/ND/2025 and CP(IB)446/ND/2025 on 05.08.2025, interim moratorium was in operation. The submission, which has been made by learned Counsel for the Respondent to meet the argument of the Appellant is that in view of withdrawal of Section 95 application filed by Canara Bank on 10.11.2025, the proceedings stood obliterated and on the date when admission order was passed on 17.02.2026, interim moratorium was no longer continuing. Hence, there was no prohibition in admitting Section 95 application filed by Catalyst Trusteeship Ltd. (Financial Creditor).

11. We need to notice order dated 10.11.2025 passed by NCLT, New Delhi Bench, Court-II in CP(IB)122/ND/2025 and CP(IB)121/ND/2025. The order passed by Adjudicating Authority on the application filed by Canara Bank on 10.11.2025 is as follows:

**“IA-5449/ND/2025:** For the reasons stated therein, the **IA is allowed** and IB122/ND/2025 is dismissed as withdrawn.”

12. The above order was also quoted by the Adjudicating Authority in the impugned order.

13. There is no dispute between the parties that after filing of Section 95 application by Canara Bank, interim moratorium had commenced. Learned

Counsel for the Appellant has placed reliance on judgment of this Tribunal in

***Union Bank of India vs. P.K. Balasubramanian – Company Appeal (AT)***

***(CH) (Ins.) No.293 of 2022***, wherein in Paragraph 12, following was held:

“12. Section 96(1)(a) provides that an interim-moratorium, shall commence on the date of the `Application`, in relation to all the debts. Section 96(1)(b) of the `Code`, also specifies that during the `Moratorium` period (i) any legal action or proceeding pending in respect of any `debt` shall be deemed to have been stayed; and (ii) the `Creditors of the Debtor`, shall not initiate any legal action or proceedings in respect of any `debt`. The use of expression `Creditors of the Debtor`, means that all other `Creditors of the Debtor`, apart from the `Creditor`, on whose `Application`, `interim Moratorium`, has commenced. Once `Application` under Section 100 is admitted, `Moratorium`, commences with respect to all `Debts`, under Section 101 and thereafter `Public Notice`, is issued and `Claims` from `Creditors`, are invited under Section 102. Section 103 provides for registering of `Claims` by Creditors. Section 104 provides for preparation of list of Creditors and thereafter repayment Plan is contemplated under Section 105. Thus, **when an `Insolvency Resolution Process`, commences against the `Personal Guarantor`, all `Creditors` of the `Personal Guarantor`, are taken care of in the proceedings under Chapter-III.** The Code does not contemplate multiplicity of `Applications`, against the same `Personal Guarantor`. This `Tribunal`, is of the earnest view that when the `Insolvency Resolution Process`, commences against a `Personal Guarantor`, `Claims of all `Creditors`, are taken care of under the scheme of the I & B Code, 2016.”

14. Another judgment of this Tribunal relied by learned Counsel for the Appellant is ***Indian Bank vs. T Prabhakar – Company Appeal (AT) (CH) (Ins.) No.121 of 2025*** decided on 30.04.2025. In the above judgment, this Tribunal while considering Section 96 laid down following in Paragraph 4:

“4. Section 96(1)(b) of the I & B Code, 2016, quite explicitly provides that for any legal proceedings or legal action pending in relation to any debt, there would be a deeming presumption that, there would be a stay on the same and Section 96(1)(b)(ii) creates an absolute bar that, the creditors of the debtor shall not initiate any legal action or proceedings in respect of any debt for which the proceedings have already been drawn. This has been attempted to be argued to the

contrary by the Ld. Counsel for the Appellant, contending thereof that the enforcement of the provisions contained under Section 96 of the I & B Code, 2016, would suffer from the vices of a **“purposive construction or mischief rule”**. For the said purpose, the Learned Counsel for the Appellant has made reference to the contents of para 29 of the judgment rendered by the Hon’ble Apex Court in the matter of ***Yash Ahuja and Others versus Medical Council of India and Others as reported in 2009, Volume 10, SCC page 330***. The principles, of rules of mischief, which have been considered in the said judgment may not be adopted to be made applicable as a common yardstick to be applied in the instant case, particularly, when the provisions of the I & B Code under Section 238, has been given an overriding effect since being a special statute, which contemplates the conclusion of the proceedings in a time bound fashion, whereas the principle, of rule of mischief has been considered by the Hon’ble Apex Court in the matters pertaining to the issue of grant of permanent registration to those acquiring foreign medical degrees by the Medical Council of India, where the issue involved was as to whether the persons acquiring medical qualification granted by a Medical College in Nepal, which is recognized by the Medical Council of India, should be granted provisional as well as permanent registration without qualifying the screening test. The entire controversy, was confined to the domain of medical education, governed under the Indian Medical Council Act, 1933 and later on under the Indian Medical Council Act, 1956. In the said Acts certain restrictions were imposed upon with regards to licensing of the members of the medical profession who have obtained foreign medical qualification in order to enable them to practice in India in accordance with the provisions of the said Acts.

15. In the above case, due to embargo under Section 95, subsequent application filed by Financial Creditor was dismissed whereas against the Personal Guarantor, personal insolvency had already commenced, which was pending consideration. Due to the above reason, the subsequent application

was held to be not maintainable and order was confirmed. In Paragraph-18 of the judgment, it was held:

“18. Owing to the above, the view expressed by the Tribunal in the impugned order dated 13.12.2024 rejecting the proceedings drawn under Section 95 of the I & B Code, 2016, by the Appellant because of the embargo created due to Section 96 of the I & B Code, 2016, do not suffer from any apparent error of fact and law.”

16. The Appellant has further relied on judgment of the Hon'ble Supreme Court in ***Civil Appeal No.16929 of 2017 in – Alchemist Asset Reconstruction Company Ltd. vs. M/s. Hotel Gaudavan Pvt. Ltd. & Ors.*** decided on 23.10.2017. In the above case, the Hon'ble Supreme Court had occasion to consider effect of moratorium under Section 14 of the IBC with respect to an arbitration proceeding. The Hon'ble Supreme Court set aside the order of District Judge and held that the effect of Section 14(1)(a) is that the arbitration proceedings instituted after the aforesaid moratorium is non-est in law. In Paragraph-6 of the judgment, the Hon'ble Supreme Court held following:

“6) This being the case, we are surprised that an arbitration proceeding has been purported to be started after the imposition of the said moratorium and appeals under Section 37 of the Arbitration Act are being entertained. Therefore, we set aside the order of the District Judge dated 06.07.2017 and further state that the effect of Section 14(1)(a) is that the arbitration that has been instituted after the aforesaid moratorium is non est in law.”

17. We need to now notice the judgments relied by learned Counsel for the Respondent. Learned Counsel for the Respondent has relied on judgment of



“..... Where a suit is withdrawn under s. 373 with permission to bring a fresh suit the effect of such permission is to leave matters in the position in which they would have stood if no such suit had been instituted. ....”

It was held that, on such withdrawal, it is as if there was no such suit at all. The court relied on the judgments of the Madras High Court and of the very same court in Venkata Shetti v. Ranga Nayak, [ILR (1882) 10 Mad 160], Bakhsh v. Imam Bakhsh, [ILR (1875) 1 All 324], Mul Chand v. Bhikari Das, [ILR (1885) 7 All 624]. In Paramanand (Dead) Subs. By L.Rs. v. The Prescribed Authority (Munsiff West), Meerut, (2001 All LJ 2277) the court, referring to the earlier judgments of the Allahabad and Calcutta High Courts which expressed a similar view held:—

*“..... In the case of Bihari Lal Pal v. Smt. Baran Mai Dasi, it was held that where a suit is withdrawn with permission to bring a fresh suit, the effect of such permission, is to leave parties in the same position in which they would have been if no such suit had been instituted. Similarly a Full Bench of Calcutta High Court in the case of Becharam Choudhuri v. Puran Chandra Chatterji, held that when a suit was allowed to be withdrawn with leave to bring a fresh suit under Order 23 of the Civil Procedure Code it should be regarded as never brought. It is available for no purpose. It does not save or give fresh start to limitation nor does it afford a fresh cause of action.*

*Learned counsel for the petitioner further invited the attention of the Court to the provisions of Order 23 Rule 2 of the Code of Civil Procedure which is reproduced below:*

*“any fresh suit instituted on permission granted under the last preceding rule the plaintiff shall be bound by the law of limitation in the same manner as if the first suit had not been instituted.”*

*The above sub-rule clearly lays down that the plaintiff shall be bound by the law of limitation in the same manner as if the first suit had not been instituted.*

*From the above decision it is thus clear that the effect of the withdrawal of suit is that the parties are left in the same position which they had occupied if no such suit had been instituted. Even where the Court grants leave to file a fresh suit or proceeding for the same cause of action, the withdrawn suit has no existence in the eye of law. It is available for no purpose and parties are relegated to the same position which they had occupied before the fresh suit was brought. ....”*

As could be noticed, it was observed that the withdrawn suit has no existence in the eye of law. Reference was also made to Order XXIII Rule 2 which provided that the fresh suit shall be bound by the law of limitation in the same manner as if the first suit was not instituted at all. Similar is the view expressed in *Sukumar Banerjee v. Dilip Kumar Sarkar*, (AIR 1982 Cal 17), *Bhimangouda v. Sangappa Irappa Patil*, (AIR 1960 Mys 178).

19. Next is the judgment of the Hon’ble Supreme Court in **(2004) 1 SCC 471 in K. Sivaramaiah vs. Rukmani Ammal** has been relied by learned Counsel for the Respondent, where the Hon’ble Supreme Court has held that judgment given in a suit, which has been permitted to be withdrawn, cannot constitute *res judicata* in a subsequent proceeding. In Paragraph-5, following was held:

“5. So far as Original Suit No. 7359 of 1989 is concerned, the findings recorded in the judgment therein could have constituted *res judicata* but the fact remains that the appellate court permitted the withdrawal of the suit and once the suit has been permitted to be withdrawn all the proceedings taken therein including the judgment passed by the trial court have been wiped out. A judgment given in a suit which has

been permitted to be withdrawn with the liberty of filing a fresh suit on the same cause of action cannot constitute *res judicata* in a subsequent suit filed pursuant to such permission of the court.”

20. The above judgments relied by learned Counsel for the Respondent were the judgments dealing with the cases, where suits were permitted to be withdrawn. The judgment of the Hon’ble Supreme Court in **K. Sivaramaiah** (supra) was a case where Hon’ble Supreme Court held that when a suit was withdrawn, the same cannot constitute *res judicata* in a subsequent suit. The other judgments relied by the Respondent indicate that when a suit is withdrawn, the parties are relegated to the stage prior to filing of suit, when suit has no existence in the eyes of law. The Respondent has also relied on judgment of this Tribunal in **Union Bank of India vs. P.K. Balasubramanian – Company Appeal (AT) (CH) (Ins.) No.293 of 2022**, where Section 95 application was rejected by Adjudicating Authority observing that an application had already been filed against the Personal Guarantor, where RP was already appointed, which order was challenged by the Financial Creditor in an Appeal. In the above case, the Financial Creditor – Union Bank of India contended that their application was three days prior in time to the application filed by State Bank of India. In Paragraphs 7 and 8, this Tribunal made following observations:

“7. It is the main case of the ‘Appellant’ that the Section 95 Application was filed by them three days prior to the date when the State Bank of India, had filed their ‘Application’ and therefore their ‘Application’, ought to have been admitted first.

8. It is seen from the record that the Section 95 Application has not been admitted against the said ‘Personal Guarantor’. Liberty has also been given in accordance with law to the ‘Appellant’/‘Union Bank of India’ in the ‘Impugned Order’ dated 07.06.2022 in the event that the

Section 95 Application filed by SBI is admitted, the 'Adjudicating Authority' under Section 102 of the Code would issue a 'Public Notice' within 7 days of passing of the Order inviting 'Claims' from all the 'Creditors'. The 'Appellant' in the instant case namely Union Bank of India, can also file their 'Claim' under Section 103 of the Code with the 'RP'. Hence, no prejudice would be caused to the 'Appellant' herein. Further, it is seen from the 'Impugned Order' that though both the Counsels were present, it was not brought to the notice of the Bench that the 'Application', filed by the 'Appellant'/'Union Bank of India', was three days prior to the 'Application', filed by the SBI."

21. In the above case, the order of Adjudicating Authority was affirmed.

While dismissing the Appeal, this Tribunal made following observation in

Paragraph-13:

"13. Keeping in view that the 'Order of Admission', has not yet been passed by the 'Adjudicating Authority', and also that no prejudice would be caused to the 'Appellant' herein, as they can file their 'Claim', with the 'Resolution Professional', and also having regard to the fact that they were given 'Liberty', in accordance with 'Law' by the 'Adjudicating Authority', this 'Tribunal', is not inclined to set the clock back on this ground. For all the aforementioned reasons, Comp. App. (AT) (CH) (Ins.) No.293/2022 is accordingly 'dismissed'. No costs."

22. The above judgment of this Tribunal in no manner supports the case of the Appellant, rather the said judgment has clearly upheld the order rejecting Section 95 application, when another Section 95 application has already been filed and was pending consideration.

23. From the facts noted above, it is clear that although on the date when Section 95 application was filed by the Catalyst Trusteeship Ltd. against the Appellant herein on 05.08.2025, interim moratorium was already operating in Section 95 application filed Canara Bank against the Appellant. The judgment referred above, clearly prohibit any such institution. The distinguishing feature, which Respondent is contending herein is that even though application was filed by Canara Bank, prior in time and moratorium

had triggered, but the application having been withdrawn on 10.11.2025, there was no inhibition in admitting Section 95 application filed by Financial Creditor against the Appellants herein. The real question to be considered and answered is whether due to withdrawal of Section 95 application by Canara Bank, the prohibition which triggered due to interim moratorium shall come to an end. When application under Section 95 filed by Canara Bank was withdrawn on 10.11.2025, admittedly moratorium came to an end and there was no prohibition and the interim moratorium no longer existed, but what is the consequence of withdrawal of Section 95 application on 10.11.2025 on the moratorium, which was in operation on 05.08.2025, when Section 95 application filed by Catalyst Trusteeship Ltd. against the Appellants.

24. The statutory moratorium which has triggered on 12.01.2025, continued to operate till 10.11.2025 when application filed by Canara Bank was withdrawn. Section 101 of the IBC provides that when application under Section 100 is admitted, a moratorium shall commence, which shall cease to have effect at the end of period of 180 days. Thus, moratorium comes to an end on the day when application is admitted or rejected. The interim moratorium which commences on filing an application, is a statutory moratorium provided by enactment. During the interim moratorium various actions are prohibited as enumerated in Section 96, sub-section (1). The statutory interim moratorium which triggered in Section 96, shall come to an end only when application under Section 95 is either rejected or admitted.

The interim moratorium in Section 96 has statutory consequences, which interim moratorium although shall come to an end when application is either dismissed or admitted or withdrawn, but during the period when interim moratorium is operating, any initiation of proceeding shall be non-est in law. The Hon'ble Supreme Court in **Alchemist Asset Reconstruction Company Ltd.** in Paragraph-6 has clearly held that after enforcement of moratorium under Section 14 of the IBC, any arbitration proceeding initiated is **non-est in law**. Thus, the proceeding, which was initiated by Financial Creditor during the currency of interim moratorium, were non-est from the very beginning, cannot become legal proceeding after interim moratorium is withdrawn on 10.11.2025. Personal Guarantors before the Adjudicating Authority has raised the issue that application is not maintainable. In the reply filed to Section 95 application, the Personal Guarantors has relied on Section 95 application filed by the Canara Bank. The Adjudicating Authority observed that Personal Guarantors has not filed reply to the report under Section 99, and they have only filed reply to Section 95 application. When the Personal Guarantors has raised objection to the application and has pointed out that earlier application under Section 95 by the Canara Bank has already been filed, which was noticed by Adjudicating Authority to be withdrawn on 10.11.2025, the Adjudicating Authority committed error in not considering the effect and consequences of triggering of interim moratorium on filing of the application by the Canara Bank and the effect of the said moratorium on the application filed by Catalyst Trusteeship Ltd. on

05.08.2025. We, thus, are of the view that order of the Adjudicating Authority admitting Section 95 application cannot be sustained.

25. In result, both the Appeals are allowed. The impugned order dated 17.02.2026 is set aside. Section 95 applications filed by Catalyst Trusteeship Ltd. being CP(IB)450/ND/2025 and CP(IB)446/ND/2025 are dismissed. We, however, grant liberty to the Financial Creditor to file fresh applications under Section 95 in accordance with law, since interim moratorium, which was operating on the day when Section 95 application filed by Catalyst Trusteeship Ltd. is no longer existed after 10.11.2025. Parties shall bear their own costs.

**[Justice Ashok Bhushan]  
Chairperson**

**[Barun Mitra]  
Member (Technical)**

**New Delhi**

**27<sup>th</sup> March, 2026**

*Ashwani*