



**IN THE NATIONAL COMPANY LAW TRIBUNAL
KOCHI BENCH**

IA(IBC)/15/KOB/2026

IN

IBA/13/KOB/2020

(Under Rule 11 of the NCLT Rules, 2016)

Date of Institution: 21.01.2026.

Order delivered on: 01.06.2026.

In the matter of:

M/s Sree Bhadra Parks & Resorts Ltd.

Memo of Parties:

M/s Sree Bhadra Parks & Resorts Ltd,

Rep By Managing Director,

Sri K N Namboodiripad,

No.27/480, Museum Road Chembukavu,

Thrissur, Kerala PIN-680020

R/o Kanjirppilly Mana,

Lotus Lane, Kolazhy, Thrissur – 680010.

.....Applicant

Vs.

1. Mr. K. Parameswaran Nair, Liquidator

M/s Sree Bhadra Parks & Resorts Ltd

Kripasagaram, K. Murali Road,

Kadavanthra, Kochi-682020,

Email: cakpnair@gmail.com.

**2. M/s Sri Ramani Resorts & Hotels Pvt Ltd (ex-
parte)**

8/42, Maharaja Surya Road

Alwarpet, Chennai 600018,

Email: shandear21@gmail.com.

3. M/s. S A V Blue Metals Private Ltd, (ex-parte)

Rep. by Mr. A Sabarish Lal, S/o M Aravind,

12-725, B-7, Kaval Kinaru Road, Vadakkankulam,

Thirunalveli, Tamil Nadu, Pin- 627116,



Email: Savgroupsacc@gmail.com.

4. The Federal Bank Ltd (ex-parte)

Rep by Branch Manager,
Thrissur Main Branch,
Anjali Complex, Round North
Thrissur, Kerala, 680 001,
Email: tcra@federalbank.co.in.

**5. M/s Phoenix Asset Reconstruction
Company Pvt Ltd.,**

5th Floor, Dani Corporate Park
158, CST Road, Kalina
Santacruz(E)Mumbai-400 098
Rep by Chairman and Managing Director
Email: ajith.kevin@pheonixarc.co.in.

.....Respondents

Coram:

HON'BLE MEMBER (JUDICIAL) : SHRI. VINAY GOEL
HON'BLE MEMBER (TECHNICAL) : SHRI RAVICHANDRAN RAMASAMY

Appearances:

For the Petitioner : Ms. Aswathi, Advocate
For Respondent No.1 : Mr. Vinod P V, Advocate
Mr. Parameswaran Nair, Liquidator.
For Respondent No.5 : Mr. Kevin Thomas, Advocate.

Respondents Nos. 2, 3 and 4 have already been set *ex parte* vide the earlier order dated 28.02.2026.

ORDER

1. This application has been filed by the Corporate Debtor, Sree Bhadra Parks & Resorts Ltd, against the Respondents under Rule 11 of the NCLT Rules, 2016, seeking the following reliefs: -



- a) *Allow the present application and set aside E-Auction conducted on 18.07.2023-24.07.2023 and all consequent proceedings including the sale certificate dated 06.10.2023 issued in favour of Respondent No 3. S.A.V. Blue Metals Private Ltd 12-725, B-7, Kaval Kinaru Road, Vadakkankulam ,Thirunalveli, Tamil Nadu, Pin-627116*
- b) *Pass an ad interim order restraining the respondent no 1 herein from taking any further steps towards the sale of the remaining assets of the corporate debtor pending the hearing and final disposal of the present application*
- c) *Permit the applicant /corporate debtor to make One Time Settlement(OTS)of its debt to all the stakeholders within a period of three months from the date of filing of present application*
- d) *Pass such other order/orders as this Hon'ble court may deem fit in the facts and circumstances of the case and in the interest of justices.*

The Brief facts of the case are as follows: -

2. The Applicant/Corporate Debtor submitted that it had availed various credit facilities from Federal Bank Limited in the year 2008 aggregating to about Rs.9.70 Crores for renovation and expansion of its amusement park situated at Agastheeswaram Village, Kanyakumari District, Tamil Nadu, by creating mortgage over immovable properties situated in Tamil Nadu and Kerala. According to the Applicant, substantial repayments were made towards the loan account. However, due to default, the loan account was classified as NPA and proceedings were initiated under the SARFAESI Act. Thereafter, the Debts Recovery Tribunal, Ernakulam, passed recovery orders in favour of the Bank, and a Recovery Certificate dated 28.11.2014 was issued, which was subsequently assigned to Phoenix ARC Private Limited for recovery proceedings.
3. The Applicant further submitted that it had entered into a Share Purchase Agreement dated 21.11.2012 with Respondent No.2 for the transfer of 100% shares of the Corporate Debtor for a consideration of Rs.33.08 Crores, and an



advance amount of Rs.1 Crore was paid. Alleging default under the said agreement, Respondent No.2 initiated proceedings under Section 7 of the Insolvency and Bankruptcy Code, 2016, in IBA/13/KOB/2020, which came to be admitted by this Adjudicating Authority on 25.08.2020.

4. It is stated that the parties subsequently entered into a settlement agreement dated 26.08.2020 for a total settlement amount of Rs.2.25 Crores, and on that basis, the Section 7 proceedings were withdrawn with liberty to revive the proceedings in case of default. According to the Applicant, due to financial difficulties beyond its control, the settlement could not be fully complied with, and consequently, the Section 7 application was again admitted by this Adjudicating Authority on 30.03.2021.
5. Pursuant to the admission of CIRP, the Interim Resolution Professional took charge of the affairs of the Corporate Debtor. Subsequently, by order dated 09.02.2022, liquidation proceedings were initiated against the Corporate Debtor under Section 33(1)(a) of the Code and the Resolution Professional was appointed as Liquidator.
6. The Applicant further submitted that it challenged the admission order and liquidation proceedings before the appellate forums, including the Hon'ble Supreme Court. It is stated that though interim opportunities were granted by the Hon'ble Supreme Court to settle the liabilities, the Applicant could not mobilise funds within the stipulated time, and ultimately the appeal came to be dismissed.
7. The Applicant contended that the primary object of the Code is revival of the Corporate Debtor as a going concern and not liquidation. Reliance was placed on various judgments of the Hon'ble Supreme Court and the Hon'ble NCLAT to



contend that settlement and withdrawal under Section 12A of the Code can be permitted even at the liquidation stage with approval of the stakeholders/CoC.

8. The Applicant alleged that Phoenix ARC Private Limited, whose claim was admitted as a secured financial creditor, had claimed an exorbitant amount with excessive interest, though the original liability due to the assignor bank was substantially lesser. According to the Applicant, the admitted claim of Phoenix ARC is inflated, barred by limitation, and contrary to the principles underlying the Code. It is also alleged that the Liquidator failed to properly scrutinize such claim before admission.
9. It is further alleged that the Liquidator conducted the liquidation process and e-auction proceedings in a hurried and arbitrary manner without ensuring maximization of value of the assets of the Corporate Debtor. The Applicant contended that though the actual market value of the Corporate Debtor's assets was more than Rs.100 Crores, substantial assets measuring about 7.58 acres together with buildings were sold in the 5th e-auction held on 18.07.2023 for a consideration of about Rs.23.51 Crores in favour of Respondent No.3, pursuant to a reserve price of Rs.28 Crores.
10. The Applicant further submitted that several auction notices were issued by the Liquidator between January 2023 and September 2025 and various Stakeholders' Consultation Committee meetings were convened wherein repeated attempts were made to sell the assets of the Corporate Debtor. According to the Applicant, the reserve price was successively reduced without adequate basis and the Liquidator failed to obtain maximum value for the assets.
11. It is also the case of the Applicant that the suspended directors were not properly informed of the auction proceedings and SCC meetings and therefore



the liquidation process was conducted in violation of the provisions of the Code and applicable Regulations.

12. The Applicant contended that the sale proceeds realized in liquidation would substantially benefit only the secured financial creditor, namely Phoenix ARC Private Limited, while other stakeholders including homebuyers and unsecured financial creditors would be left remediless. Reference was made to claims of homebuyers whose claims were admitted in the liquidation process pursuant to orders passed by this Adjudicating Authority.
13. According to the Applicant, the Liquidator failed to discharge his statutory duty under Section 35 of the Code to preserve and maximize the value of the assets of the Corporate Debtor and acted contrary to the objectives of the Code. The Applicant alleged material irregularity, undervaluation of assets and lack of transparency in the auction process.
14. The Applicant finally submitted that investors are presently available to infuse funds and settle the liabilities of all stakeholders and therefore one final opportunity may be granted to revive the Corporate Debtor as a going concern by permitting settlement under Section 12A of the Code and by setting aside further liquidation steps in the interest of justice.
15. Respondent No.1/Liquidator opposed the application and raised a preliminary objection regarding maintainability. It is submitted that the Corporate Debtor has filed the application represented through its erstwhile Managing Director, even though the Corporate Debtor is under liquidation pursuant to order dated 09.02.2022 passed in IA(IBC) No.195/KOB/2021 in IBA/13/KOB/2020. According to R1, upon commencement of CIRP and subsequent liquidation, the management and control of the Corporate Debtor were vested with the IRP/RP and thereafter with the Liquidator, and in view of Sections 17, 23, 25, 33(7) and



35 of the IBC, only the Liquidator is competent to institute or defend proceedings on behalf of the Corporate Debtor. It is further contended that the directors stood discharged upon passing of the liquidation order and therefore the present application by the erstwhile director is not maintainable. Reliance is placed on the judgments of the Hon'ble Supreme Court in *Innoventive Industries Ltd. v. ICICI Bank & Anr.* ([\(2017\) ibclaw.in 02 SC](#)) and the decisions of the Hon'ble NCLAT in *Dhara Cements (India) Pvt. Ltd. v. Dineshbhai Khimjibhai Patel* ([\(2025\) ibclaw.in 661 NCLAT](#)) and *Krystal Stone Exports Ltd. v. Stressed Assets Stabilization Fund and Anr.*, ([\(2024\) ibclaw.in 669 NCLAT](#)).

16. The Respondent No.1 further submitted that the application is highly belated, frivolous, and filed after completion of substantial liquidation proceedings, when an application for dissolution of the Corporate Debtor is already pending before this Adjudicating Authority. It is stated that the Applicant is effectively seeking reversal of the entire liquidation process and restoration of the Corporate Debtor on the basis of a proposed one-time settlement, which, according to the Respondent, is illusory and without any concrete basis.
17. It is also pointed out that the Applicant had earlier availed several opportunities to settle the dues with the financial creditor, including during proceedings before the Hon'ble Supreme Court, but failed to honour the settlement terms. Further, in an application filed under Section 66 of the Code, this Adjudicating Authority had directed the Applicant and other directors to jointly and severally pay an amount of Rs. 2,94,77,269/- with interest to the account of the Corporate Debtor on account of fraudulent transactions, which amount has not been paid till date.
18. Respondent No.1 stated that the valuation of the assets was conducted through IBBI-registered valuers and the reserve price was fixed in consultation with the



Stakeholders' Consultation Committee ("SCC"). It is submitted that as many as sixteen e-auctions were conducted for the sale of the assets, initially on a going concern basis and later by splitting the assets after repeated failure of the auctions. According to the Respondent No.1, the assets already sold fetched amounts higher than the liquidation value and the allegation that the properties were sold at undervalue is baseless. The Respondent No.1 also contended that the Applicant, being a suspended director and member of the SCC, was fully aware of the auction proceedings and had never challenged the auction process at the relevant time.

19. It is further argued that the auction proceedings sought to be challenged pertain to the period July 2023, and the sale certificates had already been issued in favour of successful bidders. Therefore, the present application filed after more than two and a half years is barred by delay and laches. Reliance is placed on the decisions of the Hon'ble Supreme Court in *V.S. Palanivel v. P. Sriram CS Liquidator*, [\(2024\) ibclaw.in 223 SC](#) and the Hon'ble NCLAT in *JSK Estate Pvt. Ltd. v. Mr. Sundaresh Bhat (Liquidator) and Anr.*, [\(2024\) ibclaw.in 764 NCLT](#) to contend that concluded auction sales cannot be interfered with in the absence of fraud or material irregularity.

20. The Respondent No.1 also submitted that the Applicant's contention that the properties are worth more than Rs. 100 Crores is contrary to earlier share purchase agreements executed by the Applicant itself in the years 2012 and thereafter, wherein the entire shareholding of the Corporate Debtor was agreed to be transferred for consideration around Rs. 30-31 Crores. On the aforesaid grounds, Respondent No.1 prayed for dismissal of the application with exemplary costs.



21. The 5th Respondent, in its reply affidavit, opposed the application and questioned the maintainability of the application filed in the name of the Corporate Debtor through its suspended management. It is contended that once liquidation has been ordered, only the Liquidator is competent to represent the Corporate Debtor in legal proceedings in view of Section 35(1)(k) of the Code. Reliance is placed on the judgment of the Hon'ble Supreme Court in *Innoventive Industries Ltd. v. ICICI Bank & Anr.* [\(2017\) ibclaw.in 02 SC](#), and the decision of the Hon'ble NCLAT in *in Dhara Cements (India) Pvt. Ltd. v. Dineshbhai Khimjibhai Patel* [\(2025\) ibclaw.in 661 NCLAT](#), to contend that erstwhile directors cannot maintain proceedings on behalf of the Corporate Debtor after commencement of CIRP/liquidation.
22. Respondent No.5 further submitted that the application is grossly belated, having been filed in the year 2026, challenging a sale conducted on 24.07.2023. It is stated that the suspended directors had never challenged any of the auction notices or sale proceedings at the relevant time and therefore cannot seek to reopen a concluded sale after more than two and a half years. According to Respondent No.5, the application is only intended to delay the liquidation process and amounts to an abuse of the process of law.
23. It is also contended that no procedural irregularity or illegality has been pointed out in the conduct of the auction. Respondent No.5 submitted that valuation had been obtained, reserve prices were fixed in accordance with the IBBI (Liquidation Process) Regulations, 2016, and the reserve price was reduced only after repeated failure of earlier auctions. It is stated that the Liquidator had complied with all statutory requirements and the Stakeholders' Consultation Committee had approved the reserve price. Reliance is placed on the decision of the Hon'ble Supreme Court in *Celir LLP v. Mr. Sumati Prasad*



Bafna and Ors., (2024) ibclaw.in 319 SC to contend that a concluded auction sale cannot be interfered with in the absence of fraud, collusion or grave irregularity.

24. Respondent No.5 further pointed out that sufficient opportunities had earlier been granted to the Applicant to settle the dues of the Corporate Debtor. It is submitted that, though the CIRP proceedings were initially withdrawn on the basis of a settlement, the Applicant failed to comply with the settlement terms, resulting in the revival of the insolvency proceedings. It is also highlighted that the Hon'ble Supreme Court had granted further time to settle the matter, but the Applicant again failed to do so. According to Respondent No.5, this conduct demonstrates the absence of bona fides and the inability of the suspended management to settle the liabilities of the Corporate Debtor.
25. With regard to the allegations against Respondent No.5, it is submitted that Respondent No.5 is an Asset Reconstruction Company duly registered with the Reserve Bank of India under the SARFAESI Act and had acquired the debt from Respondent No.4 under a valid assignment agreement. It is stated that the claim of Respondent No.5 amounting to Rs. 34,94,71,727/- was duly admitted by the Liquidator and had never been challenged at the relevant stage. Respondent No.5 contended that a suspended director has no locus to challenge the claim of a secured financial creditor before the Liquidator.
26. On the issue of limitation, Respondent No.5 submitted that the reliance placed by the Applicant on limitation applicable to Section 7 proceedings is misconceived, as Respondent No.5 had only lodged its claim before the RP/Liquidator. Reliance is placed on the decision of the Hon'ble High Court of Kerala in *Geevarghese P. John v. The Federal Bank Ltd., (2024) ibclaw.in 1454 HC*,



wherein it was held that the limitation period for execution of DRT recovery certificates is twelve years under Article 136 of the Limitation Act, 1963.

27. Respondent No.5 also stated that the Liquidator had made several attempts to sell the Corporate Debtor as a going concern before proceeding with the sale of assets on a standalone basis, and the Stakeholders' Consultation Committee had initially approved the sale as a going concern. It is submitted that the respondents cannot be faulted for lack of bidders.
28. Lastly, Respondent No.5 contended that there is no provision under the Code for withdrawal of liquidation proceedings at the final stage, particularly after liquidation of the assets, and that the only course available is dissolution under Section 54 of the Code. On the aforesaid grounds, Respondent No.5 prayed for dismissal of the application with costs.
29. In response to the reply affidavit of Respondent No. 1, the applicant filed a rejoinder and submitted that the Applicant, a suspended director of the Corporate Debtor, has denied the contentions of Respondent No.1 and reiterated that the present application challenges the 5th e-auction conducted on 18.07.2023–24.07.2023, whereby 7.58 acres of land were sold for Rs. 28 Crores. It is submitted that the sale was undervalued, and the proceeds were paid only to the secured financial creditor, leaving other creditors without due payment, in violation of Section 53 of the Code.
30. The Applicant contended that suspended directors, though restricted under Section 17 of the Code, retain the right to seek legal remedies where the Liquidator acts unfairly or contrary to the Code. It is further submitted that the property, comprising partly constructed commercial buildings, a water theme park, and land near strategic locations, has a value of over Rs. 100 Crores as per



a private valuation dated 10.04.2024, which the Applicant relies upon to challenge the Liquidator's valuation and conduct of the auction.

31. The Applicant submitted that the delay in filing the present application is attributable to the lack of unanimity among six suspended directors, and that the Applicant has the means and intent to settle all dues of creditors in a time-bound manner to revive the Corporate Debtor as a going concern. In view of the alleged illegality in conducting the 5th e-auction and the failure to comply with the provisions of Section 53 of the Code, the Applicant sought that the auction be set aside under Section 60(5) of the Code and the reliefs prayed for in the Application be granted.
32. In response to the reply affidavit of Respondent No. 5, the applicant, in its rejoinder, contended that the objection regarding maintainability is misconceived and contrary to settled law and binding precedents. It is further stated that, notwithstanding suspension of the Board during liquidation, suspended directors retain limited participatory rights under the Code and CIRP Regulations, including receipt of notices and relevant documents. It is alleged that the Liquidator failed to inform the suspended director and conducted the e-auction at a grossly undervalued price, thereby committing a material irregularity and violating statutory provisions.
33. The Applicant submitted that such actions demonstrate deliberate non-compliance with earlier orders and failure to maximize asset value, which the suspended management is entitled to challenge before this Adjudicating Authority. It is urged that the object of the Code is value maximization and preservation of the Corporate Debtor as a going concern, and that the Applicant's proposal for settlement was ignored by the Liquidator. Reliance is placed on judgments of the Hon'ble Supreme Court and Hon'ble NCLAT to



submit that suspended directors are stakeholders and have locus to question irregularities in the insolvency/liquidation process.

34. It is asserted that the present Application is not in the nature of routine representation of the Corporate Debtor but a challenge to the legality of the liquidation process, and is therefore maintainable under Section 60(5) of the Code. The Applicant further contended that the objection on limitation is untenable, as the cause of action is continuing and material facts came to light during the ongoing liquidation process. It is also submitted that technical rules of limitation cannot defeat examination of patent illegality, particularly where value maximization and stakeholder interest are affected.
35. The Applicant submitted that even a concluded sale can be interfered with where there is a material irregularity, undervaluation, or failure to secure fair value. It is argued that reliance on the finality of the auction is misplaced, as courts have consistently held that inadequate price and procedural irregularity justify interference. The Applicant further submitted that settlement proposals at the liquidation stage are not barred, especially when they result in better realization for stakeholders.
36. It is contended that the reliance placed by the 5th Respondent on decisions relating to recovery proceedings is inapplicable to proceedings under the Code, where limitation principles differ. It is also urged that the claim of the 5th Respondent is time-barred and cannot be enforced through the insolvency process. The Applicant alleged that the 5th Respondent is claiming excessive interest, which is impermissible under the IBC framework. It is finally submitted that the objections raised by the 5th Respondent are unsustainable and intended to defeat a genuine challenge to an irregular and undervalued sale.



FINDINGS:

37. The present application has been filed by the suspended directors of the Corporate Debtor challenging the validity of the sale conducted by the Liquidator during the liquidation process. The application has been instituted in the name of the Corporate Debtor and seeks to assail the e-auction conducted during the period 18.07.2023-24.07.2023 principally on the grounds of alleged undervaluation, material irregularity, lack of transparency, and violation of the provisions of the Insolvency and Bankruptcy Code, 2016. The Applicant has contended that the assets of the Corporate Debtor, which, according to them, are worth more than Rs.100 Crores, were sold at a grossly inadequate value for approximately Rs.23.51 Crores, against a reserve price of Rs. 28 Crores, pursuant to the 5th e-auction. It is further alleged that the Liquidator failed to maximise the value of the assets and conducted the liquidation process in an arbitrary and illegal manner. The Applicant has also attempted to invoke the provisions of the Limitation Act, 1963, on the premise that no specific period of limitation has been prescribed under the Code for challenging an auction sale conducted during liquidation proceedings.
38. Whereas, the Respondents have primarily questioned the maintainability of the present application on the ground that the suspended directors have no authority in law to institute proceedings in the name of the Corporate Debtor after commencement of CIRP and liquidation proceedings. It is further contended that the challenge has been raised after an inordinate and unexplained delay of more than two and a half years from the date of the e-auction and after crystallisation of third-party rights in favour of the successful auction purchaser. The Respondents have further submitted that the liquidation process, valuation exercise, fixation of reserve price, and conduct of auction were carried out strictly in accordance with the provisions of the Code



and the Liquidation Process Regulations, under the supervision and deliberations of the Stakeholders' Consultation Committee.

39. Having heard the learned counsel appearing for the parties, perused the pleadings, documents placed on record, written submissions filed by the respective parties, and the material available on record, this Adjudicating Authority is of the considered opinion that the present application is wholly devoid of merit and is liable to be dismissed for the following reasons: -

i. The present application has been filed in the name of the Corporate Debtor through its suspended management after commencement of liquidation proceedings. Upon admission of CIRP, the powers of the Board of Directors stood suspended in terms of Section 17 of the Code, and vested with the Interim Resolution Professional/Resolution Professional. Thereafter, upon passing of the liquidation order dated 09.02.2022, the management and affairs of the Corporate Debtor vested with the Liquidator in terms of Sections 34 and 35 of the Code.

ii. Section 35(1)(k) of the Insolvency and Bankruptcy Code, 2016 provides as follows:

"35(1)(k) – the liquidator shall have the power to institute or defend any suit, prosecution or other legal proceedings, civil or criminal, in the name of and on behalf of the corporate debtor."

iii. In view of the aforesaid statutory provision, upon commencement of liquidation proceedings, the authority to represent the Corporate Debtor in legal proceedings vests exclusively with the Liquidator, and the erstwhile suspended directors cease to have any power to institute or pursue proceedings in the name of the Corporate Debtor, except with the approval or authorisation of the Liquidator.



- iv. In this regard, reliance may be placed upon the judgment of the Hon'ble Supreme Court in ***Innoventive Industries Ltd. v. ICICI Bank & Anr., (Civil Appeal No. 8337-8338 of 2017)*** wherein the Hon'ble Supreme Court observed as follows:

"According to us, once an insolvency professional is appointed to manage the company, the erstwhile directors who are no longer in management, obviously cannot maintain an appeal on behalf of the company. In the present case, the company is the sole appellant. This being the case, the present appeal is obviously not maintainable."

- v. Similar view has been taken by the Hon'ble NCLAT in ***Dhara Cements (India) Pvt. Ltd. v. Dineshbhai Khimjibhai Patel, (Company Appeal (AT) (Ins.) No. 444 of 2024 & I.A. No. 1520, 1521, 4288 of 2024 Decided on 29-Aug-25)*** wherein the Hon'ble Appellate Tribunal observed as follows:

"According to the aforesaid provisions, the appeal has to be filed by an aggrieved person. The appeal has been filed only by the Corporate Debtor and it has been held in the case of Innoventive Industries (supra) that such an appeal is not maintainable and the same view has been taken by this Court in the case of Krystal Stone Exports Ltd. (supra).".....

"Be that as it may, the application for amendment is also highly belated as it has been filed after a period of more than a year, therefore, keeping in view the entirety of circumstances, we do not find merit in the submission of the Appellant either for the purpose of maintaining the appeal at the instance of the Corporate Debtor (Company itself) or in the application bearing I.A. No. 4056 of 2025. Hence, the appeal as well as the application are hereby dismissed."

- vi. Further reliance may also be placed upon the judgment of the Hon'ble NCLAT in ***Krystal Stone Exports Ltd. v. Stressed Assets Stabilization Fund & Anr., (Comp. App. (AT) (Ins) No. 1086 of 2024 & I.A. No. 3921, 3922, 3923, 5036, 6920 of 2024 Decided on 16-Oct-24)*** wherein the Hon'ble Appellate Tribunal observed as follows:



4. *It is alleged that the Hon'ble Supreme Court in the case of Innoventive Industries Ltd. Vs. ICICI Bank & Anr., Civil Appeal No. 8337-8338 of 20217 had held that "According to us, once an insolvency professional is appointed to manage the company, the erstwhile directors who are no longer in management, obviously cannot maintain an appeal on behalf of the company. In the present case, the company is the sole appellant. This being the case, the present appeal is obviously not maintainable"*

5. *Faced with this averment in the reply, Counsel for the Appellant has submitted that this is a defect in the appeal and the same is not maintainable at the instance of the CD but he has submitted that defect can be cured by filing an application.*

6. *In this regard, Counsel for the Respondent has submitted that once the appeal has been filed it cannot be cured by any of the application because the question of limitation shall also arise. The present appeal per se is not maintainable.*

7. *In view of the aforesaid facts and circumstances, we are of the considered opinion that admittedly the appeal has been filed by the CD through its director on the basis of the board resolution dated 01.12.2023 and in view of the décision rendered in the case of Innoventive Industries Ltd. (Supra) the appeal at the instance of the CD against the order of admission passed under Section 7 of the Code is not maintainable.*

8. *Thus, the present appeal is hereby dismissed. No costs.*

- vii. In view of the aforesaid statutory provisions and the settled legal position laid down by the Hon'ble Supreme Court and the Hon'ble NCLAT, this Adjudicating Authority is of the considered opinion that the present application filed by the suspended directors in the name of the Corporate Debtor is not maintainable in law.
- viii. Though suspended directors may, in limited circumstances, invoke the jurisdiction of this Adjudicating Authority under Section 60(5) of the Code as aggrieved stakeholders, such right cannot be extended to reopen a concluded auction sale conducted during liquidation proceedings after crystallization of third-party rights, particularly in the absence of any cogent material establishing fraud, collusion, mala fide conduct, or substantial procedural illegality.



- ix. The auction sale in question was conducted during the period 18.07.2023-24.07.2023, and the sale certificate was issued on 06.10.2023. The present application has been filed only in the year 2026, after substantial completion of the liquidation process and after rights in favour of the successful auction purchaser had already crystallised. The challenge has therefore been raised after an unexplained and inordinate delay of more than two and a half years.
- x. The insolvency and liquidation framework under the Code is a strict time-bound mechanism intended to ensure certainty, finality, and expeditious completion of proceedings. Once an auction sale has attained finality and sale certificates have been issued, interference at a belated stage would seriously prejudice the sanctity and credibility of the liquidation mechanism and would unsettle vested third-party rights acquired through a statutory process.
- xi. The records placed before this Adjudicating Authority clearly reveal that repeated efforts were made by the Liquidator to sell the assets of the Corporate Debtor through several rounds of auction conducted in accordance with the provisions of the Code and the Liquidation Process Regulations. The reserve prices were fixed based on valuation reports obtained from IBBI-registered valuers and were deliberated upon in the meetings of the Stakeholders' Consultation Committee. The Applicant admittedly had knowledge of the liquidation proceedings, repeated auction attempts, and SCC meetings, but failed to raise any objection at the relevant stage regarding valuation, reserve price, mode of sale, or the procedure adopted by the Liquidator.
- xii. The Applicant has also failed to place on record any convincing or satisfactory explanation for approaching this Adjudicating Authority



after such an inordinate lapse of time. Mere allegations of undervaluation, unsupported by contemporaneous objections or substantive evidence, cannot constitute a valid ground to reopen concluded liquidation proceedings. The private valuation report subsequently obtained by the Applicant cannot, by itself, invalidate a completed auction process conducted in accordance with statutory procedure.

- xiii. Under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as well as proceedings before the Debt Recovery Tribunal, challenges to auction sales are required to be raised within prescribed statutory timelines, including the period of 45 days contemplated under Section 17 of the SARFAESI Act. Though the Insolvency and Bankruptcy Code, 2016, does not specifically prescribe a limitation period for challenging an auction sale conducted during liquidation proceedings, the Code itself is a strict time-bound legislation where expeditious completion of insolvency and liquidation proceedings is of paramount importance, and time forms the essence of the statutory framework. Therefore, the principles of delay, laches, acquiescence, and finality attached to concluded sales assume substantial importance and are fully applicable to proceedings under the Code, particularly where third-party rights have already crystallised pursuant to issuance of sale certificates and completion of auction proceedings.
- xiv. This Adjudicating Authority also finds no material on record to establish fraud, collusion, arbitrariness, or any grave procedural irregularity in the conduct of the auction process. On the contrary, the material available on record demonstrates that the Liquidator had



conducted multiple auction attempts, initially even on a going concern basis, before proceeding with the segmented sale of assets after repeated failure of earlier auctions. The allegation that the assets were sold at a “throwaway price” is therefore unsupported by any legally sustainable material.

xv. The contention of the Applicant that the Liquidator failed to maximise value or violated Section 53 of the Code is also misconceived. Distribution of liquidation proceeds is governed by the waterfall mechanism under Section 53 of the Code and cannot, by itself, furnish a ground to invalidate a completed sale. The grievance of the Applicant essentially relates to dissatisfaction with the commercial outcome of the liquidation process, which cannot justify the reopening of concluded transactions after crystallisation of rights in favour of successful auction purchasers.

xvi. This Adjudicating Authority is therefore of the considered view that the present application has been filed with the sole intent of reopening concluded liquidation proceedings and delaying the culmination of the liquidation process. Entertaining such stale and belated challenges would defeat the very object of the Code, erode confidence in liquidation sales conducted under the statutory framework, and adversely affect the finality attached to judicial and quasi-judicial sales.

40. In view of the foregoing discussion and findings, **IA(IBC)/15/KOB/2026 IN IBA/13/KOB/2020** stands **dismissed with costs of Rs.1,00,000/-** (Rupees One Lakh only) imposed upon the signatory to the present application, Mr. K N Namboodiripad, considering the highly belated challenge and the attempt to reopen concluded liquidation proceedings after crystallization of third-party rights, to be deposited with the National Defence Fund within a period of fifteen



(15) days from the date of receipt of this order. Where an application is filed in the name of an entity that has no locus, or where the name of the entity has been wrongly or incorrectly used as the applicant, and upon final adjudication the Court or Tribunal concludes that such application is liable to be dismissed with costs, such costs may be recovered from the person who has signed and filed the petition in the name of that entity.

41. A compliance memo evidencing such deposit shall thereafter be filed before the Registry, failing which the Registry is directed to forward a copy of this order to the appropriate authorities for recovery of the said amount as arrears of land revenue by proceeding against the movable and immovable properties of Mr. K N Namboodiripad and deposit the recovered amount with the National Defence Fund.
42. The Registry is hereby directed to send e-mail copies of this order forthwith to all the parties and their counsel for information and for taking necessary steps.
43. Let the certified copy of this order be issued upon compliance with requisite formalities.
44. File be consigned to records.

Sd /-

**RAVICHANDRAN RAMASAMY
MEMBER (TECHNICAL)**

Sd /-

**VINAY GOEL
MEMBER (JUDICIAL)**

Signed on this the 01st day of June, 2026

Steno_A