NATIONAL COMPANY LAW APPELLATE TRIBUNAL
PRINCIPAL BENCH: NEW DELHI

Company Appeal (AT) (Ins) No. 1539 of 2025

[Arising out of the Order dated 08.08.2025, passed by the 'Adjudicating Authority' (National Company Law Tribunal, Chandigarh Bench (Court-II), Chandigarh), in I.A. (I.B.C.) 476 (CH) 2025 in CP (1B) NO. 134/CHD/HRY/2021]

IN THE MATTER OF:

1. **Catalyst Trusteeship Limited**
Having its registered office at:
GDA House, First Floor, Plot No. 85
S. No. 94 & 95, Bhusari Colony (Right),
Kothrud, Pune - 411038
Email: catalystlegal@ctltrustee.com
And branch office at:
9th Floor. Office No. 910-911, Kailash Building,
26. Kasturba Gandhi Marg,
New Delhi - 110 001. **...Appellant No.1**

2. **DCB Bank Limited**
601 & 602, Peninsula Business Park,
6th Floor, Tower A,
Senapati Bapat Marg,
Lower Parel, Mumbai 400013.
Email: Biju.rajendran@dcbbank.com **...Appellant No. 2**

Versus

1. **Shri. Suman Kumar Verma**,
Interim Resolution Professional of Swastik Homebuild Private Limited
Address: Plot No. WZ-D-9,
Kh. No. 83/14, Gali No. 5,
Mahavir Enclave, Sulabh
International, Delhi- 110045.
Email: cirpswastikhomebuild@gmail.com **...Respondent**

Present:

For Appellant	:	Mr. Gopal Jain Sr. Adv. with Mr. Angad Verma, Mr. Prashant Kumar, Ms. Nikita Menon, Mr. Amrit Bhatia & Ms. Kriti Sharma, Advocates
For Respondent	:	Mr. Karan Gandhi, Ms. Riya Jain & Mr. Sikhar Tiwari, Advocates

With

Company Appeal (AT) (Ins) No. 1555 of 2025

[Arising out of the Order dated 08.08.2025, passed by the 'Adjudicating Authority' (National Company Law Tribunal, Chandigarh Bench (Court-II), Chandigarh), in I.A. (I.B.C.) 434 (CH) 2025 in CP (1B) NO. 134/CHD/HRY/2021]

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Present:

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For Respondent	:	Mr. Karan Gandhi, Ms. Riya Jain & Mr. Sikhar Tiwari, Advocates

J U D G M E N T
(Hybrid Mode)

[Per: Justice Mohd. Faiz Alam Khan, Member (Judicial)]

Both the aforesaid appeals have been filed by the same appellant against the same impugned order whereby the two applications moved by the appellant i.e. IA No. 476 of 2025, IA No. 434 of 2025 have been dismissed by Ld. Adjudicating Authority and therefore for the purpose of convenience both appeals are being disposed of by passing this common judgment.

2. The factual matrix of the aforesaid appeals is in terms that a group of homebuyers file an application under Section 7 of the Insolvency and Bankruptcy Code, 2016 (Code) being Company Petition No. 134 of 2021 against the Corporate Debtor (CD) namely Swastik Homebuild Pvt. Ltd. and vide order dated 19.12.2024, the petition was admitted and the Corporate Insolvency Resolution Process (CIRP) was initiated against the CD and Respondent No. 1 i.e. Shri Suman Kumar Verma was appointed the Interim Resolution Professional (IRP).

3. On making public announcement on 23.12.2024, the creditors were requested to submit their claims on or before 06.01.2025.

4. It is further reflected that appellant no. 1 Catalyst trusteeship Ltd. (Catalyst) is registered as a Debenture Trustee under SEBI (Debenture Trustee) Regulations, 1993 and is a Debenture Trustee of the debenture holder SWAMIH Investment Fund-I (SWAMIH) which was acting through its investment manager, SBI Ventures Ltd.

5. It is clarified in the appeal that SWAMIH is a special window fund announced by the Government of India to provide priority debt financing for completing the stalled housing projects and vide notification dated 18.03.2020 the Ministry of Corporate Affairs notified that the debt raised from SWAMIH to be in the nature of interim finance under section 7 (5) (15) of the Code. The appellant no. 2 is stated to be a financial institution and has provided loan facility to the CD and they both filed their respective claims with the IRP.

6. It is also reflected that initially the appellant no. 1- Catalyst was having a voting share of 84.23% in the CoC and appellant was having a share of 17.47%, however subsequently the voting share of both the appellants was reduced to 30% and 11.53% respectively.

7. It is also reflected that the appellants were aggrieved by the alleged misconduct of the Respondent and they sought to replace him with other Resolution Professional (RP) but they were not having requisite voting share of 66% as provided under Section 22 of the Code thus they filed an IA No. 434 of 2025 (Interlocutory application) before Ld. Adjudicating Authority to replace the Respondent No. 1-IRP and for appointment of another Resolution Professional (RP). The appellants filed another IA No. 476 of 2025 seeking interim reliefs in the nature of restraining the Respondent (IRP) from holding any further CoC meetings and from taking any further action until the disposal of the aforesaid IA.

8. It is further reflected that by passing the impugned order of the same date both the aforesaid interim applications filed by the appellants were

dismissed and aggrieved by the same the aforesaid two appeals have been preferred by the appellants.

9. Ld. Counsel for the appellant submits that Appellant No. 1 is the Debenture Trustee acting for the benefit of SWAMIH Investment Fund-I which is a central government-sponsored alternative investment fund providing funding for stalled affordable and mid-income housing projects, which has been classified as interim finance under Section 5(15) of the Insolvency and Bankruptcy Code 2016 (Code). Appellant number 2 is a commercial bank and is the financial creditor of the corporate debtor and is a component of COC.

10. It is further submitted that respondent No. 1 has failed to provide effective leadership to the COC and has conducted himself in a malicious and arbitrary manner, particularly after the appellants declined to approve him as the resolution professional and therefore the appellants have lost complete trust in the IRP and in the absence of trust the entire object of the resolution of the CD and balancing the interest of the stakeholders has been defeated.

11. It is further submitted that Appellant No. 1 had filed a complaint on 9th April 2025 before the Insolvency and Bankruptcy Board of India against the IRP for his misconduct. While disposing of the said complaint, the IBBI acknowledged the existence of a deadlock among the members of the CoC and it has advised the IRP to take appropriate steps to address the deadlock existing among the CoC members by approaching the Learned Adjudicating Authority.

12. It is further submitted that the impugned order is a non-speaking order, devoid of any reason, as it fails to consider and deal with material averments made by the appellants. Elaborating further it is submitted that the IRP has conducted the CIRP in an improper and prejudicial way as vide email dated 28/1/2025, 29/1/2025, 31/01/2025, 04/02/2025, and 07/02/2025, the IRP was requested to convene the CoC meeting, however, he failed to act on the repeated requests of the Appellants while it was his mandatory duty under Regulation 18(2) of the CIRP Regulations 2016 to convene such meetings.

13. It is also submitted that the IRP has not acted neutrally and attempted to discredit and influence the voting of Appellant No. 1 by stating that the voting done by it is neither tenable in law nor acceptable. He has also created disharmony amongst the CoC members. When Appellant No. 1 sought clarification regarding the reduction of its claim by email dated February 20, 2025, the IRP, by its email dated February 21, 2025, maliciously represented to the CoC that Appellant No. 1 had raised queries regarding accepting other creditors' claims, which was factually incorrect. Further the IRP kept the debenture trust deed and transaction documents of Appellant No. 1 in abeyance and further refused to classify the debt of SWAMIH Fund as interim finance.

14. It is further submitted that so much so the IRP appointed a disqualified person in the name of Mr. Sandeep Kumar Bhatt and failed to disclose to the COC the fact that Mr. Bhatt has been disqualified by the IBBI from acting as the RP. When the appellant has highlighted these facts, Mr. Bhatt immediately discharged himself from the duties and therefore there

was a conspicuous nexus between the IRP, Sandeep Kumar Bhatt, and insolvency professional agency.

15. It is further submitted that the same set of individuals entities have been repeatedly collaborating on various assignments by the IRP, giving rise to a clear conflict of interest and the IRP has conducted the CIRP proceedings improperly and it is on account of the incapability of the IRP, the CIRP proceeding has become adversarial to the members of the CoC. Even after passing of the impugned judgement, the IRP continued to act in a prejudicial and malafied manner, even during the pendency of the appeals. In the 7th CoC meeting the IRP treated his appointment as the RP as approved, despite receiving only 59.03% of votes in his favour, thereby failing to meet the threshold of 66% and when this issue was brought to the knowledge of this appellate tribunal, the IRP sought to reverse his own decision in the 10th CoC meeting on the ground that the relevant provisions had been missed by him. So much so the IRP unilaterally transferred ₹12,97,893 from the escrow account of the appellant No. 1, towards CIRP cost without prior consent of the appellant number one or the CoC, despite the pendency of IA number 786 of 2025 regarding the CIRP cost and part payment of ₹4 lakh by appellant No.1 and unresolved queries regarding the CIRP cost.

16. Learned Counsel for the Appellant has relied on the following judicial precedents:

(i) M/s.Conquerent Control Systems Pvt. Ltd. vs.M/s.Ansal Crown Infrabuild Pvt. Ltd. [CP(IB) No. 783 (ND)/2022, before the Hon’ble NCLT, New Delhi.

(ii) Suman Kumar Verma vs. Anil Rai, IA (IBC/226/ALD/2026) before the Hon'ble NCLT, Allahabad.

(iii) Suman Kumar Verma vs. Countertops, IA (IBC) 5132 (MB) 2025 before the Hon'ble NCLT, Mumbai.

(iv) Dushyant Dave, Erstwhile Resolution Professional M/s. Altius Digital Pvt. Ltd. vs. Gospell Digital Technology Co. Ltd. and Ors., CA (AT) (Ins) No. 656 of 2024 before the Hon'ble NCLAT, New Delhi.

(v) Anil Kumar vs. Allahabad Bank & Ors., CA (AT) (Ins) No. 786 of 2020 before the Hon'ble NCLAT, New Delhi.

(vi) Anoop Kumar Srivastava vs. Neerav Bhatnagar, CA (AT) (Ins) No. 823 of 2023 before the Hon'ble NCLAT, Principal Bench, New Delhi.

17. Per contra Ld. Counsel for the Respondent-IRP submits that there is no illegality in the orders passed by the Ld. Adjudicating Authority and as of now the voting share of the appellant Catalyst in the CoC is 23.42% while of DCP Bank is of 9.01% and they together hold 32.43% of voting share and thus having minority share in the CoC and they are making all efforts to disturb the rights of the majority shareholder.

18. It is further submitted that in the second CoC meeting held on 15.02.2025, the agenda for appointment of the RP was considered and the proposal for appointment of the Respondent as RP received approval of only 37.09% voting share and in this regard a proposal for appointment of other professionals as RP was placed before the CoC for the first time on 15.02.2025 and for want of requisite majority was not approved by the CoC.

19. It is further submitted that the appellant had also proposed two names for appointment as RP which were placed for voting before the CoC

and the proposal for appointment of Mr. Ashoka Gura was rejected with 100% voting however the proposal for appointment of Mr. Sudhanshu Gupta was approved by voting share of 62.91%.

20. It is further submitted that homebuyers vide email dated 18.03.2026 requested the IRP to convene a CoC meeting and as the homebuyers were having a voting share of 33%, the 13th CoC meeting was convened on 24.03.2026 to consider the appointment/confirmation of IRP as RP and to consider measures for securing the premises of the CD and in that meeting the Respondent was appointed as RP with a voting share of 67.42%.

21. It is also submitted that allegations have been levelled by the appellants against the IRP proposing the services of Shrea Insolvency Professional Pvt. Ltd. wherein Mr. Sandeep Kumar Bhatt is a Director and also that he has been disqualified by the IBBI. It is highlighted that Shrea Insolvency Professional is a professional entity comprising many Directors and Professionals and Mr. Bhatt is only one of them, who is also a Practicing CMA and the findings drawn by the IBBI is solely to his capacity as a Resolution Professional and not disqualifying him from acting or rendering professional assistance in the capacity of CMA. Moreover, the Hon'ble Delhi High Court vide order dated 03.04.2025 have waived suspension and his license has been validated with effect from 18.04.2025. In addition, the appointment and fee of the IPE was approved by the appellant in the first CoC meeting held on 21.01.2025.

22. It is also submitted that as claimed by the appellant the claim of M/s Genesis Infratech Pvt. Ltd. is admitted by the Respondent is not true as the same has been rejected.

23. It is also submitted that the IRP/RP has strictly acted within the IBC framework adhering to the provisions contained under the Code and Regulations and no modification of any contact has been done by the Respondent.

24. It is also submitted that Ld. Adjudicating Authority vide order dated 05.05.2025 has already directed that the Resolution passed by the CoC shall not be put into effect till the final decision is passed in IA No. 434 of 2025 and thus the powers contemplated in the Code was never exercised by the Respondent.

25. It is also submitted that there is no deadlock in the insolvency process and the conduct of the appellants is always of non-cooperation and except few resolutions they have never approved necessary resolutions for publication of EOI, appointment of valuers, transaction auditor, accountant, security guard and financial auditor etc. and moreover the CIRP cost amounting to Rs. 20 lakhs till 18.03.2026 also remains unpaid and the same was not paid even after the order passed by the Ld. Adjudicating Authority dated 28.07.2025 in IA No. 786 of 2025 and in compulsion a contempt application has been filed.

26. It is also submitted that the appellant no. 1 has been constituted to complete the stalled housing projects but in the CIRP they have stalled the insolvency process and when the resolution plan was on the verge of voting appellant no. 1 filed IA No. 1468 of 2025 to include their claim in the CIRP cost as Interim Finance while no such finance has been taken during CIRP and also filed its claim as financial creditor and now the pressure being applied to include the claim as CIRP cost and if their claim is included in

CIRP cost, the appellant no. 1 shall not be the member of CoC and this application is pending before the Ld. Adjudicating Authority for disposal.

27. Ld. Counsel for the Respondent in support of his submissions had relied on the following case laws:

(i)Indian Bulls Housing Finance Ltd. vs. Sandeep Chandna & Ors., [CA (AT) (Ins) No. 619 of 2021].

(ii)Glas Trust Company LLC vs. Byju Raveendran & Ors., [(2025) 3 SCC 625].

(iii)Bikram Bhadur vs. CoC of Beoworld Pvt. Ltd.& Ors. [(2025) ibclaw.in 944 NCLAT]

(iv) Subrata Roy & Ors. vs. Rajiv Mohan & Ors. [(2026) ibclaw.in 539 NCLAT]

(v) Katra Realtors Pvt. Ltd. vs. Mr. Rajesh Ramnani, RP & Anr. [(2024) ibclaw.in 136 NCLAT]

28. Learned counsel for the respondent No. 2 i.e. Home Buyers of Swastik Homebuild Pvt. Ltd., submits that the appellants, despite having a minority share in the CoC, attempted to control the proceedings of the CoC and usurp the rights of the majority shareholders. It is submitted that the structure of the CoC has gone under change due to the continuous filing, verification, and admission of claims of financial creditors in class (Home Buyers), rendering the appellant's voting share reduced. The RP has the support of the financial creditors in class and was not removed despite several vindictive attempts made by the appellants.

29. It is further submitted that the appellant has also proposed two names for appointment as RP, which were placed before the COC for voting and both the names proposed by the appellants were rejected by the COC with a voting percentage of 100% and 62.91%, respectively.

30. It is further submitted that allegations with regard to non-compliance of the order of the Learned Adjudicating Authority are patently false. No modification of any contract was carried out by the IRP and the matter was only placed before the CoC. And after approval of the same it was resolved that the terms of the agreement dated 7/12/2020, executed between the corporate debtor and Catalyst Trusteeship Ltd., which are not suitable for the resolution plan, be kept in abeyance and not to be enforced.

31. It is further submitted that there is no deadlock in the CIRP proceedings. The allegations which have been leveled by the appellant against the IRP are not correct. Moreover, the judicial precedents relied on by Ld. Counsel for the appellant in favor of his case are not applicable to the facts and circumstances of this case.

32. Ld. Counsel for the Respondent No. 2 has also relied on the following case laws:

(i)Indian Bulls Housing Finance Ltd. vs. Sandeep Chandna & Ors., [CA (AT) (Ins) No. 619 of 2021].

(iii)Bikram Bhadur vs. CoC of Beoworld Pvt. Ltd.& Ors. [(2025) ibclaw.in 944 NCLAT]

(iv)Katra Realtors Pvt. Ltd. vs. Mr. Rajesh Ramnani, RP & Anr. [(2024) ibclaw.in 136 NCLAT]

(v)Subrata Roy & Ors. vs. Rajiv Mohan & Ors. [(2026) ibclaw.in 539 NCLAT]

33. Having heard Ld. Counsel for the parties and having perused the record, it appears in the interest of justice to have a look on the judicial precedents relied on by the parties.

34. In **Dushyant Dave, Erstwhile Resolution Professional M/s. Altius Digital Pvt. Ltd. v. Gospell Digital Technology Co. Ltd. and Ors., CA (AT) (Ins.) No. 656 of 2024,** this Appellate tribunal has opined as under:

> ***"43.*** *The repeated attempts to confirm himself as the RP, after being rejected by the CoC, contravenes the provisions of Section 22 of The Code. This is seen as an abuse of his position as IRP to influence the Coe in his favor and maintain control over the insolvency resolution process, disregarding the CoC's commercial wisdom.*
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> ***47.*** *Based on the discussion above, we find that the conduct of the RP in the instant CIRP proceeding seems to be premediated, biased and authoritarian in clear violation of the core objectives and principles of the Code, which seeks to ensure fair and transparent insolvency proceedings. The facts and circumstances presented above clearly reveal the Appellant's abuse of authority, demonstrating both overreach and bad faith; further compromising the integrity and trust that is essential to the insolvency resolution process. The appellant has not been transparent even in his submissions to AA and had hidden the fact that CoC has decided to remove him. Keeping these in view. we find no flaw in the decision of the AA regarding replacement of IRP and fully endorse the same.*
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> ***57.*** *In conclusion, we find that the conduct of the appellant has not been neutral and impartial in the aforesaid CIRP proceedings. He had tried to conduct CIRP in such a manner to keep himself as RP by prematurely admitting the claim of Respondent No. 2 as Financial Creditor and reconstituting the IRP. The Respondent No. 2 in turn helped him by appointing him as RP. This conduct goes against the objectives of the Code. If such conduct and collusive practices are allowed to continue, the entire edifice of IBC would collapse. This would enable entry of erstwhile promoters though back door in the CD.*
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> ***58.*** *We believe that the conduct of Appellant as IRP has not been neutral and impartial. He has conducted the CIRP*

proceedings in violation of IBC provisions. We therefore direct Insolvency & Bankruptcy Board of India (IBBI) to investigate the role of Appellant in the present CIRP proceedings and take further necessary action as per existing provisions of IBC and relevant regulations".

35. This appellate tribunal again in **Anil Kumar Ex Interim Resolution Professional (IRP) Of M/ s. KSL & Industries Limited v. Allahabad Bank & Ors., CA (AT) (Ins) No. 786 of 2020** has held as under:

> ***"3.*** *The Learned Adjudicating Authority after hearing the parties passed the following orders: -*
>
> *"11. Under such circumstances, when there is a conflict and no consensus is reached by the majority of voting share to appoint the IRP/ RP so proposed by the Applicant, it is expedient to appoint an independent IRP/ RP to break any kind of stalemate between the Financial Creditors. Moreover, the very object of IB Code is to complete the CIRP in the time bound manner and if the dispute with regard to the IRP will continue, in that event, the very object of the IB Code will get frustrated. The IB Code prescribes timelines for various activities of the CIRP. It is mandatory to complete a CIRP within 180 days, extendable by a one-time extension of up to 90 days* ***[M/s. Surendra Trading Company v. M/s. Juggilal Kamlapat Jute Mills Company Limited & Ors.].***
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> *12. Though asper Section 7 of the IB code, the Financial Creditor has the prerogative to propose the name of the IRP/ RP and thereafter, they may change it by filing an application under Section 22 of the IB Code. However, to resolve this issue and to end the stalemate between the secured and unsecured Financial Creditors, this Bench in exercise of power under Rule 11 of the NCLT Rules 2016, do hereby appoint Mr. Kiran Shah as the new IRP/ RP and direct him to convene the CoC meeting and complete the CIRP as early as possible. Further, the period which is consumed in deciding this Application as well as the lockdown period i.e. from 25.03.2020 to 31.05.2020 is exempted."*
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> **11.** *(i) After hearing the Learned Counsel for the Parties, after going through the Status Report submitted by Respondent No. 2 and after going through the Written*

Submissions filed on behalf of the Parties, we are of the considered view that so far statutory provision as contained in Section 22 of the I&B Code which contemplates appointment of Resolution Professional and further replacement is concerned, this power can only be used when the ingredients of Section 22 is met.

(ii) Further, so far as the provision of Section 27 of 'IB Code' is concerned it contemplates with the Replacement of Resolution Professional by CoC. This power can only be used when the ingredients of Section is met.

(iii) In the facts of this case neither the ingredients of Section 22 & 27 of the Insolvency & Bankruptcy Code, 2016 ('I&B Code') is made out.

(iv) So, the Learned Adjudicating Authority have rightly invoked inherent jurisdiction in the fact of this case and passed the Impugned Order.

(v) The Learned Adjudicating Authority is conscious of the fact that the Appellant herein could not provide leadership to CIRP proceedings and further there was clash between the Secured and Unsecured Creditors and timeline for CIRP proceedings was running out.

(vi) So, the Learned Adjudicating Authority in order to shape the CIRP proceedings on an Application under Rule 11 filed by Respondent No. 1/ Allahabad Bank, taking note of the fact that there is conflict between the Secured and Unsecured Creditors and no commencement reached by majority of voting share to appoint the Appellant herein as IRP /RP invoked thereunder part m Rule 11 and rightly have passed the Impugned order.

(vii) Further, from the perusal of the Status Report submitted by the Respondent No. 2- M/s LSL & Industries Ltd., through Mr. Kiran Shah on 29.06.2021, which has been discussed in detail, it reveals that substantial progress in the CIRP proceedings had been made.

(viii) Taking all these circumstances and also the fact that the Appellant has only argued on one question of law which was formulated by this Tribunal under this Order dated by 17.09.2020, is only about the exercise of power of Rule 11 of NCLT by the Learned Adjudicating Authority in the facts of this case.

(ix) We are of the considered that the Learned Adjudicating Authority have rightly exercise this power and there is no merit in the Appeal and is accordingly dismissed.

(x) It appears from the perusal of the record that this Instant Appeal was filed on 03.09.2020 before this

Tribunal and Notices were issued on 17.09.2020 and being disposed off by Judgement dated 20.07.2021".

36. In **Anoop Kumar Srivastava v. Neerav Bhatnagar, CA (AT) (Insolvency) No. 823 of 2023** this appellate tribunal again opined as under:

> ***"26.*** *In the conduct of Reverse CIRP, the relationship between the IRP and stakeholders of the Corporate Debtor including home-buyers and interim financier is built on trust. Once this trust is belied, it has the potential to jeopardise the resolution process. In the present case, the IRP has been found to be forthcoming in parting with all relevant information with regard to the credentials of their consultants to the Applicant. As a key financier, the Applicant had a definite stake in the manner of appointment of the PMC and LC. The contention of the IRP that the consent of the Applicant had been obtained before the appointment of the PMC and LC has been denied by the Applicant. The IRP had merely informed the Applicant regarding the appointment of PMC post their appointment which cannot be viewed as their concurrence after consultation. The requisite and optimal level of cooperation from the consultants appointed by the IRP is also found amiss. The consultants have also been paid hefty fees already but the services have not been found satisfactory. The performance of these consultants and payments defrayed to them had implications on both the physical progress of the construction of the project and running of the Corporate Debtor as a going concern and its financial health. For a Corporate Debtor which was already financially stressed and insolvent, payment of fees by the IRP to related party consultants without commensurate services forthcoming from them constituted sufficient ground to seek change of the IRP. The Applicant definitely enjoys locus standi to file the present application since it has been infusing funds into the project for the benefit of all stakeholders including the homebuyers. There is merit in the application filed by the Applicant seeking replacement of the IRP with another IRP who can better safeguard the interest of all stakeholders, especially home-buyers.*
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> ***27.*** *In the given backdrop, we are of the considered view that there is incidence of infringement of the Code of*

Conduct of the Insolvency Professionals by the present IRP for not having disclosed their relationships or potential conflicts of interest in the appointment of consultants. To prevent further abuse of process and to meet the ends of justice, we direct the removal of the IRP forthwith and the consultants appointed by them. We allow the application and direct for replacement of present IRP. The copy of this order be placed before the Adjudicating Authority. The Adjudicating Authority to immediately appoint a new IRP in accordance with the statutory provisions of IBC and regulations framed thereunder. No costs".

37. The Hon'ble Supreme Court in **Glas Trust Company vs. Byju Raveendran & Ors. [(2025) 3 SCC 625]** held as under:

> ***"68.*** *Rule 11 of the NCLT Rules, 2016 and Rule 11 of the NCLAT Rules, 2016, which preserve the inherent powers of NCLT and NCLAT, respectively, mirror Section 151 CPC and read as follows:*
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> > *"**11. Inherent powers**. —Nothing in these Rules shall be deemed to limit or otherwise affect the inherent powers of the Appellate Tribunal to make such orders or give such directions as may be necessary for meeting the ends of justice or to prevent abuse of the process of the Appellate Tribunal."*
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> ***69.*** *In a consistent line of precedent, this Court has held that "inherent powers" may be exercised in cases where there is no express provision under the legal framework. However, such powers cannot be exercised in contravention of, conflict with or in ignorance of express provisions of law. We may helpfully refer to the observations of a two-judge bench of this Court in one such case. In Ram Chand & Sons Sugar Mills (P) Ltd. v. Kanhayalal Bhargava [Ram Chand & Sons Sugar Mills (P) Ltd. v. Kanhayalal Bhargava, (1967) 37 Comp Cas 42 : 1966 SCC OnLine SC 215] a two-Judge Bench of this Court, speaking through K. Subba Rao, J. (as the learned Chief Justice then was), opined : (SCC OnLine SC para 5)*
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> > *"5. … Having regard to the said decisions, the scope of the inherent power of a court under Section 151 of the Code may be defined thus: The inherent power of a court is in addition to and complementary to the powers expressly conferred under the Code. But that power will not be exercised if its exercise is inconsistent with, or comes into conflict with, any of the powers expressly or*

by necessary implication conferred by the other provisions of the Code. If there are express provisions exhaustively covering a particular topic, they give rise to a necessary implication that no power shall be exercised in respect of the said topic otherwise than in the manner prescribed by the said provisions. Whatever limitations are imposed by construction on the provisions of Section 151 of the Code, they do not control the undoubted power of the Court conferred under Section 151 of the Code to make a suitable order to prevent the abuse of the process of the Court."

70. *When a procedure has been prescribed for a particular purpose exhaustively, no power shall be exercised otherwise than in the manner prescribed by the said provisions. In such cases, the court must be circumspect in invoking its "inherent powers" to deviate from the prescribed procedure. If such deviation is made, the court must justify why this was necessary to "prevent the abuse of the process of the Court".*

71. *The need to be circumspect while invoking "inherent powers", when there is an exhaustive legal framework is amplified in the context of a legislation like the IBC. In Ebix Singapore (P) Ltd. v. Educomp Solutions Ltd. (CoC) [Ebix Singapore (P) Ltd. v. Educomp Solutions Ltd. (CoC), (2022) 2 SCC 401: (2022) 1 SCC (Civ) 586: (2022) 231 Comp Cas 110], a two-Judge Bench of this Court, speaking through one of us (D.Y. Chandrachud, J.), affirmed this position and observed as follows: (SCC p. 481, para 101)*

"101. Any claim seeking an exercise of the adjudicating authority's residuary powers under Section 60(5)(c) of the IBC, NCLT's inherent powers under Rule 11 of the NCLT Rules, 2016 or even the powers of this Court under Article 142 of the Constitution must be closely scrutinised for broader compliance with the insolvency framework and its underlying objective. The adjudicating mechanisms which have been specifically created by the statute, have a narrowly defined role in the process and must be circumspect in granting reliefs that may run counter to the timeliness and predictability that is central to IBC. Any judicial creation of a procedural or substantive remedy that is not envisaged by the statute would not only violate the principle of separation of powers, but also run the risk of altering the delicate coordination that is designed by IBC framework and have grave implications on the outcome of CIRP, the economy of the country and the lives of the workers and other allied parties who are statutorily bound by the impact of a resolution or liquidation of a corporate debtor."

38. This Appellate Tribunal, in **Indian Bulls Housing Finance Limited vs. Sandeep Chandna & Ors.[Company Appeal (AT) (Ins.) No. 619 of 2021**] opined as under:

> ***"18.*** *I.A. 1818 of 2021 has been preferred by the Appellant seeking a direction to remove the first Respondent as the IRP and forward the name of Mr. Munish Kumar Sharma to IBBI for its confirmation as the IRP; or in the alternative directed the IBBI to nominate the IRP/RP for R-3 Company. It is also seen from the record that I.A. 1132 of 2020 was also filed in CP (IB) 1600/ND/2018 before the Adjudicating Authority, when the matter was pending adjudication and listed for final arguments, seeking change of the proposed IRP. It was prayed that the Application be allowed and Mr. Jayant Prakash be substituted as the proposed IRP in place of Mr. Sandeep Chandna. We note that vide Order dated 25.10.2019, this Tribunal has set aside the Order of Admission of the Adjudicating Authority on the ground that it was passed by one single Member and remanded the matter back to the Adjudicating Authority to be heard afresh on merits relating to Admission of Application. As regarding the fee of Resolution Professional, it was directed that the Adjudicating Authority will decide the same in accordance with law and in case Section 7 Application is admitted, it will be decided by the Committee of Creditors as per the provisions of the Code. It is seen from the record that the present IRP/first Respondent continued to perform his functions under Section 16(5) of the Code. It is not in dispute that in the 1st CoC Meeting held on 18.03.2021, 6 out of the 9 Members of the CoC present at the Meeting voted in favour of the first Respondent to appoint him as RP of the 'Corporate Debtor'. In the 2nd CoC Meeting held on 07.04.2021, 7 out of the 9 Members of the CoC voted in favour of the first Respondent to appoint him as the Resolution Professional of the Corporate Debtor. But it is seen that the first Respondent was neither appointed as the RP nor was he replaced. Hence, he has been continuing as the RP as per the provisions of Section 16(5) of the Code. The resolution for appointment of the IRP as the RP was not approved and the other resolutions for the appointment of another Insolvency Professional, nominated by the Applicant, RP was also put to vote, but was not approved as it could not receive the requisite majority of 66%. Sections 22 and 27 of*

the Code lay down pre-requisites for replacing the IRP. We find it relevant to reproduce the said Sections:

"22. ***Appointment of Resolution Professional-*** *(1) The first meeting of the committee of creditors shall be held within seven days of the constitution of the committee of creditors.*

(2) ***<u>The committee of creditors, may, in the first meeting, by a majority vote of not less than seventy-five sixty-six per cent of the voting share of the financial creditors, either resolve to appoint the interim resolution professional as a resolution professional or to replace the interim resolution professional by another resolution professional.</u>***
(3) Where the committee of creditors resolves under sub-section (2)-

(a) to continue the interim resolution professional as resolution professional subject to a written consent from the interim resolution professional in the specified form, it shall communicate its decision to the interim resolution professional, the corporate debtor and the Adjudicating Authority; or
(b) to replace the interim resolution professional, it shall file an application before the Adjudicating Authority for the appointment of the proposed resolution professional along with a written consent from the proposed resolution professional in the specified form.

(4) The Adjudicating Authority shall forward the name of the resolution professional proposed under clause (b) of sub-section (3) to the Board for its confirmation and shall make such appointment after confirmation by the Board.

(5) Where the Board does not confirm the name of the proposed resolution professional within ten days of the receipt of the name of the proposed resolution professional, the Adjudicating Authority shall, by order, direct the interim resolution professional to continue to function as the resolution professional until such time as the Board confirms the appointment of the proposed resolution professional."

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"27. Replacement of resolution professional by committee of creditors-*(1) Where, at any time during the corporate insolvency resolution process, the committee of* *creditors is of the opinion that a resolution professional appointed under section 22 is required to be replaced, it may replace him with another resolution professional in the manner provided under this section.*

(2) The committee of creditors may, at a meeting, by a vote of sixty-six per cent of voting shares, resolve to replace the resolution professional appointed under section 22 with another resolution professional, subject to a written consent from the proposed resolution professional in the specified form.]

(3) The committee of creditors shall forward the name of the insolvency professional proposed by them to the Adjudicating Authority.

(4) The Adjudicating Authority shall forward the name of the proposed resolution professional to the Board for its confirmation and a resolution professional shall be appointed in the same manner as laid down in section 16.

(5) Where any disciplinary proceedings are pending against the proposed resolution professional under sub-section (3), the resolution professional appointed under section 22 shall continue till the appointment of another resolution professional under this section."

***19.** Keeping in view the facts and circumstances of the case and the provisions of the Code, we are of the considered view that appointment of an IRP is clearly provided under Section 22 and the replacement of IRP under Section 27 and therefore, we dispose of this Application with a direction to the CoC to proceed in accordance with law. We hold that there is no provision under the Code which empowers one of the Members of the CoC to approach this Tribunal seeking replacement of the IRP or RP when the same is rejected by a majority of Members of the CoC".*

39. This Appellate Tribunal, in ***Bikram Bhadur v. CoC of Beoworld Pvt. Ltd. and Ors., (2025) ibclaw.in 944 NCLAT*** again held as under:

*"**5.** Under Section 27, it is the CoC which is empowered to replace the Resolution Professional with requisite majority.*

The CoC which is existing as on date and functioning has passed the resolution for change of the RP which has been approved the impugned order. The mere fact that appellant is aggrieved by the constitution of the CoC and made a challenge which is pending consideration in this Tribunal cannot be a ground to oppose the appointment of the RP who has the approval under Section 27."

40. This Appellate Tribunal, in ***Subrata Roy and Ors. v. Rajiv Mohan and Ors.,*** **(2026) ibclaw.in 539 NCLAT** opined as under**:**

*"**26.** When the statutory provisions are unambiguous and fully empowers the CoC to replace the RP by following the prescribed procedure and parameters laid down under Section 27 of the IBC, the decision of the CoC cannot be interfered with by the Adjudicating Authority or by this Tribunal in the exercise of its appellate jurisdiction unless and until the decision of the CoC disturbs the foundational principles of IBC which is not the case here. The Adjudicating Authority is required to apply its mind within the four corners of law and cannot* over-reach its assigned role by assuming the role of being a moral guardian. Since the Adjudicating Authority has chosen to exercise a jurisdiction not vested on it by law, the impugned order passed by the Adjudicating Authority is held by us to be *coram non judice."*

41. This Appellate Tribunal, in ***Katra Realtors Pvt. Ltd. v. Mr. Rajesh Ramnani RP and Anr., (2024) ibclaw.in 136 NCLAT*** held as under:

*"**9.** In the facts of the present case, we are of the view that the Adjudicating Authority did not commit any error in rejecting the application filed by the Appellant. Any application for replacement dehorse Section 27 process can be entertained only when there are findings on conduct of the Resolution Professional by the Adjudicating Authority or some proved fact, merely on allegation as has sought to be made by the Applicant, the Adjudicating Authority shall not enter into enquiry and decide the allegations for the purpose of deciding the application filed by the Appellant."*

42. Coming to the facts of this case, it is reflected that the first grievance of the appellants is with regard to the fact that Appellant No. 1 and 2, had

submitted their claims as secured financial creditors, in Form C on January 3, 2025, and January 24, 2025 respectively and their claim of less value were admitted by the IRP. We notice that, according to the own admission of the appellants, the appellant No. 1 has filed its claim of ₹276,879,224 and his claim for ₹267,793,424 was admitted and he was assigned an 84.23% voting share as on 15th January 2025. Likewise, the Appellant No. 2 has submitted its claim of ₹109,985,312 and his claim for ₹102,162,738 was admitted. He was assigned 17.47% voting share in the CoC as on February 3, 2025. We also notice that under Section 18(b) of the Code a duty has been cast on the IRP to receive and collate all the claims submitted by creditors to him, pursuant to the public announcement made by him under Section 13 and 15 of the Code. Section 25 of the Code also entrusts the IRP with the duty to maintain an updated list of claims. Therefore, depending upon the nature and the quantity of the debt, it is the duty of the IRP or RP, or as the case may be, to maintain up-to-date list of claims. It is on the basis of this updated list of creditors the CoC is required to be constituted. Any creditor who is aggrieved by the act of the IRP may approach the Learned Adjudicating Authority by filing appropriate proceedings and thus the only fact that the claim of the creditors has not been admitted in full may not be the sole ground to remove the IRP.

43. We also notice that the learned tribunal in the impugned order has also stated that the IRP had received further claims of three operational creditors and 70 homebuyers and till 8-3-2025, total claim of two financial creditors, four operational creditors and 137 homebuyers have been filed. Further claims of 67 homebuyers out of 70 claimants were admitted after

due verification. Accordingly, the CoC was reconstituted on 8th March 2025 and updated claims were filed to the IBBI and also to the Adjudicating Authority through IA No. 424 of 2025. The list was also shared with the creditors on 10th March 2025. As on 8th March 2025 there are two financial creditors and 134 homebuyers who are the members of the CoC. This factual position has not been disputed by the appellants. We at this juncture also notice Regulation 10, 12, 12A, and 13 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for corporate persons) Regulations 2016. A conjoint reading of these regulations would suggest that a person claiming himself to be a creditor of the CD would have to submit its claim with proof to the interim resolution professional or the resolution professional, as the case may be. The IRP or the RP may call for any such other evidence or clarification as he deems fit from a creditor for substantiating the whole or part. A duty has been cast on the IRP or the RP to verify every claim as on the insolvency commencement date and thereupon to maintain a list of creditors containing names of creditors along with the amount claimed by them. Though the IRP or the RP, though, may not have any power of adjudication? The limited power which has been given to him under the four corners of the Insolvency and Bankruptcy Code is to substantiate and verify the claim. If, after verification of any claim, the claim of a lesser amount has been admitted by the IRP in contrast to what has been claimed by the creditor, the integrity of the IRP could not be doubted only on this score.

44. The other allegations against the IRP are that he proposed the services of Shreya Insolvency Professionals Pvt. Ltd., wherein one Mr. Sandeep

Kumar Bhatt was the director who was disqualified by the IBBI from acting as a resolution professional.

45. The defense of the IRP is that Shreya Insolvency is a professional entity having several directors and professionals and any finding returned by the IBBI with regard to one director, pertaining to him working as a resolution professional, in one matter will not disqualify him from acting as a professional assistant. It is also stated that Delhi High Court's order dated 3rd April 2025 has waived the suspension of Mr. Bhatt and the charges were not found tenable.

46. We also notice that the appointment and fee of the insolvency professionals were approved by the CoC in its first CoC meeting, wherein one of the appellant was also a member.

47. Allegations pertaining to entering into contracts and modifications of the terms of the contract are also leveled against the IRP. The IRP claimed that by virtue of power granted under Section 20(2) of the Code, the IRP is empowered to enter into a contract on behalf of the CD and may also modify contracts entered into by the CD prior to the initiation of the insolvency process date, in order to keep the CD as a going concern.

48. We notice that the issue of modification of the contract agreement dated 7th December 2022, executed between CD and the appellant, was discussed in the 3rd CoC meeting and it was resolved that the terms of its contract dated 7 December 2020, which are not suitable for the resolution plan, be kept in abeyance. It is also reflected that IA No. 434 of 2025 was filed by the appellant and it was directed by the Adjudicating Authority, while passing the order dated 5 May 2025, that the aforesaid resolution

shall not be put into effect till the final decision of the application pending before the Adjudicating Authority. Thus, this resolution was not acted upon and therefore we find substance in the submissions of the Ld. Counsel for the IRP that the aforesaid resolution of the CoC was never acted upon. We therefore find that there is no question of non-compliance of any order of the Ld. Adjudicating Authority.

49. We also notice that the appellants have preferred a complaint against the IRP. The counsel for the IRP has relied on the observation of the Ld. Adjudicating Authority in the impugned order that the instant case is not like the case of Anil Kumar (supra), where there was a genuine deadlock had emerged in the CIRP. We notice that the main grievance of the appellants so far as the IRP is concerned is with regard to non-admission of their claims by the IRP in full and continuous reduction of their voting share in the CoC due to the admission of the claims of homebuyers.

50. We notice that in its communication dated 11th August 2025, IBBI had observed that many resolutions (including appointment of RP) have not been approved in the matter due to lack of 51% or 66% voting share as required. This is causing delay and obstruction in the effective conduct of the CIRP. The IRP was advised by the IBBI to take appropriate steps to address the deadlock among the CoC members by considering approaching the Ld. Adjudicating Authority, praying for removal of deadlock as regards replacement of IRP and appointment of other professionals.

51. Therefore, it is evident that there was deadlock within the CoC on various issues but the composition of the CoC had been such that the creditors in a class were supporting the IRP while the appellants were

apprehended by reduction of their voting share in the CoC and Prima facie this factual matrix appears to be the main cause of deadlock between the members of the COC.

52. The appellant has also relied on the conduct of the IRP after the passing of the impugned order and it is highlighted that in the 7th CoC meeting the IRP treated his appointment as RP despite only receiving 59.03% vote share, which is much below the required voting percentage of 66% and when the issue was brought before this appellate tribunal, the IRP sought to reverse the process in the 10th CoC meeting. The case of the respondent IRP is that the replacement of the existing IRP and appointment of new IRP was put up for voting in the second, third, and fourth CoC meetings and was rejected and as per Regulation 17(3) of the CIRP Regulations 2016, the IRP was directed to work as RP. Regulation 17(3) of the CIRP Regulations 2016 is reproduced as under: -

> *Regulation 17: Constitution of Committee.*
> *(3) Where the appointment of resolution professional is delayed, the interim resolution professional shall perform the functions of the resolution professional from the fortieth day of the insolvency commencement date till a resolution professional is appointed under Section 22.*

53. The Regulation 17(3) of the CIRP Regulations 2016 would clearly suggest that where the appointment of the resolution professional is delayed, the IRP shall perform the function of the RP from the 40th day of the insolvency commencement date till a RP is appointed under Section 22 of the Code. It is claimed by the respondent that the IRP was acting as the RP under this Regulation and the aforesaid contention of the Respondent is also fortified by the resolution passed in the fourth CoC meeting held on 5th May 2025 at resolution No. 3.

54. Respondent IRP, in its written submissions, has also stated that the Home Buyers have insisted on him to convene a meeting of the COC by sending an email dated 18th March 2026. The IRP, under Regulation 18 of the CIRP Regulations 2016, was bound to convene the meeting if it is requisitioned by 33% members of the COC. Accordingly, such meeting was convened on 24th March 2026 to consider the appointment of IRP as RP. In this 13th COC meeting the agenda to approve the IRP as RP was approved with 67.42% vote share. Thus the IRP has been appointed by the COC as RP.

55. Since all these developments have taken place after the passing of the impugned order, we do not want to go into the legality or otherwise of the appointment of the IRP as RP. The parties are at liberty to exercise their rights before the appropriate forum, subject to the law of limitation.

56. We also notice that allegations and counter-allegations have been levelled by the appellant and respondents against each other. It is reflected that allottees (creditors in a class) are in the majority in the CoC are supporting the IRP and the appellants who are enjoying 32.43% voting share in the CoC are raising allegations against the conduct of the IRP. It is also reflected that the voting share of financial creditors (Appellants) is continuously decreasing due to the admission of the claims of the home buyers. The appellants are having grievance with the IRP on various scores and they do not have trust in him. However, the complaint moved to the IBBI by the appellants regarding conduct of IRP has not fetched any fruitful result and the IRP has only been directed to approach the Adjudicating Authority for carrying forward the smooth insolvency process.

57. We at this juncture also recall that the role of the IRP in the process of insolvency is to keep himself neutral and free from bias and his conduct should be fair. However, there may be circumstances when all the stakeholders of the process may not be happy with the functioning of the IRP, more so when by continuously admitting the claims of the allottees/ home buyers, the voting share of the financial creditors is decreasing gradually in the CoC and ultimately has been reduced to minority.

58. We are conscious of the fact that conducting the insolvency process in a case where the business of the CD is the real estate, is a complex issue. The financial creditors in these cases and allottees, who are financial creditors in a class, are having conflicting interests. The financial creditors are more interested in recovery of their money while home buyers are interested in timely completion of the project and in getting possession of their dream homes. It is in the midst of these conflicting interests the IRP/RP is standing and therefore it is always not possible for the IRP/RP to keep all the stakeholders satisfied or happy.

59. In this scenario the role of the IRP/RP is to remain more vigilant and to keep his conduct such that no one could raise a finger on him. The process of removal of the IRP/RP in insolvency under the IBC is a process controlled by the CoC. The various decisions in this regard, including the change, replacement or continuation of the IRP/RP, in our considered opinion, must be left to the wisdom of the CoC and the tribunals should only interfere when there are exceptional circumstances, which in our considered opinion are lacking in this case.

60. Learned Counsels for the appellant as well as respondents have relied on various case laws mentioned herein before. However, the ratio of each case is to be seen in the background of attending facts and circumstances of each case and no strait Jacket formula can be formulated to fit in all facts and circumstances.

61. Having considered all the facts and circumstances of this case and for the reasons given herein before, in our considered opinion there are no good grounds on the basis of which interference could be made in the impugned judgments and orders. In result the above mentioned appeals are liable to be dismissed and are **dismissed** as such.

62. There is no order as to costs.

63. Pending applications, if any, are also disposed of.

[Justice Mohd. Faiz Alam Khan]
Member (Judicial)

[Naresh Salecha]
Member (Technical)

New Delhi.
04.08.2026.
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