NATIONAL COMPANY LAW APPELLATE TRIBUNAL
PRINCIPAL BENCH, NEW DELHI

Company Appeal (AT) (Ins.) No. 150 of 2026

(Arising out of order dated 08.10.2025 passed by the National Company Law Tribunal, New Delhi Principal Bench in I.A. No. 5287 of 2022 in CP (IB) No. 652 (PB)/2019)

In the matter of:

Somani Worsted Limited
Through its Authorised Signatory and Director,
Mr. Aditya Gupta
Having its Registered Office at:
225, Okhla Industrial Estate, Phase III.
New Delhi – 110020.

...Appellant

Vs.

Mr. Amit Aggarwal
(Resolution Professional of
Celebration City Projects Private Limited)
H – 63, Vijay Chowk, Laxmi Nagar,
New Delhi – 110 092.

...Respondent

Present:

For Appellant:	**Mr. Vivek Kohli, Sr. Advocate along with Ms. Nikita Maheshwari, Mr. Nikhil Aswani and Ms. Vasudha Chadha, Advocates.**
For Respondents:	**Mr. Sumesh Dhawan, Mr. Pankaj Agarwal, Mr. Shashwat Srivastava, Ms. Mrigangi Parul and Mr. Sagar Thakkar, Advocates.** **Mr. Akshay Sharma, Advocate for intervener.**

J U D G M E N T

(1st September, 2026)

INDEVAR PANDEY, MEMBER (T)

INTRODUCTORY PARAGRAPH

The present appeal has been preferred by **Somani Worsted Limited** ("**Appellant**") under Section 61 of the Insolvency and Bankruptcy Code, 2016, (hereinafter referred to as '**Code**') assailing the **Impugned Order dated 08.10.2025** passed by the **Adjudicating Authority** (National Company Law Tribunal, New Delhi (Principal Bench)) in **I.A. No. 5287 of 2022 in C.P. (IB) No. 652 (PB)/2019**, whereby the application filed by the Appellant under Section 60(5) of the Code was dismissed. The appellant has challenged the decision of **Mr. Amit Aggarwal, Resolution Professional of Celebration City Projects Private Limited /Respondent** of unilaterally deleting its already admitted claim from the List of Creditors during the Corporate Insolvency Resolution Process ("CIRP") of **Celebration City Projects Private Limited** ("**Corporate Debtor**").

2. The Appellant alleges that such deletion was carried out at the instance of a related party-financial creditor, without following the procedure prescribed under the Code and without obtaining prior permission of the Adjudicating Authority. Aggrieved by the dismissal of its application and contending that the Respondent acted beyond the scope of the statutory powers vested in a Resolution Professional, the Appellant has preferred the present appeal seeking restoration of its admitted claim and other consequential reliefs.

FACTS OF THE CASE

3. Brief facts of the case necessary to decide this Appeal are as under:

i. The dispute traces its origin to a **Memorandum of Understanding executed on 08.01.2010** between the Appellant, Somani Worsted Limited, and **AEZ Infratech Private Limited** (now known as **ADTV Communications Private Limited**), whereby the Appellant agreed to book commercial space in a proposed residential and commercial project to be developed by AEZ in the National Capital Region. Pursuant to the said arrangement and in fulfilment of its contractual obligations, the Appellant, on 12.01.2010, advanced a total sum of Rs.13,60,00,000/- to AEZ through two separate cheques, one for Rs.2,82,80,000/- and another for Rs.10,77,20,000/-, towards the booking amount for the proposed commercial space.

ii. Subsequently, AEZ expressed its inability to procure suitable land for implementation of the proposed project and, through an Inter-Corporate Memo dated 04.10.2010, proposed that a part of the amount already advanced by the Appellant be invested in another commercial project being developed by Celebration City Projects Private Limited, the Corporate Debtor. At the relevant time, AEZ and the Corporate Debtor were admittedly owned, controlled and managed by the same group of individuals. Accepting the said proposal, the Appellant, through its own Inter-Corporate Memo issued on 04.10.2010, agreed to invest Rs.9,77,00,000/-, which was already lying with AEZ, in the project of the Corporate Debtor.

iii. Pursuant to the aforesaid arrangement, a fresh **Memorandum of Understanding was executed on 07.10.2010** between the Appellant and the Corporate Debtor. Under the said MoU, the Corporate Debtor expressly acknowledged receipt of Rs.9,77,00,000/- from the Appellant and, in consideration thereof, provisionally allotted 50,000 square feet of commercial space in its project known as "**Celebration City Project**", situated at Nehru Vikas Minar, Ghaziabad, Uttar Pradesh, which was subsequently renamed as "**RED Mall**". The Corporate Debtor further undertook to complete construction and hand over possession of the allotted commercial space within a period of ten years.

iv. According to the Appellant, the transaction stood independently corroborated through the financial records of the Corporate Debtor, including its Balance Sheets for the financial years 2014-15 and 2015-16, wherein the amount of Rs.9,77,00,000/- was reflected as advances received against properties from the Appellant. The Appellant also relies upon the ledger account maintained between AEZ and the Corporate Debtor, which records receipt of the monies from AEZ by the Corporate Debtor and the subsequent credit of the said amount in favour of the Appellant through journal entries, thereby evidencing that the funds originally advanced by the Appellant had ultimately reached the Corporate Debtor for allotment of commercial space in the RED Mall project.

v. Despite expiry of the contractual period of ten years and notwithstanding receipt of the occupancy/completion certificate for the project, the Corporate Debtor allegedly failed to hand over possession of the allotted 50,000 square feet of commercial space to the Appellant.

vi. Thereafter, the Corporate Debtor was admitted into **Corporate Insolvency Resolution Process (CIRP) on 21.03.2022** pursuant to admission of an application under Section 9 of the Code by the Adjudicating Authority, and Mr. Amit Aggarwal was appointed as the Interim Resolution Professional, who subsequently continued as the Resolution Professional. Following the public announcement inviting claims, the Appellant, on 08.04.2022, submitted its claim in Form CA as a Financial Creditor in a Class (Real Estate Allottee), claiming a total amount of Rs.18,72,32,458/-, comprising the principal investment of Rs.9,77,00,000/- along with accrued interest of Rs.8,95,32,458/-.

vii. Upon verification, the Resolution Professional provisionally admitted the Appellant's claim and, through the List of Creditors published on 21.04.2022, recognised the Appellant's claim to the extent of Rs.18,84,95,866.67/-and the Appellant was treated as a Financial Creditor in a Class. Its name was reflected in the list of creditors circulated by the Resolution Professional, and it participated in the meetings of the Committee of Creditors, while exercising its voting rights.

viii. The position materially changed after 03.05.2022, when the Resolution Professional received a representation from Sakshi Fincap Private Limited, described as a related party as well as a financial creditor of the Corporate Debtor, objecting to the admission of the

Appellant's claim. The Resolution Professional, on 06.05.2022, forwarded the same to the Appellant and called upon it to furnish supporting documents in respect of an already admitted claim.

ix. Responding to the aforesaid communication, the Appellant, on 13.05.2022, submitted a comprehensive reply supported by documentary evidence explaining the entire chain of transactions beginning from the payments made to AEZ up to the investment in the Corporate Debtor's project and reiterating the basis of its claim.

x. The Resolution Professional, through an email dated 25.08.2022, again questioned the Appellant's claim, asserted that no payments had been made directly to the Corporate Debtor, called upon the Appellant to furnish further substantiation and, pending such clarification, unilaterally categorised the claim as a "**doubtful/suspicious transaction.**" To address these allegations, the Appellant submitted another exhaustive response on 06.09.2022, explaining the transaction in detail and disputing the objections allegedly raised at the instance of Sakshi Fincap.

xi. It was upon circulation of the List of Creditors for the Fourth Committee of Creditors meeting on 19.10.2022 that the appellant discovered that its name had been completely removed from the List of Creditors.

xii. Aggrieved by the unilateral deletion of its admitted claim, the Appellant, on 30.10.2022, instituted I.A. No. 5287 of 2022 under

Section 60(5) of the Insolvency and Bankruptcy Code before the Learned NCLT, seeking restoration of its claim in the List of Creditors and reconstitution of the Committee of Creditors. During the proceedings, the appellant learnt that the Resolution Professional had also filed a separate application under Section 66 of the Code alleging that the Appellant's transaction was fraudulent.

xiii. Ultimately, the Adjudicating Authority, by the Impugned Order dated 08.10.2025, dismissed the Appellant's application, holding that the Resolution Professional was justified in rejecting the claim and further observing that the Appellant's claim already stood adjudicated by an **Arbitral Award dated 28.12.2015** passed in proceedings against AEZ and, therefore, a fresh claim against the Corporate Debtor in the CIRP was not maintainable.

xiv. Being aggrieved by the dismissal of its application; the refusal to restore its admitted claim; and the alleged failure of the Learned NCLT to examine the legality of the Resolution Professional's actions, the Appellant has preferred the present appeal.

Submissions of Appellant

4. The Learned Counsel submitted that the present Appeal has been preferred challenging the Impugned Order dated 08.10.2025 passed by the Adjudicating Authority in IA No. 5287 of 2022 in CP (IB) No. 652 of 2019, whereby the Application preferred by the Appellant assailing its arbitrary removal and exclusion from the Committee of Creditors ("CoC") of the

Corporate Debtor was summarily dismissed. It was submitted that despite the Respondent initially admitting the Appellant's claim and recognising the Appellant as a Financial Creditor in a class, the Respondent subsequently and unilaterally reversed the earlier decision and excluded the Appellant from the CoC without following the procedure established under law.

5. He submitted that the Appellant is a Financial Creditor in a class whose claim amounting to Rs.18,84,96,866.67 was admitted by the Respondent on 21.04.2022. The claim emanates from the transaction whereby the Appellant had advanced an amount of Rs.9,77,00,000 in the year 2010 towards booking 50,000 square feet of commercial space in the RED Mall Project being developed by the Corporate Debtor. It was contended that the transaction is supported by extensive documentary evidence, including the Memorandum of Understanding dated 08.01.2010, the cheques dated 12.01.2010, the Inter-Corporate Memos dated 04.10.2010, the subsequent Memorandum of Understanding dated 07.10.2010, the Balance Sheets of the Corporate Debtor acknowledging the transaction, and the Ledger Account maintained between the Appellant and the Corporate Debtor. According to the Learned Counsel, these contemporaneous documents unequivocally establish the existence of the financial transaction and the corresponding liability of the Corporate Debtor towards the Appellant.

6. He further submitted that after the admission of its claim, the Appellant actively participated in several meetings of the Committee of Creditors. However, at a later stage, the Respondent arbitrarily characterised the Appellant's transaction as "suspicious and doubtful" solely on the basis of an

unverified representation received from a related party of the Corporate Debtor. Acting upon such representation, the Respondent, without issuing any prior notice or affording an opportunity of hearing to the Appellant, published a revised list of creditors on 19.10.2022, whereby the Appellant's already admitted claim stood extinguished and the Appellant was consequently removed from the CoC. It was argued that such unilateral action compelled the Appellant to approach the Ld. NCLT by filing the present Application challenging the illegal exclusion.

7. The Ld. Counsel further submitted that the factum of disbursal of funds and receipt thereof by the Corporate Debtor has never been disputed by any party. The principal basis adopted by the Learned NCLT for dismissing the Application was that the Appellant had already obtained an arbitral award against a third party and, therefore, could not seek recovery of the same amount in the Corporate Insolvency Resolution Process. According to the Ld. Counsel, this reasoning proceeds on a complete misconception of law since the arbitral proceedings were directed against a different entity and not against the Corporate Debtor. The existence of another proceeding for recovery of the debt cannot extinguish or erase the independent liability owed by the Corporate Debtor.

8. The Ld. Counsel submitted that the present Appeal essentially raises three issues for consideration. Firstly, whether the disbursement of funds in favour of the Corporate Debtor stands established on the basis of documentary evidence. Secondly, whether the Appellant's claim against the Corporate Debtor can be extinguished merely because the Appellant

simultaneously pursued arbitration proceedings against AEZ Infratech Private Limited/ADTV Communications Private Limited. Thirdly, whether the Respondent possessed any authority to review and reject an already admitted claim without obtaining leave of the Adjudicating Authority. These issues, according to the Appellant, lie at the core of the present Appeal.

9. The Ld. Counsel submitted that the amount of Rs.9,77,00,000 was admittedly disbursed for acquiring 50,000 square feet of commercial space in the RED Mall Project. Such transaction squarely falls within the ambit of Section 5(8)(f) read with Explanation I of the Insolvency and Bankruptcy Code, 2016, since the transaction possessed the commercial effect of a borrowing. It was argued that the nature and structure of the transaction, rather than its nomenclature, determines whether it constitutes a financial debt under the Code, and in the present case every element necessary to satisfy the statutory definition is fulfilled.

10. The Ld. Counsel explained the complete chain of transactions giving rise to the Appellant's financial debt. It was submitted that pursuant to the Memorandum of Understanding dated 08.01.2010, the Appellant disbursed an amount of Rs.13.60 crore to AEZ Infratech Private Limited through two cheques for booking commercial space. Subsequently, by virtue of the Inter-Corporate Memo dated 04.10.2010, AEZ proposed investment of the concerned amount in the RED Mall Project being developed by the Corporate Debtor, which proposal was accepted by the Appellant through another Inter-Corporate Memo of the same date. Thereafter, AEZ transferred Rs.13.78 crore to the Corporate Debtor, of which Rs.9.77 crore stood specifically earmarked

in favour of the Appellant. Finally, under the Memorandum of Understanding dated 07.10.2010, the Corporate Debtor acknowledged receipt of Rs.9.77 crore from the Appellant and allotted 50,000 square feet of commercial space in its project. The transaction is further reflected in the Corporate Debtor's Balance Sheets as well as the Ledger Account maintained between the parties. It was emphasised that there exists no document whatsoever to demonstrate that this amount was ever returned to the Appellant. The documentary trail, therefore, conclusively establishes the financial debt owed by the Corporate Debtor.

11. The Ld. Counsel further submitted that the Appellant's case stands fortified by the affidavit dated 18.09.2020 filed before the Hon'ble Delhi High Court during enforcement proceedings arising out of the Arbitral Award dated 28.12.2015. In the said affidavit, the authorised signatory of AEZ expressly admitted that AEZ had received Rs.13.60 crore from the Appellant and that out of the said amount, Rs.9.77 crore had been invested for booking commercial space in the Corporate Debtor's project in the name of the Appellant. This categorical admission by AEZ independently corroborates the Appellant's claim and leaves no room for dispute regarding the movement and utilisation of funds.

12. The Ld. Counsel also relied upon the decision of this Appellate Tribunal in ***Rajeev Kumar Jain v. Uno Minda Limited, Company Appeal (AT) (Ins.) No. 947 of 2022***, to contend that there is no legal requirement under the IBC that the financial creditor must directly transfer funds into the account of the Corporate Debtor. What is relevant is whether the Corporate Debtor

ultimately received the funds and derived the corresponding financial benefit. Since the transfer of Rs.9.77 crore to the Corporate Debtor remains undisputed and stands acknowledged in multiple documents, the Appellant's claim clearly satisfies the ingredients of a financial debt under Section 5(8) of the Code.

13. The Ld. Counsel further submitted that the reasoning adopted by the Learned NCLT, namely that the Appellant's participation in arbitration proceedings precluded it from asserting its claim in the CIRP, is legally unsustainable. It was argued that there exists no provision under the Insolvency and Bankruptcy Code prohibiting a creditor from simultaneously pursuing multiple remedies against different persons liable for the same debt. A creditor is legally entitled to enforce its rights before different forums so long as there is no double recovery. Any statutory bar on pursuing multiple proceedings must be expressly enacted by Parliament, and no such prohibition exists under the IBC. Consequently, the Ld. NCLT erred in treating the arbitration proceedings as a ground to reject the Appellant's admitted claim.

14. He submitted that the legislative framework itself recognises simultaneous proceedings. Particular reliance was placed upon Regulation 12A of the CIRP Regulations, 2016, which specifically contemplates that where a creditor realises its claim through another legal proceeding, it is under a statutory obligation to appropriately update and reduce its claim in the CIRP to the extent of such realisation. This provision itself demonstrates that the legislature envisages multiple proceedings and merely prohibits

unjust enrichment through double recovery. Thus, instead of barring simultaneous proceedings, the statutory framework provides adequate safeguards against duplication of recovery.

15. Reliance was also placed upon the judgment of the Hon'ble Supreme Court in ***ICICI Bank Limited v. Era Infrastructure (India) Limited, 2026 INSC 201.*** The Ld. Counsel submitted that the Hon'ble Supreme Court has authoritatively considered the principles governing election of remedies and unjust enrichment and has recognised Regulation 12A as an adequate statutory safeguard. The Supreme Court observed that creditors are obligated to immediately update their claims upon receiving satisfaction, whether wholly or partially, from any other proceeding. Consequently, the apprehension of double enrichment, which weighed with the Ld. NCLT, is wholly misplaced and contrary to the law declared by the Supreme Court.

16. The Ld. Counsel submitted that the Respondent acted wholly without jurisdiction in reviewing and rejecting the Appellant's already admitted claim. Reliance was placed upon the judgment of this Appellate Tribunal in ***Rajnish Jain v. Manoj Kumar Singh & Ors., Company Appeal (AT) (Ins.) No. 519 of 2020,*** wherein it has been categorically held that a Resolution Professional does not possess adjudicatory powers and cannot undertake a review of an already admitted claim. This settled legal position has also been reiterated by the Chennai Bench of this Tribunal in ***Byju Raveendran v. Aditya Birla Finance Limited & Ors., Company Appeal (AT) (CH) (Ins.) No. 120 of 2025.*** Accordingly, once the Appellant's claim had been admitted, the Respondent lacked the jurisdiction to reconsider or reject the same on his own accord.

17. It was further argued that the Respondent's conduct in unilaterally reviewing the admitted claim and thereafter arbitrarily removing the Appellant from the Committee of Creditors was wholly illegal, arbitrary and contrary to the provisions of the Insolvency and Bankruptcy Code as well as binding judicial precedents. Such action was undertaken without notice, without granting any opportunity of hearing and without obtaining any permission from the Adjudicating Authority. The Learned Counsel submitted that the Learned NCLT ought to have recognised this manifest illegality instead of endorsing the Respondent's conduct.

18. It is submitted that the Respondent himself had initially admitted the Appellant's claim as that of a Financial Creditor in a class after examining all the relevant documentary evidence. However, thereafter, without any statutory authority and without seeking leave of the Ld. NCLT, the Respondent arbitrarily excluded the Appellant from the Committee of Creditors. According to the Appellant, the Ld. NCLT committed a serious error in approving such conduct, despite the absence of any power of review vested in the Resolution Professional.

19. Summing up his arguments, Ld. Counsel submitted that on the merits of the claim, the disbursement of Rs.9.77 crore in favour of the Corporate Debtor stands fully established and remains completely uncontroverted. The documentary evidence, admissions on record, balance sheets, ledger accounts and affidavit filed by AEZ all unequivocally acknowledge the transaction. Despite this overwhelming evidence, the Learned NCLT failed to appreciate the true nature of the transaction and proceeded to dismiss the

Appellant's claim on an erroneous legal premise. In these circumstances, the Learned Counsel submitted that the Impugned Order dated 08.10.2025 deserves to be set aside and the Appellant's claim ought to be restored in accordance with law.

Submissions of Respondent

20. The Ld. Counsel submitted that the Appellant has deliberately sought to portray the alleged transaction as an independent commercial dealing, whereas the record clearly establishes that the Appellant; AEZ Infratech Private Limited; and the Corporate Debtor were closely related group entities operating under common management and control during the relevant period. This admitted relationship is a crucial circumstance while appreciating the evidentiary value of the documents relied upon by the Appellant, particularly when the alleged liability is sought to be established primarily through internal records generated by these very entities.

21. He submitted that Mr. M.P. Somani served as Director of the Corporate Debtor from 30.09.2008 to 10.01.2018 while simultaneously holding the office of Director in the Appellant company from 28.02.2009 onwards. Likewise, Mr. Sanjay Kackar remained Director of the Corporate Debtor from 01.06.2009 to 09.10.2017 and was also a Director of the Appellant from 22.12.2008 onwards. The Adjudicating Authority has specifically recorded this commonality of directors and management in the Impugned Order, and the Appellant has not disputed the said finding. The undisputed existence of common directors clearly establishes that the entities were functioning under

common control during the period when the alleged transaction is stated to have taken place.

22. The Ld. Counsel further submits that the Inter Corporate Memos dated 04.10.2010, exchanged between AEZ Infratech Private Limited and the Appellant, as well as the alleged Memorandum of Understanding dated 07.10.2010, themselves disclose a common registered office address, further demonstrating the close nexus between these entities. In addition, AEZ Infratech Private Limited held 49% shareholding in the Corporate Debtor and 16.74% shareholding in the Appellant as on 31.03.2011, thereby reinforcing that all three entities formed part of the same corporate group and were not independent parties transacting at arm's length.

23. He submits that the Appellant has relied upon the Balance Sheets of the Corporate Debtor for the Financial Years 2014-15 and 2015-16 to contend that the alleged amount stood acknowledged therein. However, the said Balance Sheets were admittedly signed by Mr. M.P. Somani and Mr. Sanjay Kackar, who were common directors controlling both the Appellant and the Corporate Debtor during the relevant period. Consequently, such internal accounting entries amongst related entities cannot, by themselves, constitute independent evidence of any legally enforceable liability. More importantly, the alleged amount ceased to appear in the subsequent Balance Sheets of the Corporate Debtor, which itself demonstrates that the entries were merely internal accounting adjustments and not reflective of any subsisting debt. Had there been a genuine financial liability, the same would have continued to be reflected in the financial statements until its discharge.

24. Ld. Counsel submitted that the surrounding facts, namely the common directors, common management, cross-shareholding, common registered office and the nature of the accounting entries, conclusively establish that the alleged transaction was an internal arrangement amongst related group entities. The documents relied upon by the Appellant, therefore, cannot independently establish the existence of any genuine or legally enforceable financial debt against the Corporate Debtor, and the Learned Adjudicating Authority rightly appreciated these circumstances while rejecting the Appellant's claim.

25. The Ld. Counsel further submits that the Appellant has completely failed to establish that any amount was ever disbursed by it to the Corporate Debtor. The Appellant's own case demonstrates that the amount of Rs. 13.60 Crores was admittedly paid by the Appellant to AEZ Infratech Private Limited pursuant to the Memorandum of Understanding dated 08.01.2010, and not to the Corporate Debtor. The alleged disbursement, therefore, never originated in favour of the Corporate Debtor and the very foundation of the Appellant's claim against the Corporate Debtor is contrary to its own pleadings.

26. He submitted that the Appellant has attempted to overcome this fundamental defect by relying upon certain ledger entries to contend that an amount of Rs.9.77 Crores stood transferred to the Corporate Debtor on 30.11.2010. However, the said ledger entries merely record internal journal adjustments between related group entities and do not establish any actual transfer of funds by the Appellant to the Corporate Debtor. No

contemporaneous banking records, cheque details, RTGS transactions, bank statements or any other documentary evidence evidencing actual movement of funds have been produced. Mere accounting entries, in the absence of proof of actual disbursement, cannot create a legally enforceable financial debt under the Code.

27. It is further submitted that the very ledger relied upon by the Appellant demonstrates that the alleged amount of Rs.9.77 Crores was subsequently reversed on 01.04.2017 in favour of ADTV Communications Private Limited (formerly AEZ Infratech Private Limited). This reversal completely demolishes the Appellant's case, as it clearly establishes that the entries were merely book adjustments amongst related entities and did not represent any genuine financial transaction with the Corporate Debtor. Had there been an actual disbursement creating a subsisting liability, there would have been no occasion to reverse the transaction through journal entries.

28. In these circumstances, the Ld. Counsel submits that the Appellant has failed to establish the most fundamental requirement of a financial debt, namely, the actual disbursement of money to the Corporate Debtor. The Resolution Professional and the Learned Adjudicating Authority, therefore, rightly concluded that no legally enforceable financial debt stood proved against the Corporate Debtor.

29. The Ld. Counsel submits that the Memorandum of Understanding dated 07.10.2010, heavily relied upon by the Appellant, does not create any enforceable contractual relationship between the parties. The document

merely records a tentative understanding regarding a proposed commercial arrangement and expressly contemplates execution of a future definitive agreement. Admittedly, no Builder Buyer Agreement, Agreement to Sell or any other final commercial agreement was ever executed between the parties. Consequently, the alleged MoU never matured into a concluded contract capable of creating enforceable rights or obligations.

30. A plain reading of the alleged MoU further reveals that it lacks several essential terms ordinarily found in a genuine commercial allotment transaction. The document does not specify the precise area to be allotted, construction specifications, payment schedule or other material contractual obligations. On the contrary, it specifically records that an additional amount of approximately Rs.15 Crores was yet to be paid by the Appellant and that a complete agreement would subsequently be executed before possession was handed over. These stipulations themselves demonstrate that the parties never intended the MoU to constitute a final and binding contract.

31. The Respondent further submitted that the Occupancy Certificate in respect of the project was obtained on 25.05.2016, a fact admittedly acknowledged by the Appellant in its claim form. Despite having knowledge of the completion of the project, the Appellant neither sought execution of any definitive agreement nor initiated any proceedings seeking possession, specific performance, allotment or refund. Such complete inaction for several years is wholly inconsistent with the conduct of a genuine allottee asserting contractual rights.

32. The prolonged silence of the Appellant clearly establishes that the alleged MoU was never treated by the parties as a binding or enforceable agreement. The Adjudicating Authority, therefore, rightly held that the Appellant failed to establish any legally enforceable liability arising out of the alleged transaction.

33. The Ld. Counsel respectfully submits that the Appellant's own conduct completely belies its present contention that the Corporate Debtor owed it a financial debt. It is an admitted position that the Appellant had invoked arbitration proceedings as early as 2013 in the matter titled M/s Somani Worsted Limited & Ors. v. AEZ Infratech Private Limited & Ors. However, significantly, the Corporate Debtor was never impleaded as a party to the said proceedings. The Memo of Parties forming part of the Arbitral Award clearly demonstrates that the Appellant consciously elected to proceed only against AEZ Infratech Private Limited and other parties, without asserting any claim whatsoever against the Corporate Debtor. Had the Appellant genuinely believed that the Corporate Debtor was liable to repay the alleged amount, there was no reason for excluding it from the arbitration proceedings altogether.

34. He submitted that the Arbitral Tribunal, by Award dated 28.12.2015, allowed the claims of the Appellant against AEZ Infratech Private Limited. The principal amount awarded was Rs.24.24 Crores, which admittedly included the amount of Rs.13.60 Crores allegedly paid by the Appellant to AEZ Infratech Private Limited. The present claim of Rs.9.77 Crores, now sought to be enforced against the Corporate Debtor, forms part of the very same

transaction which was the subject matter of the arbitral proceedings. Thus, after having pursued and obtained an arbitral award against AEZ Infratech Private Limited in respect of the same transaction, the Appellant cannot now seek to re-characterise a part of that claim as an independent financial debt recoverable from the Corporate Debtor. Such a course is wholly impermissible and contrary to the Appellant's own earlier stand.

35. The Ld. Counsel further submits that the Appellant has also initiated execution proceedings, being OMP (ENF.) (COMM.) No. 74 of 2019, before the Hon'ble Delhi High Court for enforcement of the arbitral award against AEZ Infratech Private Limited and other judgment debtors. Even at the stage of execution, the Appellant has continued to pursue its remedies against AEZ Infratech Private Limited and has never treated the Corporate Debtor as a debtor in respect of the alleged transaction. The present claim raised during the CIRP is, therefore, clearly an afterthought, devised only after insolvency proceedings commenced against the Corporate Debtor. This conduct itself demonstrates that no independent cause of action was ever understood by the Appellant to exist against the Corporate Debtor.

36. He further submits that the reliance placed by the Appellant on the judgment of the Hon'ble Supreme Court in ***ICICI Bank v. Era Infrastructure*** is wholly misplaced and distinguishable on facts. The present case does not involve any borrower-lender relationship, guarantee obligation, or admitted disbursement of funds in favour of the Corporate Debtor. On the contrary, the Appellant has failed to establish even the foundational requirement of a financial debt, namely, actual disbursement of money to the Corporate Debtor

and the existence of a legally enforceable liability. Consequently, the principles laid down in the said judgment have no application to the facts of the present case.

37. Ld. Counsel submits that the Resolution Professional has acted strictly in accordance with the duties cast upon him under the Insolvency and Bankruptcy Code and the CIRP Regulations. This Appellate Tribunal, in ***Mr. Umesh Kumar v. Mr. Narendra Kumar Sharma, Company Appeal (AT) (Ins.) No. 100 of 2024***, has categorically held that a Resolution Professional is not expected to mechanically or automatically admit every claim filed before him. Rather, the Resolution Professional is under a statutory obligation to scrutinise, verify and seek substantiation of claims before admitting them, so as to ensure that only genuine claims form part of the insolvency resolution process. The Respondent, therefore, rightly exercised due diligence by seeking clarifications and supporting documents from the Appellant before arriving at a decision regarding the admissibility of its claim.

38. In view of the aforesaid facts and circumstances, the Ld. Counsel respectfully submits that the Appellant has failed to establish the existence of any legally enforceable financial debt against the Corporate Debtor. The Resolution Professional acted fairly, diligently and in accordance with law while rejecting the Appellant's claim, and the Learned Adjudicating Authority has rightly upheld the said decision by a well-reasoned order. The present Appeal is, therefore, devoid of merit and deserves to be dismissed with costs.

ANALYSIS AND FINDINGS

39. We have heard both the parties at length and have gone through all documents on record. The only issue that arises for determination is:

Whether the Adjudicating Authority rightly upheld such rejection by holding that the Appellant failed to establish an independent and legally enforceable financial debt against the Corporate Debtor?

40. The present Appeal arises from the decision of the Resolution Professional ("RP") to reject the Appellant's claim after its initial admission during the Corporate Insolvency Resolution Process ("CIRP"). The Appellant submits that once its claim had been admitted and it had participated in the meetings of the Committee of Creditors, the RP had no powers to subsequently review or reject its claim. It is further contended that the Memorandum of Understanding dated 07.10.2010, the Inter-Corporate Memos, the ledger accounts and the Balance Sheets of the Corporate Debtor establish that a sum of Rs.9.77 Crores stood transferred to the Corporate Debtor, thereby constituting a financial debt within the meaning of Section 5(8)(f) of the Code. According to the Appellant, the arbitral proceedings initiated against AEZ Infratech Private Limited do not affect its independent claim against the Corporate Debtor.

41. The Respondent, on the other hand, submits that the claim was only provisionally admitted and remained subject to verification. It is contended that the material subsequently examined revealed that no amount was ever paid by the Appellant directly to the Corporate Debtor. According to the

Respondent, the documents relied upon by the Appellant merely record internal accounting adjustments between group entities under common management and do not establish any legally enforceable financial debt. It is further submitted that the Appellant itself treated AEZ Infratech Private Limited as the debtor by initiating arbitration solely against it, obtaining an arbitral award and continuing execution proceedings thereunder.

42. We have considered the rival submissions and examined the material placed on record.

43. The primary question here is whether the Appellant has been able to establish the existence of an independent financial debt against the Corporate Debtor. Unless such debt is proved, the challenge to the RP's review of the claim becomes only incidental. A claim can continue in the insolvency process only if it is supported by reliable material establishing a legally enforceable debt.

44. At the outset, the relationship between the parties assumes significance. The record shows that the Appellant, AEZ Infratech Private Limited ("AEZ") and the Corporate Debtor were closely connected entities under common management and control during the relevant period. Mr. M.P. Somani remained a Director of the Corporate Debtor from 30.09.2008 to 10.01.2018 and was also a Director of the Appellant from 28.02.2009 onwards. Likewise, Mr. Sanjay Kackar served as Director in both the Corporate Debtor and the Appellant. The Inter-Corporate Memos dated 04.10.2010 and the Memorandum of Understanding dated 07.10.2010 also

disclose the same registered address. The record further shows that AEZ held 49% shareholding in the Corporate Debtor and 16.74% shareholding in the Appellant as on 31.03.2011. These facts have also been noticed in the Impugned Order and have not been disputed by the appellant.

45. The existence of common management does not by itself invalidate the transaction. However, it requires us to examine the documents relied upon by the Appellant with greater caution, particularly when the principal evidence consists of internal records generated between companies under common control.

46. The Appellant seeks to establish the alleged financial debt primarily through the Inter-Corporate Memos, the Memorandum of Understanding dated 07.10.2010, ledger accounts and the Balance Sheets of the Corporate Debtor. We have carefully examined these documents.

47. It is an admitted position that the original amount of Rs.13.60 Crores was paid by the Appellant only to AEZ under the Memorandum of Understanding dated 08.01.2010. No bank statement, RTGS advice, payment instruction or any banking record has been produced to show that the Appellant ever transferred any amount directly to the Corporate Debtor. The ledger entries relied upon by the Appellant merely reflect accounting adjustments and do not establish actual movement of funds from the Appellant to the Corporate Debtor. Significantly, the ledger itself records that the alleged amount was subsequently reversed in favour of ADTV Communications Private Limited (formerly AEZ Infratech Private Limited) on

01.04.2017. This circumstance supports the conclusion that these entries represented internal accounting adjustments amongst related entities rather than evidence of an independent financial transaction. Mere journal entries or book adjustments, in the absence of any corresponding banking trail, cannot by themselves establish a legally enforceable financial debt under the Code.

48. The Memorandum of Understanding dated 07.10.2010 also does not advance the Appellant's case. A plain reading of the document shows that it merely records a preliminary understanding. It neither identifies any specific commercial unit nor contains several essential terms ordinarily found in a concluded commercial allotment, such as construction specifications, payment milestones and other material contractual obligations. More importantly, the document itself contemplated payment of an additional amount of approximately Rs.15 Crores and execution of a detailed agreement thereafter. Admittedly, neither such payment was made nor was any Builder Buyer Agreement, Agreement to Sell or any other definitive agreement ever executed. The Memorandum of Understanding, therefore, never matured into a concluded commercial arrangement capable of creating an enforceable financial debt.

49. The subsequent conduct of the Appellant also does not support its case. The Occupancy Certificate in respect of the project was obtained on 25.05.2016 and the Appellant was admittedly aware of the same. Despite this, it neither sought execution of any Builder Buyer Agreement nor initiated proceedings against the Corporate Debtor seeking possession of the alleged

commercial space, specific performance or refund. Instead, the Appellant invoked arbitration only against AEZ Infratech Private Limited. The Corporate Debtor was never made a party to those proceedings. The arbitral award dated 28.12.2015 was passed against AEZ and included the principal amount arising from the very same transaction. Even today, execution proceedings continue against AEZ. This conduct clearly indicates that the Appellant itself treated AEZ as the entity liable under the transaction. Having pursued and obtained an award against AEZ, the Appellant cannot now seek to treat the same transaction as giving rise to an independent financial debt against the Corporate Debtor without establishing a separate legal obligation on its part.

50. The Appellant has also relied upon the Balance Sheets of the Corporate Debtor for the Financial Years 2014-15 and 2015-16. However, these Balance Sheets were signed by Mr. M.P. Somani and Mr. Sanjay Kackar, who were common directors managing both the Appellant and the Corporate Debtor during the relevant period. In the facts of the present case, such internal accounting records cannot, by themselves, be treated as conclusive proof of an independent liability. More importantly, the alleged liability does not continue to appear in the subsequent Balance Sheets, indicating that the entries were merely internal accounting adjustments and not acknowledgment of any subsisting liability of the Corporate Debtor.

51. Once the RP, during the process of verification, found that the Appellant had failed to establish an independent financial debt against the Corporate Debtor, he was justified in revisiting the earlier admission of the claim. The RP is required to verify the genuineness of every claim on the basis of the

material available on record and cannot mechanically continue an incorrect admission.

52. In this regard, we take note of Regulation 13 of CIRP Regulations, which is extracted below:

> ***Regulation 13: Verification of claims.***
>
> ***13.*** *(1) The interim resolution professional or the resolution professional, as the case may be, shall verify every claim, as on the insolvency commencement date, within seven days from the last date of the receipt of the claims, and thereupon maintain a list of creditors containing names of creditors along with the amount claimed by them, the amount of their claims admitted and the security interest, if any, in respect of such claims, <u>and update it.</u>*

53. It can be seen from the Regulation 13(1) that it is the responsibility of RP to regularly update the claims in respect of various creditors based on latest information available with him. Accordingly, we are of the view that the RP has rightly rejected the Appellant's claim upon verification, and the Adjudicating Authority rightly declined to interfere with the said finding of RP.

54. As held by this Appellate Tribunal in **Mr. Umesh Kumar v. Mr. Narendra Kumar Sharma, Company Appeal (AT) (Ins.) No. 100 of 2024**, the RP is expected to exercise due diligence while examining claims and is not required to merely rubber stamp them. In the present case, the RP undertook further verification, called for documents and, upon finding that the foundational requirements of a financial debt were not established, rightly rejected the claim. We find no procedural illegality in the exercise so undertaken.

55. The Appellant has relied upon the judgment of the Hon'ble Supreme Court in **ICICI Bank Limited v. Era Infrastructure (India) Limited, 2026 INSC 201**, to contend that the possibility of double recovery is adequately addressed under the CIRP Regulations. However, the said judgment does not assist the Appellant. The issue in the present case is not whether the Appellant can pursue multiple remedies or whether there is a possibility of double recovery. The real issue is whether the Appellant has established an independent financial debt against the Corporate Debtor. Since the Appellant has failed to establish such debt, the principles relating to election of remedies and unjust enrichment considered in the said judgment have no application to the facts of the present case.

56. The Appellant has also relied upon **Rajnish Jain v. Manoj Kumar Singh & Ors., Company Appeal (AT) (Ins.) No. 519 of 2020** and **Byju Raveendran v. Aditya Birla Finance Limited & Ors., Company Appeal (AT) (CH) (Ins.) No. 120 of 2025**, to contend that the Resolution Professional had no jurisdiction to review an admitted claim. There is no dispute with the settled principle that a Resolution Professional does not exercise adjudicatory powers. However, in the present case, the Resolution Professional did not adjudicate any disputed rights, but merely verified the claim on the basis of the material available on record and found that the Appellant had failed to establish an independent financial debt against the Corporate Debtor. The rejection of the claim was thus an exercise of the Resolution Professional's statutory duty of verification and updation of claims, and not an adjudication

of rights. Accordingly, the decisions relied upon by the Appellant are distinguishable on facts and do not apply to the present case.

57. On an overall consideration of the record, we find that (i) the original payment was admittedly made only to AEZ Infratech Private Limited; (ii) no independent evidence establishes transfer of funds by the Appellant to the Corporate Debtor; (iii) the documents relied upon by the Appellant are internal records exchanged amongst entities under common management and do not establish an independent liability; (iv) the Memorandum of Understanding dated 07.10.2010 remained only a preliminary understanding and never matured into a concluded commercial agreement; (v) despite knowledge of the Occupancy Certificate, the Appellant never enforced any alleged allotment rights against the Corporate Debtor and instead pursued arbitration and execution only against AEZ; and (vi) the Appellant has failed to establish an independent financial debt against the Corporate Debtor within the meaning of Section 5(8) of the Code.

58. In view of the findings above, we do not find any infirmity in the impugned order. The Appeal is dismissed. Pending IA's, if any, are disposed of. No order as to costs.

[Justice N. Seshasayee]
Member (Judicial)

[Arun Baroka]
Member (Technical)

[Indevar Pandey]
Member (Technical)

Place: New Delhi
Harleen/ Pragya (LRA)