

NATIONAL COMPANY LAW APPELLATE TRIBUNAL
PRINCIPAL BENCH, NEW DELHI

Company Appeal (AT) (Insolvency) No. 710 of 2026

[Arising out of the Impugned Order dated 26.02.2026 passed by the Adjudicating Authority, National Company Law Tribunal, Mumbai Bench-IV in I.A. No. 840 of 2025 in C.P.(IB) No. 1056/MB/2020]

IN THE MATTER OF:

RAVIKUMAR GAURISHANKAR PATEL

through authorised attorney
Sumit Rajnikant Mehta
Indian Inhabitant, Residing AT 303,
Aagam Flats, Near Sharda Mandir School,
Paldi, Ahmedabad, Gujarat-380007
Email-Yahya.b23@gmail.com

...Appellant

Versus

GAJESH LABHCHAND JAIN

Liquidator of Talwalkars Better Value Fitness
Limited
C-602, Remi Biz Court, Off Veera Desai road,
Azad Nagar, Andheri West, Mumbai- 400053
Email: liquidation.tbvfl@gmail.com

...Respondent

Present:

For Appellant	: Mr. Abhijeet Sinha, Sr. Advocate with Mr. Saikat Sarkar, Ms. Meghna Rao, Mr. Yahya Batatawala, Ms. Shreya Pandey, Mr. Abhishek Base, Advocates.
For Respondents	: Mr. Ramakant Rai, Mr. Mohit Rohatgi, Mr. Ravin Kapur, Mr. Karan Trehan, Ms. Nida Basade, Advocates.

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

Per: Barun Mitra, Member (Technical)

The present appeal filed under Section 61 of the Insolvency and Bankruptcy Code, 2016 (**IBC** in short) by the Appellant arises out of the Order dated 26.02.2026 (hereinafter referred to as the

‘Impugned Order’) passed by the Adjudicating Authority (National Company Law Tribunal, Mumbai Bench-IV) in I.A. No. 840 of 2025 filed in C.P.(IB) No. 1056/MB/2020. By the said impugned order, the Adjudicating Authority has rejected/partly allowed certain reliefs and concessions prayed for in the above application filed by the present Appellant. Being aggrieved by the impugned order, the Appellant has come up in appeal.

2. Coming to the brief facts of this case, the Corporate Debtor-Talwalkars Better Value Fitness Ltd. was admitted into Corporate Insolvency Resolution Process (**‘CIRP’** in short) on 11.01.2021. Since the CIRP process could not succeed, the Corporate Debtor was subjected to liquidation proceedings under Section 33(2) of the IBC by the Adjudicating Authority on 28.04.2022 following which the Respondent-Liquidator was appointed. The Liquidator issued e-auction sale notice for sale of the Corporate Debtor as a going concern on 15.07.2024 in accordance with Regulation 32(e) of the Liquidation Process Regulations. A Process Memorandum was also issued by the Liquidator on 15.07.2024 which outlined the terms and conditions for participation in the auction process. The e-auction was conducted on 16.08.2024 and upon successful participation in the said e-auction, the present Appellant emerged

as the Successful Auction Purchaser with a bid price of Rs. 15 Cr. The Liquidator issued a Letter of Intent (**'LoI'** in short) on 17.08.2024 to the Appellant following which the Appellant paid the entire sale consideration and was issued a Sale Certificate dated 23.01.2025. The Appellant thereafter filed I.A No. 840 of 2025 before the Adjudicating Authority seeking necessary and consequential reliefs and concessions from the Adjudicating Authority to operationalize the Corporate Debtor as a going concern. The Adjudicating Authority passed the impugned order on 26.02.2026 by which it rejected/ partly allowed certain reliefs and concessions by holding that such reliefs sought were beyond its jurisdiction and directed the Appellant to approach Regulatory Authority such as SEBI and Stock Exchanges. Aggrieved by the impugned order, the present appeal has been preferred by the Successful Auction Purchaser-Appellant.

3. Making submissions on behalf of the Appellant, Shri Abhijeet Sinha, Ld. Sr. Counsel submitted that it was imperative on the part of the Appellant to approach the Adjudicating Authority for seeking certain reliefs and concessions with a view to facilitate the transfer of ownership of the Corporate Debtor to the Successful Auction Purchaser so that the business of the Corporate Debtor

could be smoothly run. Giving a snapshot of the reliefs and concessions urged, it was submitted that these reliefs/concessions primarily centred around waiver of procedural requirements under Companies Act for extinguishment/ cancellation of existing shares without further payment; issue and allotment of new shares; listing of new equity shares with Bombay Stock Exchange (**'BSE'** in short) and National Stock Exchange (**'NSE'** in short) without the necessitating the compliance of certain SEBI Regulations; suspension/withdrawal of de-listing process or trading initiated by the Stock Exchanges and enable listing and trading of new equity shares; and change of the status of the Corporate Debtor company on the MCA portal to "active" category besides waiver of past liabilities of the Corporate Debtor prior to liquidation.

4. Submission was pressed that the above reliefs and concessions which had been sought were not only bonafide but necessary to engender effective implementation of the sale of the Corporate Debtor as a going concern. It was submitted that sale as a going concern was not a mere transfer of asset but constituted in essence a transfer of a running business which required continuity as well as legal recognition which was not possible in the absence of appropriate reliefs, concessions and directions from

the Adjudicating Authority. It was emphatically asserted that the Adjudicating Authority had erred in refusing to grant such consequential and necessary reliefs sought for by the Appellant even though the Adjudicating Authority was clothed with adequate jurisdiction under Section 60(5) of the IBC to grant all consequential and incidental reliefs necessary to implement a going concern sale under liquidation. It was submitted by the Appellant that they had not sought any relief which was beyond the statutory framework but only sought directions which were essential to pave the way for full and effective implementation of the sale of the Corporate Debtor as a going concern. It was vehemently asserted that several judgments had been passed by various coordinate benches of the NCLT granting similar reliefs/concessions while denial of similar permission by the Adjudicating Authority in the present case would render the implementation of the sale of the Corporate Debtor as a going concern impracticable and hinder the revival process of the Corporate Debtor which would militate against the objectives of the IBC.

5. Elaborating further it was stressed that the “*clean slate theory*” which has been recognised by the Hon’ble Apex Court in

resolution process in ***Committee of Creditors of Essar Steel India Ltd v. Satish Kumar Gupta & Ors. (2020) 8 SCC 531*** and ***Ghanashyam Mishra and Sons (P) Ltd. v. Edelweiss Asset Reconstruction Co. Ltd. (2021) 9 SCC 657*** was equally applicable to sale of the Corporate Debtor as a going concern during liquidation. It was also submitted that the relief sought by the Appellant in terms of Section 32A of the IBC could not have been denied by the Adjudicating Authority without appreciating the fact that Section 32A embodies the principle of clean slate which requires issuance of consequential and facilitating direction for waiver of past liabilities, penalties and proceedings. In the absence of specific direction to regulatory authorities and statutory bodies for waiver/closure of past non-compliance penalties and proceedings, any Successful Auction Purchaser would continue to face liabilities which would render the revival of the Corporate Debtor as a going concern commercially unviable and defeat the object of value maximization under the IBC. Attention was also adverted to the judgement of this Tribunal in ***M/s Shiv Shakti Inter Globe Exports Pvt. Ltd. v. KTC Foods Pvt. Ltd. in CA(AT)(Ins) No.650 of 2020***, wherein it has been held that subsequent to distribution of sale proceeds under Section 53 of the

IBC, no entity can claim any past unpaid or outstanding dues against the Successful Auction Purchaser who has purchased the Corporate Debtor Company as a going concern. Viewed in the backdrop of the above judgements, it was submitted that the reliefs claimed by the Appellant were neither excessive nor impermissible and deserved to have been allowed.

6. The Ld Counsel of the Liquidator submitted that the decision to sell the Corporate Debtor as a going concern in the present case was taken by the Liquidator in consultation with the stakeholders committee. It has also been submitted by the Liquidator that the auction was held on an 'as is where is' basis and the Liquidator had allocated the funds to the creditors in accordance with Section 53 of the IBC water-fall mechanism. Moreover, the proceeds from the sale of the assets had already been utilised for distribution to the creditors in the manner specified under Section 53 of the IBC and no further issues have been raised by the stakeholder committee in this regard. It was also submitted that process document of the e-auction sale notice contained the commercial terms of the sale as a going concern and the relief and concessions sought by the Appellant fell within the said terms and conditions. Hence, with the creditors of the Corporate Debtor having been

discharged and the assets transferred to the Successful Auction Purchaser free of any encumbrances, it was incumbent upon the Liquidator to seek orders or directions from the Adjudicating Authority as are 'necessary' for liquidation of the Corporate Debtor in terms of Section 35(1)(n) of the IBC and the Adjudicating Authority was sufficiently empowered to allow such uncontested reliefs/concessions by invoking Section 60(5)(c) of the IBC which is in the nature of residuary jurisdiction vesting the Adjudicating Authority with the jurisdiction to adjudicate any question of law or fact arising from or in relation to the insolvency proceedings including at the liquidation stage. Sharing the views advocated by the Appellant that unless these reliefs/concessions/relaxation and permissions are allowed, the revival of the Corporate Debtor as a going concern, post liquidation, would suffer a beating which is antithetical to the objective and intent of the IBC framework.

7. We have heard the Ld. Counsels for the parties and perused the material placed on records carefully.

8. The limited point for consideration is whether the Adjudicating Authority had failed to exercise the jurisdiction vested in it by law to allow reliefs/concessions essential for

implementation of the Sale Certificate of the Corporate Debtor company as a going concern as claimed by the Appellant.

9. At the outset, it would be apposite to notice the statutory framework within which the question outlined above arises for our consideration.

10. We first take notice of Section 35(1)(n) of the IBC which is as reproduced below:

“Section 35(1)(n) Powers and duties of liquidator.

(1) Subject to the directions of the Adjudicating Authority, the liquidator shall have the following powers and duties, namely:

(n) to apply to the Adjudicating Authority for such orders or directions as may be necessary for the liquidation of the corporate debtor and to report the progress of the liquidation process in a manner as may be specified by the Board; and”

A plain reading of Section 35(1)(n) shows that this provision equips the Liquidator to seek orders or directions from the Adjudicating Authority as are ‘necessary’ for the liquidation of the Corporate Debtor and the word ‘necessary’ confers ample discretion on the Liquidator to seek the intervention of the Adjudicating Authority to pass orders or give directions in respect of reliefs and concessions which can be granted to the Successful Auction Purchaser.

11. We next come to Section 60(5)(c) of the IBC which is as extracted hereunder:

“Section 60(5)(c). Adjudicating Authority for corporate persons.

(5) Notwithstanding anything to the contrary contained in any other law for the time being in force, the National Company Law Tribunal shall have jurisdiction to entertain or dispose of—

(c) any question of priorities or any question of law or facts, arising out of or in relation to the insolvency resolution or liquidation proceedings of the corporate debtor or corporate person under this Code.”

From a perusal of the above provision of law, it becomes clear that that Section 60(5)(c) confers jurisdiction on the Adjudicating Authority to adjudicate disputes which arise from or which relate to the insolvency of the Corporate Debtor or in relation to liquidation proceedings of the Corporate Debtor. Thus, as long as the issue of law or fact is raised before the Adjudicating Authority and the said issue has a nexus with the insolvency or liquidation proceedings, it is vested with residuary jurisdiction to adjudicate such disputes.

12. Now that we have noticed the relevant statutory provisions under IBC with respect to the ambit and scope of powers and jurisdiction of the Adjudicating Authority in permitting and

allowing reliefs/concessions claimed by a Successful Auction Purchaser, we would now proceed to examine the tenability and legal sustainability of the decision taken by the Adjudicating Authority in the impugned order in rejecting or partly allowing certain reliefs and concessions which had been sought by the Appellant in the present factual matrix. While doing so, we would also like to consider the applicability of the various judgments of the Hon'ble Supreme Court and this Tribunal which have been relied upon by the Appellant in support of their case that their prayers for relief and concessions should have been allowed by the Adjudicating Authority.

13. The first set of reliefs and concessions in respect of which the Appellant has contended that the Adjudicating Authority committed an error in declining them on grounds of lack of jurisdiction relate to SEBI and Stock Exchange compliances. It is the case of the Appellant that they had sought only consequential directions necessary to give full effect to the sale as a going concern under the IBC while neither seeking adjudication upon matters reserved exclusively for SEBI or the Stock Exchanges nor preventing the relevant regulatory authorities to undertake the consequential regulatory actions in accordance with the applicable

securities laws. However, refusal to grant such consequential directions defeat the very purpose of the sale as a going concern and negates the objective of corporate revival.

14. To arrive at our findings, we would like to first notice the specific reliefs in the bucket under the heading of “Share-holding of the Company and SEBI/Stock Exchanges”. The set of related reliefs prayed for by the Appellant under this bucket which has been either partly allowed or disposed of by the Adjudicating Authority with the liberty to the Appellant to approach the relevant authority are as extracted below:

“B. A direction may be issued that on the Record Date, the Corporate Debtor will be entitled to issue and allot 95,00,000 new equity shares of Rs. 10 each aggregating to INR 9,50,00,000/- (Rupees Nine Crores Fifty Lakhs Only) [new promoters' shareholding] to such persons as may be decided by the newly constituted board of Corporate Debtor and 5,00,000 new equity shares of Rs. 10 each aggregating to INR 50,00,000 (Rupees Fifty Lakhs Only) [new public shareholding] to the strategic investors and / or existing shareholders shall constitute 5% of the total paid up equity capital of the Corporate Debtor which will be in compliance of the SEBI Regulations in this regard.

C. The cancellation/allotment shall not require consent from any of stakeholders including shareholders, creditors, regulators, stock exchanges, ROC etc.

E. The equity shares issued as aforesaid to the Successful Auction Purchaser and/ or its nominee as decided by new

board of Corporate Debtor and that to the existing shareholders shall be listed forthwith on the Bombay and National stock exchange where it is presently listed.

H. By way of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2017, issue of equity shares pursuant to an offer has been exempted from applicability of Chapter VII of the Corporate Debtor Regulations. Therefore, the Corporate Debtor shall not be required to comply with the requirements of Corporate Debtor Regulations for the issuance of Equity Shares to the Successful Auction Purchaser or its nominees. Accordingly, an exemption be granted from the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("SEBI LODR Regulations"), SEBI (Issue of Capital and Disclosure Requirements), Regulations, 2018 ("SEBI Corporate Debtor Regulations"), SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SEBI SAST Regulations"), as amended, and other applicable laws for various corporate actions for restructuring, reduction of share capital, (except the lock-in provisions).

I. New shares shall be issued at a Face value of Rs. 10 per share and the Pricing formulae, as applicable for preferential issue under SEBI Regulations including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 shall be exempted.

J. The Corporate Debtor will not be required to make any payment pertaining to any of their outstanding amounts/claims/SOP fines of BSE and NSE before the Transfer Date. The BSE and NSE be directed to withhold all delisting process of the Corporate Debtor, if any and lift the suspension to enable the listing and trading of the shares

allotted pursuant to this Order. Any delisting process initiated either by NSE and BSE shall deem to have been withdrawn by the said authorities.”

15. After holding that the process of extinguishing or cancelling existing shares without any further act or payments is already addressed under the Sale Certificate, the Adjudicating Authority at para 5.5 of the impugned order, has held that *“there are limitations in exercising jurisdiction to grant general reliefs and concessions. Furthermore, the Applicant has not provided any justification as to why the Corporate Debtor is unable to comply with the SEBI guidelines regarding the listing and trading of the new equity shares to be issued. The mere acquisition of the Corporate Debtor in a liquidation sale does not, in itself, justify a dispensation unless the compliance issues pertain to the period prior to the acquisition and cannot be addressed by the acquirer. In any event, the appropriate course of action would be to seek the necessary dispensation from the relevant authority.”*

16. It is the case of the Appellant that the Adjudicating Authority after accepting its jurisdiction to recognise the extinguishment and cancellation of the existing shareholding at para 5.3 of the impugned order has erroneously directed the Appellant to approach the concerned authority on grounds of lack of

jurisdiction. It was contended that what the Adjudicating Authority failed to appreciate was that the reliefs sought by them was only consequential directions necessary to operationalise the sale of the Corporate Debtor as a going concern, including recognition of the revised shareholding pattern, issuance and listing of fresh equity shares, continuation of listing status and implementation of the Sale Certificate, without historical regulatory impediments frustrating the revival of the Corporate Debtor. It was asserted that they had not sought any blanket exemption from the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The reliefs sought by them stemmed directly from the liquidation process of the going concern sale and the Sale Certificate issued by the Liquidator. It was strenuously asserted that such reliefs squarely fall within the ambit of Section 60(5)(c) of the IBC, which empowered the Adjudicating Authority to decide all questions of law and fact arising out of or in relation to the insolvency resolution or liquidation proceedings. The jurisdiction invoked by the Appellant was therefore pretty much within the purview of the Adjudicating Authority. In any case, the Appellant

did not seek any such relief for which the Adjudicating Authority was required to assume or exercise the statutory powers vested in SEBI or the Stock Exchanges.

17. Reliance was also placed by the Appellant on the judgment of this Tribunal in ***Nikhil Jain v. Anil Goel Liquidator of Birla Cotsyn (India) Ltd. in CA(AT)No. 148 of 2024*** wherein it was held that securities law requirements applicable to corporate restructuring must receive a purposive interpretation when dealing with revival proceedings under the IBC and that principles originally applicable to a resolution plan under Section 31 of the IBC must equally extend to other recognised modes of revival under the IBC. It was therefore contended that when this Tribunal has held that the object of Regulation 37 of the SEBI (LODR) Regulations is to facilitate revival and not to create additional regulatory barriers that would defeat the rehabilitation of distressed companies, the same exemption embodied in Regulation 37(7) must equally apply to schemes for revival of companies undergoing liquidation, since such schemes are substantially akin to resolution plans approved under Section 31 of the IBC.

18. When we look at the Process Document, we find that it recognised that the Successful Auction Purchaser may approach the Adjudicating Authority and other statutory authorities for obtaining necessary approvals, directions, clarifications, concessions and consequential reliefs required to operationalise the going concern sale. The relevant clauses of the process memorandum are as extracted below:

“8. In terms of the LoI, the Successful Bidder shall be responsible to separately seek appropriate directions from various statutory authorities, and courts, including the Hon'ble NCLT, in prescribed manner for approval of any scheme, waivers, approvals, reliefs, concessions, extinguishment, affirmations, confirmations, etc. for purpose of operation and management of the Corporate Debtor pursuant to its acquisition, for achieving value maximisation. The Liquidator shall provide reasonable support to the Successful Bidder in this regard. The Successful Bidder's approach to such authorities shall be independent and its outcome shall have no bearing on the sale of Corporate Debtor as a going concern.

18. The existing shares/share capital of the Corporate Debtor will be cancelled/extinguished without there being any payment to the shareholders. The transfer of ownership of the Corporate Debtor shall take place by way of writing off the entire existing shareholding of Corporate Debtor and issuance of fresh equity shares to the Successful Bidder and its nominees (who shall not be ineligible in terms of Section 29A of the Code), at the discretion of the Successful Bidder.”

It clearly emerges from the above Clauses of the Process Memorandum that there was no fetter on the Appellant to approach the Adjudicating Authority for seeking reliefs and concessions for the purpose of operation and management of the corporate debtor, pursuant to its acquisition for achieving value maximization and that the Liquidator was to extend cooperation to the Appellant in this regard.

19. At this stage, we may advert our attention to the relevant paragraphs of the ***Birla Cotsyn judgement*** which is as extracted below:

*“34. Considering what is stated hereinabove, the clarification/
exemption to the prior NOC requirement in Regulation 37(7)
must equally apply to a scheme of arrangement for revival of a
company in liquidation.*

35. The scheme in question in the present matter is akin to a Resolution Plan under Section 31 of the Code and it complies with the requirement of Resolution Plan under Section 30(2) of the Code and Regulation 37 and 38 of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. The scheme contemplates full payment of CIRP and liquidation cost, dues of workmen, payment of settlement value to creditors, extinguishment of all liabilities filed or not filed/admitted or not admitted, ouster of the erstwhile promoters, inducting of the acquirers as new promoters, constitution of monitoring committee, payment of EMD and performance security etc. If a restrictive literal interpretation of Regulation 37(7) of LODR is accepted then the same will lead

to manifest absurdity in as much as while the Resolution Plan and the Scheme seek to achieve the same objective i.e. to prevent civil death of the company, and are also similar in form, the mode of revival by way of Scheme of Arrangement under liquidation would be more onerous than a Resolution Plan under Section 31 of the Code. The interpretation argued by the Respondent would run contrary to the entire objective of the Code to provide multiple modes of revival at various stages in order to resolve the indebtedness of the Corporate Debtor and revive the company. The Courts have time and again held that every effort must be made to revive the business of the company as the same is in the interest of all the stake holders.

36. The argument of the learned counsel for the Respondent that strict meaning be given to Regulations does not convince us since the scheme of arrangement under Section 230 of the Companies Act has also been considered as a mode of revival, through judicial interpretation and subsequent introduction of Regulation 2B of Liquidation Process Regulation.

40. In view of the above stated facts and circumstances, we hold:

b) Prior NOC from stock exchanges under Regulation 37(1)(2) of the LODR is not required for schemes for revival of companies undergoing liquidation under the Code.”

(Emphasis supplied)

20. The ratio followed in the **Birla Cotsyn judgement** supra is that a going concern sale under Regulations 32(e) and 32A of the Liquidation Process Regulations being one of the statutorily recognised modes of revival of the Corporate Debtor, the consequential corporate actions necessary to operationalise such sale cannot be frustrated by an unduly restrictive interpretation of

the securities laws. The regulatory framework must be purposively construed so as to facilitate rather than thwart the implementation of the going concern sale.

21. Interestingly, this ratio was later reaffirmed by this Tribunal in ***Equator Financial Services Ltd. v. BSE Ltd. in CA(AT)(Ins.) No. 592 of 2025*** wherein objections of the Stock Exchange to the modification of the approved resolution plan by the successful resolution applicant to ensure compliance with the minimum public shareholding requirements prescribed under the Securities Contracts (Regulation) Rules, 1957 was rejected by this Tribunal on the ground that the modification sought was intended to ensure compliance with the applicable securities laws and therefore such relief ought to be granted.

22. The reasoning adopted in the ***Birla Cotsyn and Equator Financial Services judgements*** supra squarely apply to the facts of the present case. We are thus of the considered view that extinguishment of the entire existing shareholding of the promoters and issuance of fresh share capital to the new promoter to the extent of 95% in paid-up share capital and to the tune of 5% in paid-up share capital to the existing public shareholder is in sync with the Rules set out in Rule 19A of Securities Contracts

(Regulation) Rules, 1957. Thus, when the said Rules require every listed company to initially maintain public shareholding of 5% as a result of implementation of the resolution plan approved under Section 31 of the IBC, this was equally applicable to a going concern sale in case of a listed Corporate Debtor as in the present case. The Appellant having only sought consequential directions to ensure that the revised capital structure and public shareholding are implemented in accordance with the statutory requirements has not sought a relief/concession which prima-facie could have been disregarded by the Adjudicating Authority.

23. Before we proceed further, we also feel it necessary to deal with the tenability of an omnibus proposition which has been recorded by the Adjudicating Authority in para 5.5 of the impugned order that it lacks competence to grant such general reliefs and concessions as it falls outside their limited jurisdiction.

24. We have already noticed the wordings of Section 60(5) of the IBC which seemingly confers broad residuary jurisdiction upon the Adjudicating Authority to dispose of any question of law or fact arising out of or in relation to the insolvency resolution or liquidation proceedings including granting such directions and reliefs as may be necessary to ensure completion and efficacy of

liquidation process. The jurisdiction necessarily extends to issuing all incidental, ancillary and consequential directions required to ensure that the statutory process culminates in a commercially effective transfer of the Corporate Debtor as an ongoing enterprise.

25. We are also guided by the two seminal judgements by the Hon'ble Supreme Court in this regard of which one of them is the ***Ghanashyam Mishra*** judgement in which the "Clean Slate" doctrine has been propounded on the premise that a successful resolution applicant must enjoy the benefit of predictability, certainty, finality and freedom from historical impediments so that the Corporate Debtor may be effectively revived. Although this judgement was rendered in the context of a resolution plan, the "clean slate" theory has been extended subsequently even to going concern sales in liquidation. The "clean state" principle is not confined merely to extinguishment of liabilities but extends to ensuring that the legal consequences of the insolvency process are capable of effective implementation without repetitive litigation before multiple forums.

26. The other judgement is that of ***Arun Kr. Jagatramka Vs. Jindal Steel Power Ltd. (2021) 7 SCC 474*** in which the Hon'ble Apex Court clearly postulated that the primary object of the IBC

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was to revive and continue the operations of a Corporate Debtor either by sale through resolution plan under CIRP; a sale during liquidation process or a sale under Section 230 of the Companies Act, 2013. Thus, all benefits or the disabilities attached to any of the above three modes of sale was to be attached to sale of a Corporate Debtor as a going concern under liquidation since the object behind these three modes are same.

27. In our considered opinion, this subtle distinction between legal recognition of the consequences of the insolvency process and exercise of independent statutory jurisdiction has not been appreciated in the correct perspective in para 5.5 of the impugned order. Present is a case where the reliefs/concessions as listed out at para 14 above as sought by the Appellant were aimed at securing uniform implementation of the legal consequences flowing from the liquidation process and the Sale Certificate. The reliefs sought are merely consequential to and arise directly from the implementation of the going concern sale approved under the IBC without coming in the way of the regulatory authorities thereafter exercising their own statutory powers and functions in accordance with the applicable law. The Appellant in the present facts of the case is not seeking any permanent exemption from

compliance with the securities laws. The Adjudicating Authority however failed to appreciate that 95:5 ratio of shareholding structure is not a concession but a regulatory necessity and denial of any such relief would frustrate the revival process despite the successful acquisition of the Corporate Debtor by the Successful Auction Purchaser. Instead, the Adjudicating Authority in the impugned order has misapplied the judgement of the Hon'ble Supreme Court in ***Gujarat Urja Vikas Nigam Ltd. v. Amit Gupta & Ors. in Civil Appeal No. 9241 of 2019*** to hold that the scope of the relief/concessions fell beyond the jurisdiction of the Adjudicating Authority. We are not in a position to agree with the above reasoning adopted by the Adjudicating Authority since it fails to appreciate that the jurisdiction of the Adjudicating Authority under Section 60(5)(c) is a jurisdiction of the widest amplitude so long the dispute has a direct nexus with the insolvency or liquidation proceedings.

28. The Appellant has not been seeking waiver of procedural compliances of the regulatory authorities but merely sought declaration of the capital structure envisaged in the acquisition plan and the lawful change in ownership and management for the concerned authorities to recognise the legal consequences flowing

therefrom. The reliefs/concessions sought for by the Appellant does not require the Adjudicating Authority to exercise the statutory powers vested in other authorities.

29. Unless the present set of reliefs/concessions are demonstrated to be such that they involve adjudication of an independent dispute which is vested under law with other statutory authorities, such a restrictive interpretation by the Adjudicating Authority cannot be countenanced as it would hamper the objectives of the IBC to resolve the indebtedness of the Corporate Debtor and its revival. The Adjudicating Authority has failed to exercise jurisdiction vested in it by law by refusing reliefs essential for implementation of the Sale Certificate. The Adjudicating Authority enjoyed competent jurisdiction under Section 60(5) to permit this relief without directing the Appellant to approach regulatory authorities in this regard. The grant of reliefs as outlined at para 14 above being necessary to ensure compliance with law ought to have been allowed by the Adjudicating Authority subject to compliance with necessary procedures, filing of necessary forms and payment of prescribed fees by the Appellant in accordance with the securities laws and stock exchange regulations.

30. We now come to the next set of related reliefs/concessions in the bucket under the heading of “Financial Creditors”. In this set of related reliefs prayed for by the Appellant, the same has been disposed of by the Adjudicating Authority with the liberty to the Appellant to approach the relevant authority which are as extracted below:

P. The Hon'ble Tribunal may direct Financial Creditors to "UPGRADE" the Account of Corporate Debtor with Banks/Financial Institution under the CIBIL Mechanism to "Standard Category" from NPA so as to enable the Successful Auction Purchaser to revive the business of Corporate Debtor afresh and turn around the Corporate Debtor.

Q. The Financial Creditors shall procure that all "Red Flagging", or "Fraud", or "Default" or "NPA" or such other negative classification on the Corporate Debtor, as applicable, shall stand withdrawn, including from the records of CRILIC, ROC, CERSAI, TransUnion, CRISIL, and Credit Information Bureau (India) Limited (CIBIL), RBI information utilities, wilful defaulter list, etc.

R. All the bank accounts of the Corporate Debtor, including the accounts held with the Financial Creditors shall stand unfrozen and any lien marked to the bank accounts shall stand removed.

31. After holding that the Corporate Debtor shall not be liable for past liabilities in terms of the Process Document and the Sale Certificate, the Adjudicating Authority at para 7.2 of the impugned order has held that “*In light of the specific clause regarding past*

liabilities outlined in the Process Document and Sale Certificate, we hold that the Corporate Debtor shall not be liable for any past liabilities. The Applicant may approach the Financial Creditors to release pre-existing charges, and may also report to the concerned authorities and credit information companies.”

32. It is the case of the Appellant that the Adjudicating Authority has erroneously directed the Appellant to approach the concerned authority without appreciating that even this set of reliefs sought by them was only in the nature of seeking consequential directions necessary to operationalise the sale of the Corporate Debtor as a going concern so as to avoid the predicament of having to approach innumerable financial institutions, credit information companies separately and individually which exercise would be time-consuming and be antithetical to the scheme and objectives of the IBC. The reliefs/concessions sought by the Appellant is that the financial creditors should proceed to undertake certain ministerial and consequential acts as may be necessary to recognise and give effect to the legal consequences flowing from the going concern sale arising out of the Sale Certificate issued by the Liquidator pursuant to the liquidation proceedings.

33. When we look at Clause 7.C of the Process Document, it clearly states that the e-auction will be conducted on “as is where is basis”, “as is what is basis”, “whatever there is basis” and “no recourse basis”. Similar stipulations have been made at Clause 9 of the Sale Certificate. Besides the clauses in the Process Document and the Sale Certificate, we must bear in mind that once a Corporate Debtor is sold as a going concern under Regulations 32(e) and 32A of the IBBI (Liquidation Process) Regulations, 2016, it’s revival necessarily requires closure of historical lending relationships, updating of security records, release or satisfaction of charges wherever warranted under the Sale Certificate and the liquidation process, return of documents and recognition of the new management.

34. As we have already noticed, this Tribunal in ***Birla Cotsyn and Equator Financial Services judgements*** has held that all recognised modes of revival under the IBC must receive a purposive and commercially workable interpretation and expressly rejected any narrow or restrictive interpretation which would impose uncalled for practical burden on the revival of the Corporate Debtor. We have also seen that the Hon'ble Supreme Court in ***Ghanashyam Mishra judgement*** has unequivocally

held that upon approval of the insolvency process, the successful acquirer is entitled to a "clean slate" and cannot be burdened with past liabilities or historical claims which would frustrate the revival of the Corporate Debtor.

35. In the present factual matrix, it is abundantly clear that the Appellant has not sought adjudication of any inter se dispute between the Corporate Debtor and its financial creditors but for securing an encumbrance free title to the asset it has purchased. In the given circumstances, if the Successful Auction Purchaser is still required to re-negotiate with each individual financial creditor separately for release of securities, issuance of no-dues certificates, closure of loan accounts, satisfaction of charges, or for other consequential acts necessary to operationalise the acquisition, as has been held by the impugned order, then the going concern sale would be rendered commercially ineffective.

36. Any such restrictive interpretation would defeat the very purpose of conducting a going concern sale and put the same to avoidable jeopardy. There is no cogent reason as to why financial creditors, whose rights stand crystallised and dealt with through the liquidation process itself, can insist upon separate proceedings before recognising the legal consequences of such sale. We see no

good reason for the Adjudicating Authority directing the Appellant to independently approach the concerned financial institutions as such a direction would cause a seed-bed of multiple, time-consuming proceedings which would run contrary to the objectives of certainty, timeliness and value maximisation embodied in the IBC and therefore fails to meet our commend.

37. We are therefore of the considered view that the Adjudicating Authority cannot decline jurisdiction by directing the Successful Auction Purchaser to pursue separate proceedings before different authorities. These reliefs/concessions sought by the Appellant as outlined at para 30 above deserve to be allowed in that the financial creditors be directed to undertake such ministerial and consequential acts as may be necessary to recognise and give effect to the legal consequences flowing from the going concern sale while preserving the rights of the financial creditors to the exercise of their respective statutory powers under the applicable laws besides seeking compliance by the Appellant to prescribed procedure, if any.

38. This brings us to the next set of related reliefs/concessions in the bucket under the heading of “Claims by the Company/Corporate Debtor” which are as extracted below:

“T. All existing and future receivables, claims, refunds, credits, benefits, grants, privileges by the Corporate Debtor and all its existing and future rights, entitlement, etc. with Governmental Authorities or any other Person (including third parties) but not limited to intellectual property rights, free from security interest, shall not be affected and shall remain enforceable after the Transfer Date and on and from the Transfer Date, such claims, entitlements and rights etc., shall be deemed to vest in the Corporate Debtor and/ or Successful Auction Purchaser and shall continue to exist and shall not get extinguished.

U. Limitation period in respect of such receivables will be excluded and a fresh limitation shall be available to such receivables from Transfer Date to Corporate Debtor against their debtor before any of the statutory, judicial authority, arbitration proceedings and/ or court of law.”

39. This set of related reliefs prayed for by the Appellant has not been granted by the Adjudicating Authority by observing at para 9.2 of the impugned order has held that a general relief, *“which aims to maintain and keep alive the rights of the Corporate Debtor while absolving it of all liabilities”* cannot be granted and left the issue open for the consideration of the party.

40. We are inclined to agree with the Adjudicating Authority that such a sweeping concession, which does not find place either in the Process Document or in the Sale Certificate, could have been allowed by it. When the e-auction Notice and the Process Document itself did not contemplate grant of any such relief, the

Appellant cannot be granted such reliefs which is not contemplated by e-auction Notice itself. Any such general relief or concession, if granted, carries the potential of impinging on the contractual rights of the parties, and hence exercise of any such jurisdiction by the Adjudicating Authority would be de hors the statutory construct of the IBC and Regulations 32(e) and 32A of the Liquidation Process Regulations. In any case, as the issue has been left open for consideration of the parties, no prejudice can be said to have caused to the Appellant. In sum, we therefore affirm the decision of the Adjudicating Authority on this count.

41. We now come to the next set of related reliefs/concessions in the bucket under the heading of “Legal/Litigations”. The set of related reliefs prayed for by the Appellant under this bucket has been partly granted by the Adjudicating Authority and are as extracted below:

V. That, on and from the Transfer Date, the liability of the Corporate Debtor for any offence, default, noncompliance or breach committed prior to the Transfer Date in respect of any compliances under any of the applicable laws including but not restricted to Central Sales Tax, VAT, CENVAT, MODVAT, Custom Act, Companies Act, 2013, Income Tax Act, GST, Stock Exchanges, SEBI Act or Regulations (including LODR, Employee State Insurance Act, 1948, Provident Fund Act, Payment of Bonus Act,

Contract Labour Act, 1973, Industrial Disputes Act, 1947, Minimum Wages Act, Equal Remuneration Act, 1976, Factories Act, 1948, Gratuity Act, 1972, FEMA, RBI Regulations, IEC, EPCG License, Micro, Small and Medium Enterprises Development Act, 2006, Medium Enterprises Development Act, 2006 etc. (collectively "Applicable Laws") shall cease, and the Corporate Debtor shall not be prosecuted or required to pay or settle any taxes, dues, claims, fees, penalty, charges, damages or interest (including any demand for any losses or damages or in connection with any third party claims or any inquiries/ investigations by any government bodies or authorities such as the Central Bureau of Investigation (CBI), Serious Fraud Investigation Office (SFO), Enforcement Directorate (ED), or any other Government agency) thereon for such a non-compliance, default or offence and all the assessments, proceedings, demand notices, penalty proceedings, show- cause notice and appeals, whether completed or uncompleted, initiated or not initiated with respect to Applicable Laws shall be deemed to have been completed and closed.

W. Further no action shall be taken against the Corporate Debtor or any of its assets (excluding the asset as mentioned in the EAuction Process Information Document dated 15/07 / 2024) in relation to an offence committed prior to the Transfer Date.

X. From the Transfer Date the Corporate Debtor shall not be prosecuted or liable for any civil, criminal or any other consequence including penalty arising from any such offence and all restrictions, impositions, prohibitions, debarments and limitations, whether interim or permanent on the Corporate Debtor shall stand vacated on the Transfer Date. Further no action shall be taken against any property of the Corporate Debtor and/ or Successful Auction Purchaser or any of its/ their employees, directors,

or representatives in relation to an offence committed prior to the Transfer Date, upon change in control of the Corporate Debtor in favour of Successful Auction Purchaser.

42. After partly granting the relief/concession on prayer V, W and X, the Adjudicating Authority has observed at para 10.3 of the impugned order that *“It is pertinent to observe that the immunity provided under Section 32A of the Code is premised on various conditions being fulfilled. The relief claimed by the Applicant goes much beyond the sweep of Section 32A of the Code, which cannot be permitted. In view of the above, we allow the relief to the extent permitted under Section 32A of the Code and nothing more.”*

43. Coming to the reliefs and concessions at V, W and X, it is the case of the Appellant that though the Adjudicating Authority has recognised, in principle, the right of the Corporate Debtor under its new management to continue/defend pending legal proceedings, it has wrongly declined the consequential reliefs sought for by the Appellant by holding that these reliefs sought are beyond the sweep of the Section 32A of IBC. It is contended that this partial recognition defeats the underlying object of the relief sought. It is also submitted that when the Appellant never sought that the Adjudicating Authority should adjudicate the merits of

any pending civil suit, arbitration, criminal proceeding, writ petition or statutory proceeding, it lay within the powers of the Adjudicating Authority under Section 60(5) of the IBC to grant these reliefs for these are only consequential directions that accords recognition that all pending and future legal proceedings instituted by or against the Corporate Debtor shall continue in the name of the Corporate Debtor under its new management and that from the transfer date, the liability of the Corporate Debtor for any offence, default, non-compliance or breach committed prior to the transfer date shall cease.

44. Before we return our findings, it would be useful to advert our attention to Section 32A of the IBC which reads as under:

“Section 32A. Liability for prior offences, etc.

(1) Notwithstanding anything to the contrary contained in this Code or any other law for the time being in force, the liability of a corporate debtor for an offence committed prior to the commencement of the corporate insolvency resolution process shall cease, and the corporate debtor shall not be prosecuted for such an offence from the date the resolution plan has been approved by the Adjudicating Authority under section 31, if the resolution plan results in the change in the management or control of the corporate debtor to a person who was not—

(a) a promoter or in the management or control of the corporate debtor or a related party of such a person; or

(b) a person with regard to whom the relevant investigating authority has, on the basis of material in its possession, reason to believe that he had abetted or conspired for the commission of the offence, and has submitted or filed a report or a complaint to the relevant statutory authority or Court;

Provided that.....

Provided further that

(2) No action shall be taken against the property of the corporate debtor in relation to an offence committed prior to the commencement of the corporate insolvency resolution process of the corporate debtor, where such property is covered under a resolution plan approved by the Adjudicating Authority under section 31, which results in the change in control of the corporate debtor to a person, or sale of liquidation assets under the provisions of Chapter III of Part II of this Code to a person, who was not—

(i) a promoter or in the management or control of the corporate debtor or a related party of such a person; or

(ii) a person with regard to whom the relevant investigating authority has, on the basis of material in its possession reason to believe that he had abetted or conspired for the commission of the offence, and has submitted or filed a report or a complaint to the relevant statutory authority or Court.

Explanation.—For the purposes of this sub-section, it is hereby clarified that

(3) Subject to the provisions contained in sub-sections (1) and (2), and notwithstanding the immunity given in this section, the corporate debtor and any person who may be required to provide assistance under such law as may be applicable to such corporate debtor or person, shall

extend all assistance and co-operation to any authority investigating an offence committed prior to the commencement of the corporate insolvency resolution process.

45. When we run our eyes through the above statutory provision, it becomes clear that the sale of a Corporate Debtor as a going concern under liquidation being akin to resolution of Corporate Debtor as a going concern under resolution plan, hence, the immunity to a corporate debtor and its assets from liability for offences committed, which are available in respect of insolvency of the Corporate Debtor under Part II of the IBC should also be available to sale of a Corporate Debtor as a going concern under liquidation process.

46. To return our findings, it may be useful to notice the Clauses in the e-auction Process Document and the Sale certificate issued by the Liquidator in the present case. We find that the terms and conditions of the E-auction Process Document at Clause 5 states that the sale was proposed in accordance with Regulation 32(e) and Regulation 32A of the Liquidation Process Regulations and Clause 9 of the Sale Certificate issued by the Liquidator stated that the liabilities of the Corporate Debtor was to be dealt in accordance

with Section 53(1) of the IBC and that post distribution of the liquidation proceeds, the title of the Corporate Debtor was to be handed over to the Successful Auction Purchaser and that the Corporate Debtor shall not be liable for any past liabilities. We find from material placed on record that payments to creditors/stakeholders of the Corporate Debtor have been made by the Liquidator on 28.11.2024 as per Section 53(1) of the IBC.

47. Once the Liquidation sale has been completed and the Certificate of Sale has been given and also followed by handing over possession to the Successful Auction Purchaser, any claim relating to such property or offences related to dues prior to the auction cannot be raised against the Successful Auction Purchaser particularly so when the Corporate Debtor Company is in liquidation and the dues have already been claimed by the creditors and already discharged. When admittedly the sale proceeds of the Corporate Debtor have already been distributed in the order of priority and in the manner prescribed under Section 53 of the IBC and no objections have been received from any claimant/creditor in this regard, we are of the view that in view of the “clean slate” theory which we have already discussed, subsequent to distribution of sale proceeds under Section 53 of the

IBC, no entity including any Govt. entity can claim any past unpaid or outstanding dues against the Appellant who has purchased the Corporate Debtor Company as a going concern and the Appellant as the Successful Auction Purchaser shall have immunity, privileges and protection as is available in the form and manner stated in Section 32A of the IBC. The scope and objective of the IBC is to extinguish all claims which were not made either during the insolvency resolution process or at the liquidation stage to enable the purchaser of the Corporate Debtor as a going concern to start on a clean slate.

48. In this regard, we are also guided by the judicial precedent laid down by this Tribunal in ***M/s Shiv Shakti Inter Globe Exports Pvt. Ltd. v. KTC Foods Pvt. Ltd. in CA (AT) (Ins) No.650 of 2020*** and the relevant paragraphs are as reproduced below:

“21. Adverting to the contention of the Learned Counsel for the Appellant that the Adjudicating Authority has erred in denying the sale of the ‘Corporate Debtor’ as a ‘going concern’ to the Appellant without including any contingent liabilities, we hold that it is a settled law that when the sale proceeds of a ‘Corporate Debtor’ are duly distributed in the Order of priority and in the manner prescribed under Section 53 of the Code, claims of any other Creditor cannot be entertained contrary to the provisions entailed under Section 53; subsequent to the distribution of sale proceeds under Section 53 no other entity including any Government entity can claim any past unpaid

or outstanding dues against the Appellant who has purchased the 'Corporate Debtor Company' as a 'going concern'. It is significant to mention that the second Respondent/Liquidator has specifically submitted that even these claims by the Uttar Haryana Bijili Vitran Nigam were not submitted in the prescribed form either during the CIRP Process or at the Liquidation stage. We are of the considered view that at this stage subsequent to the sale of the 'Corporate Debtor Company' as a 'going concern', these claims cannot be foisted upon the Appellant. The scope and objective of the Code is to extinguish all claims specifically the ones which were not even made during the CIRP or in the Liquidation stage, to aid the purchaser of the Company as a 'going concern' to start on a 'clean slate'. The Hon'ble Supreme Court in 'Ghanshyam Mishra & Sons Pvt. Ltd.' Vs. 'Edelweiss Asset Reconstruction Company Ltd. & Ors.', Civil Appeal No. 8129 of 2019 and in 'CoC of Essar Steel India Ltd.' Vs. 'Satish Gupta & Ors.' (2020) 8 SCC 531 has laid down the proposition that the purchaser of the Company even in the Liquidation stage cannot be burdened with past liabilities when it is not mentioned in the 'Sale Notice'.

22. It is no longer Res Integra that while approving a 'Corporate Debtor' sale as a 'going concern' in Liquidation Proceedings without its dissolution in terms of Regulation 32(e) of the Liquidation Process Regulations, 2016, it is essential to see that the 'Corporate Debtor' is not burdened by any past or remaining unpaid outstanding liabilities prior to the sale of the Company as a 'going concern' and after payment of the sale proceeds distributed in accordance with Section 53 of the Code. The Impugned Order in I.A. 889 of 2020 is modified to the extent that the sale of the first Respondent as a 'going concern' is upheld and the direction sought for in prayer (c) & (e) in CA No. 1189 of 2019 seeking extinguishment of past/remaining unpaid outstanding liabilities including contingent liabilities, prior to the sale as a

‘going concern’, after payment of sale proceeds distributed in accordance with Section 53 of the Code, is allowed.”

49. The above ***Shiv Shakti judgement supra*** has categorically held that while approving a Corporate Debtor sale as a going concern in liquidation proceedings in terms of Regulation 32(e) of the Liquidation Process Regulations, it is essential to see that the Corporate Debtor is not burdened by any past or remaining unpaid outstanding liabilities prior to the sale of the Company as a going concern and after payment of the sale proceeds distributed in accordance with Section 53 of the IBC.

50. The principles laid down in ***Shiv Shakti judgement supra*** has been reiterated by this Tribunal in ***Anuj Bajpai v. Inderdeep Construction Company in CA(AT)(Ins) No. 1698 of 2024*** where it has been held that:

“26.Besides the aforesaid fact, the law is well settled as has been held by this Court in the case of M/s Shiv Shakti Globe Exports Pvt. Ltd. (Supra) that while approving CD sale as a going concern in liquidation proceedings without its dissolution, it is essential to see that the CD is not burdened by any cost or remaining unpaid outstanding liabilities prior to the sale of the company as a going concern and after payment of the sale proceeds are distributed in accordance with Section 53 of the Code.”

51. The principle of waiver of liabilities with regard to the dues of the Corporate Debtor has also been laid down in the judgement of

this Tribunal in ***Shantech International Pvt. Ltd. v. Devendra Singh, Liquidator of Venus Rolling Mills Pvt. Ltd. in CA(AT)(Ins) No. 1520 of 2024*** subject to terms and conditions of the e-auction Notice. In the present case, though the Adjudicating Authority has also noted at para 7.1 of the impugned order that the ratio of ***Shantech judgement supra*** follows the principle of waiver of liabilities with regard to dues of the Corporate Debtor if the same is stipulated in the terms of the e-auction document, and yet even after having already recognised the transfer of management to the Successful Auction Purchaser has not granted consequential directions to remove any uncertainty regarding the conduct of litigations and like legal proceedings by the new management. This has created a situation where the new management of the Corporate Debtor is required to establish its authority afresh before every judicial and statutory forum to establish its locus.

52. The Adjudicating Authority has failed to appreciate the distinction between continuity of litigation and adjudication of litigation. What seems to have been missed out by the Adjudicating Authority is that a going concern sale is intended to ensure continuity of the Corporate Debtor as a functioning entity under

its new management and this continuity necessarily extends to legal proceedings pending in the name of the Corporate Debtor. There is logical justification that the Adjudicating Authority, having recognised the transfer of management, ought to have granted consequential directions removing any uncertainty regarding the conduct of litigations and like legal proceedings by the new management rather than leave it to the new management of the Corporate Debtor to establish its authority afresh before every judicial and statutory forum to establish its locus. This consequential relief could have been granted by the Adjudicating Authority while holding that the merits of each legal proceeding can continue to be determined exclusively by the competent legal forum having jurisdiction over the subject matter.

53. To return our findings, we are of the considered opinion that the findings contained in para 10.3 of the impugned order refusing the general consequential reliefs sought by the Appellant deserves to be set aside and be modified clarifying that all statutory authorities, governmental departments, regulators, financial institutions, local authorities and other persons concerned shall recognise and give effect to the legal consequences flowing from the going concern sale and the Sale Certificate, subject to their

continuing to exercise their respective independent statutory powers under the applicable enactments and laws.

54. We now come to the next set of reliefs/concessions sought in in the bucket under the heading of “Taxation (Direct-Indirect Taxation)” which has been outlined in details at Sl. No.7 at para 15 of the impugned order. The set of reliefs prayed for by the Appellant under this bucket relates to seeking directions for waiver of stamp duty and other applicable fees by the Department of Registration and Stamps in Gujarat, Union Territory of Daman and Diu, and Maharashtra and other potential direct/indirect tax liability. The Adjudicating Authority has disposed of the prayers for relief/concession with liberty to the Appellant to approach the concerned relevant authority for the said reliefs after observing in para 11.2 of the impugned order that *“Therefore, there is no justification for waiver of stamp duty, registration fees, and other transaction associated expenses related to the acquisition during the liquidation process. Stamp duty and similar levies are imposed under various statutes for the purpose of revenue generation, and this Tribunal does not possess the authority to grant exemptions in such matters. Nevertheless, the Applicant is at liberty to approach the relevant authorities to seek exemptions and waivers.”*

55. We find no reasons to disagree with the above directions contained in the impugned order passed by the Adjudicating Authority when we look at Clause 12 of the Sale certificate which is as excerpted below:

“12. In terms of the Lol, now that the sale process has culminated, the Successful Bidder shall bear all the necessary expenses like applicable stamp duties/ additional stamp duty / transfer charges, fees, etc. in relation to the sale of Corporate Debtor as a going concern, for purpose of its acquisition. Additionally, the payment of all statutory /non - statutory dues, taxes, rates, assessments, charges, fees, etc. owed by Corporate Debtor to anybody shall be sole responsibility of the Successful Bidder. The Successful Bidder has to bear the cess or other applicable tax, as applicable, on the sale of Corporate Debtor as a going concern. The Successful Bidder/Buyer will also be responsible for evaluating completeness of applicability of taxes in India at the time of closure and will be responsible for paying all such taxes/duties in relation to sale of Corporate Debtor as a going concern. The Liquidator does not take or assume any responsibility for any dues, statutory or otherwise, of the Corporate Debtor, including such dues, if any, which may affect sale of the Corporate Debtor in the name of the Successful Bidder and such outstanding dues, if any, will have to be borne/paid by the Successful Bidder.”

(Emphasis supplied)

56. We therefore have no doubts in our minds that the Successful Auction Purchaser voluntarily assumed to accept the terms and conditions of the LoI which at Clause 12 also stated that the “Successful Bidder/ Buyer shall bear all the necessary expenses like

applicable stamp duties/additional stamp duty/transfer charges, fees, etc. in relation to the sale of Corporate Debtor as a going concern, for purpose of its acquisition.” Once an Auction Purchaser participates in an auction with full knowledge of the terms basis which the auction is conducted, it cannot seek re-writing of the original commercial terms of the sale. In such circumstances, the Adjudicating Authority cannot be expected to exceed their statutory mandate by allowing extra-contractual benefits to the successful bidder.

57. Similarly, the decision of the Adjudicating Authority to decline the grant of reliefs sought by the Appellant in relation to grant of exemption from all taxes, levies, fees, transfer charges, transfer premiums, stamp duty, registration charges, surcharges, interests, penal charges and any such other levies, that arise from or relate to the acquisition of the Corporate Debtor and taxes or interest or penalty or any prosecution arising out of pending or completed assessments by directing the Appellant to independently approach the concerned authorities cannot be faulted as the e-auction document at Clause 4(c) clearly spelt out that the “payment of all dues, taxes, rates, assessments, charges, fees, etc. owed by Corporate Debtor to anybody in respect of the

Assets shall be responsibility of Successful Bidder.” This was reiterated in the LoI at Clause 13 which read that the “payment of all statutory/non-statutory dues, taxes, rates, assessments, charges, fees, etc. owed by Corporate Debtor to anybody shall be sole responsibility of the Successful Bidder/Buyer.”

58. The principles of equity demand that the bidder should remain bound by the terms that it had accepted at the fall of the hammer. The Adjudicating authority has rightly directed the Appellant to apply to the appropriate authorities of the respective departments. Waiver of liabilities with regard to the dues of the Corporate Debtor to any government entity/department or statutory authorities was to be dealt necessarily in accordance with the e-auction Process Document and the Sale Certificate issued. No exemption or waiver could have been granted by the Adjudicating Authority on the lines prayed for by the Appellant. We are of the view that no error has been committed by the Adjudicating Authority by directing the Successful Auction Purchaser to approach the concerned statutory authority.

59. We now come to the next set of reliefs/concessions sought in in the bucket under the heading of “General Reliefs”. This set of

reliefs prayed for by the Appellant under this bucket which has not been granted by the Adjudicating Authority are as extracted below:

“BB. Direct that, from the Transfer Date, no consents, licenses, approvals, rights, entitlements, benefits, and privileges of the Corporate Debtor under applicable law, contracts, leases shall be terminated on account of insolvency/liquidation, change in control, or settled unpaid dues pursuant to the acquisition by the Successful Auction Purchaser.

CC. Direct that all subsisting consents, licenses, approvals, rights, benefits, and privileges of the Corporate Debtor shall continue without disruption notwithstanding contractual provisions and insolvency/liquidation proceedings, and that all additional licenses, registrations, and consents required to run the business as a going concern be made available from the Transfer Date.”

60. The Adjudicating Authority at para 12.5 of the impugned order has held that *“In light of the above, we find no justification for extending the benefits of the contract, licence, or any related agreements, unilaterally to the Applicant, given that the parties are bound by its terms. The terms of a contract, in our considered view, cannot be altered unilaterally, except through legislative intervention, to strike the appropriate balance between contractual freedom on the one hand and corporate rescue on the other. Similarly, neither the licences granted to the Corporate Debtor by the Authorities can be revalidated, nor can their terms be modified by*

this Authority. We, therefore, are not inclined to grant the aforesaid reliefs.”

61. It is the case of the Appellant that the Adjudicating Authority had erred in refusing to grant the general and consequential reliefs sought by the Appellant which were necessary for giving complete effect to the going concern sale conducted in the present facts of the case. The nature of the reliefs sought were neither substantive adjudications upon independent rights nor requests for exemption from statutory compliance, but merely ancillary and consequential directions and therefore could not have been denied. It is their contention that denial of such reliefs by the Adjudicating Authority despite recognising the validity of the going concern sale process leaves them handicapped in operationalising the acquisition which in turn seriously undermines the commercial efficacy of the liquidation process.

62. We have already explained in the preceding paragraphs the logical grounding for holding that the jurisdiction of the Adjudicating Authority under Section 60(5) of the IBC is not confined to approving or recognising the going concern sale in isolation but extends to issuing all incidental, ancillary and consequential directions required to so as to ensure that the going

concern sale process culminates in a commercially effective transfer of the Corporate Debtor as a functioning enterprise without warranting the Adjudicating Authority to exercise the statutory powers vested in other authorities. The Appellant has merely sought directions that as the Corporate Debtor has undergone a lawful change in ownership and management pursuant to the going concern sale, the concerned authorities may give effect to such change without in any manner compromising the exercise of their respective statutory functions.

63. The Appellant has merely sought legal recognition that the going concern sale has validly taken place under the IBC framework and that all consequential acts required for giving effect to such sale may be undertaken by the respective authorities in accordance with law. The competent statutory authorities would continue to exercise their independent jurisdiction under their respective enactments.

64. We are of the considered view that all subsisting consents, approvals, licenses, rights and entitlements, benefits and privileges under law or contract including Lease or License and other statutory rights shall remain vested with Corporate Debtor as it is being sold as a going concern. However, compliance, if any,

required under any statute/law/rules/regulations/orders due to change in ownership and management of Corporate Debtor would have to be met by Successful Auction Purchaser including payment of renewal fees, if any, to the concerned statutory/licensing authority.

65. This brings us to the next set of reliefs/concessions sought by the Appellant in the bucket under the heading of “Incidental Relief and Concessions”.

66. It is the case of the Appellant that the Adjudicating Authority committed a jurisdictional error in refusing, partly granting or declining to adjudicate several incidental and consequential reliefs sought by the Appellant on the ground that the Appellant may approach the concerned statutory authorities, government departments, regulatory bodies, financial institutions or other competent forums. Submission has been pressed by the Appellant that these incidental reliefs sought by them were not independent substantive claims requiring adjudication under different enactments but were merely ancillary directions intended to facilitate implementation of the going concern sale and to effectively operationalise the Sale Certificate issued by the Liquidator across various statutory and commercial interfaces.

67. When we look at the Process Document, LoI, and the Sale Certificate, we find that, of all the incidental reliefs and concessions sought by the Appellant from the Adjudicating Authority, there was only one relief, namely the conversion of the status of the Corporate Debtor in the records of ROC from “liquidation” to “active” that figures in clear terms. Clause 19 of the Sale Certificate provides that the *“Successful Bidder in consultation with the Registrar of Companies (“RoC”) concerned shall take action to change the status of the Corporate Debtor in the records of the RoC from the status of ‘liquidation’ to the status of ‘active’.”* The other catena of reliefs and concessions which find mention under the heading of “Incidental reliefs and Concessions” do not find any place in either of the three instrumentalities mentioned above.

68. It is an undisputed fact that the only relief and concession claimed under this bucket which finds specific mention in the Sale Certificate is for the change of the status of the Corporate Debtor from “liquidation” to “active” in the MCA portal. We find that the Adjudicating Authority has not granted the change of the status of the Corporate Debtor from ‘liquidation’ to ‘active’ despite completion of the going concern sale by noting at para 13.1.2 of

the impugned order that *“Given these circumstances, no ground has been made out for dispensing with the procedural action required to update the status of the Corporate Debtor to active.”*

69. We are not able to appreciate with the reasoning adopted by the Adjudicating Authority in denying this relief. When the Corporate Debtor company had to undergo liquidation pursuant to orders passed by the Adjudicating Authority under the statutory provisions of IBC and the Sale Certificate issued to the Successful Auction Purchaser clearly provided for this relief, in the absence of any express direction of the Adjudicating Authority to this effect, the consequential procedural steps for change of the status of the Corporate Debtor on the MCA portal would face unnecessary hurdles. We quite agree with the Appellant that unless the Adjudicating Authority provides the nod for conversion of the status from ‘liquidation’ to ‘active’, it would come in the way of the Successful Auction Purchaser to fulfil the consequential procedural compliance of filing Form INC-28 with the RoC. Denial of such relief renders the principal relief of the going concern sale itself incomplete resulting in commercially unworkable outcome frustrating the legislative objective of ensuring continuity of the Corporate Debtor as a functioning enterprise.

70. We are of the view that relief sought by the Appellant should be granted in that the Liquidator in consultation with RoC shall take action to change the status of Corporate Debtor in the records of ROC from the status of “liquidation” to “active” from the effective date and concerned RoC shall take action in accordance with established procedure.

71. Now we focus our attention to the other relief and concession claimed under this bucket. We are of the considered opinion that a Successful Auction Purchaser of a going concern, can only make such prayers for reliefs/concessions which are commensurate and in accordance with the terms and conditions of the e-auction Process Document, LoI and the Sale Certificate issued in pursuance of the liquidation proceedings. Clearly, the Adjudicating Authority can grant reliefs and concessions only to the extent that the Appellant was entitled to and any relief/concession not in accordance with the Process Document, the LoI or the Sale Certificate could not have been granted by the Adjudicating Authority. In such circumstances, the Adjudicating Authority cannot be said to have acted in breach of law or the statutory scheme of the liquidation process in not allowing these multifarious concessions.

72. In view of the ongoing discussion, we partly allow the appeal with the following directions:

(a) The reliefs outlined at para 15 of the impugned order under the heading “Shareholding of the Company & SEBI/Stock Exchanges” at items B, C, E, H, I and J are allowed subject to compliance with necessary procedures, filing of necessary forms and payment of prescribed fees by the Appellant in accordance with the securities laws and stock exchange regulations.

(b) The reliefs outlined at para 15 of the impugned order under the heading “Financial Creditors” at items P, Q and R are allowed in that the financial creditors are directed to undertake all such ministerial and consequential acts as may be necessary to recognise and give effect to the legal consequences flowing from the going concern sale in the present case while preserving the rights of the financial creditors to exercise their respective powers under the applicable laws besides seeking compliance by the Appellant to prescribed procedure, if any. However, while allowing the relief at item ‘R’, we direct that the balance, if any, in the relevant bank accounts, as on the date of sale, shall remain part of the ‘Liquidation estate’ and be distributed in terms of Section 53 of the IBC, if not so done already.

(c) The reliefs outlined at para 15 of the impugned order under the heading “Legal/Litigations” at items V, W and X are allowed with directions to all relevant statutory authorities, governmental departments, regulators, financial institutions, local authorities and other persons concerned to recognise and give effect to the legal consequences flowing from the going concern sale, subject to their continuing to exercise their respective independent statutory powers under the applicable enactments and laws.

(d) The reliefs outlined at para 15 of the impugned order under the heading “General Reliefs” at items BB and CC is allowed with the directions that all subsisting consents, approvals, licenses, rights and entitlements, benefits and privileges under any law, contract including Lease or License and other statutory rights shall remain vested with Corporate Debtor as it is being sold as a going concern subject to compliance, if any, required under any statute/law/rules/regulations/orders due to change in ownership and management of Corporate Debtor to be met by the Successful Auction Purchaser including payment of renewal fees, if any, to the concerned statutory/licensing authority.

(e) In respect of reliefs outlined at para 15 of the impugned order under the heading “Incidental Relief and Concessions”, only the

relief/concession at item DD is allowed. The Liquidator in consultation with RoC shall take action to change the status of Corporate Debtor in the records of RoC from the status of “liquidation” to “active” from the effective date and concerned RoC shall take action in accordance with established procedure.

(f) The rest of the impugned order is affirmed without need of any further modification.

The Appeal is disposed of accordingly with the above directions.

No costs.

**[Justice Yogesh Khanna]
Officiating Chairperson**

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

**[Ajai Das Mehrotra]
Member (Technical)**

*Place: New Delhi
Date : 03rd September, 2026
Sheetal*