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

**01.12.2025**

**Present: JUSTICE N. SESHASAYEE, MEMBER (JUDICIAL)**
**MR. ARUN BAROKA, MEMBER (TECHNICAL)**
**MR. INDEVAR PANDEY, MEMBER (TECHNICAL)**

**Company Appeal (AT) (Ins) No.1020 of 2025**

**Mr. Nipan Bansal, Former Resolution Professional,**
**M/s Cheema Spintex Limited ...Appellant**

**Vs**

1. **M/s Cheema Spintex Limited ...Respondent No.1**
   Through its Liquidator Mr. Arun Gupta

2. **Mr. Arun Gupta ...Respondent No.2**
   Liquidator, M/s Cheema Spintex Limited

3. **IDBI Bank Limited ...Respondent No.3**

4. **Punjab National Bank ...Respondent No.4**

(Arising out of Order dated 08.05.2025 passed by the Adjudicating Authority (National Company Law Tribunal, Chandigarh Bench) in IA No. IA(IBC)(LIQ)/18(CH)2024 in CP(IB) No.132/Chd/Chd/2023)

For Appellant: Dr. Rajansh Thukral, Mr. Sidharth Thukral, Advocates

For Respondent: Mr. Anand Varma, Mr. Ayush Gupta and Ms. Priyanshi Goel, Advocates for R-3. Mr. Gopal Jain, Mr. Shubham Gupta Advocates for R-1 & 2

## JUDGEMENT

**Per Justice N. Seshasayee, Member (Judicial)**

1. This appeal filed by the liquidator involves a short question: whether the reliance of the Adjudicating Authority on a circular of the IBBI, dated 18.07.2023 to change the liquidator and to appoint a liquidator of its choice is legally permissible.

2.1 On 12.07.2024, the CD was put to liquidation in by a resolution of the CoC in its second meeting. The appellant, who was hither to the Resolution Professional, gave his consent to be the liquidator as contemplated by Sec.34(1) of the IBC. Based on the CoC's decision, the Appellant filed an application bearing IA (IBC)(LIQ)/18(CH)2024 before the NCLT, Chandigarh, seeking liquidation of the Corporate Debtor and praying for his appointment as liquidator along with the written consent of the appellant in Form AA.

2.2 At the relevant time was in vogue a communication/letter of the IBBI dated 18.07.2023, which advocated that in certain circumstances, it may be appropriate to appoint a liquidator other than the RP. This letter became relevant when the Adjudicating Authority considered application for ordering liquidation.

2.3 On 08.05.2025, the Adjudicating Authority ordered liquidation of the CD. However, as regards appointing the appellant as the liquidator, relying on the above referred to letter or the circular of the IBBI, dated 18.07.2023, the Adjudicating Authority chose to replace the appellant and appointed the second respondent as the liquidator. This change in appointment was made despite the CoC recommending the appointment of the appellant as the liquidator, more importantly, when the appellant was not facing any disciplinary proceedings and has also given his consent to be a liquidator as required under Sec.34 (1) of the IBC.

3. Since the letter or the communication of the IBBI dated 18.07.2023 had come in the way of appointing the appellant as the liquidator, he filed CWP No. 14348 of 2025 before the Hon'ble Punjab & Haryana High Court challenging the basis of the decision, including the applicability of the IBBI letter dated 18.07.2023. On 19.05.2025, the High Court dismissed the writ petition and directed that the alternative statutory remedy available under the IBC might be pursued by the appellant. This is the circumstances in which the appellant has come forward with the present appeal. The challenge in essence was to the legality and validity of the letter of the IBBI dated 18.07.2023.

4. The second respondent submits that he has been appointed as the liquidator by the Adjudicating Authority, and claims that he has made substantial progress in the liquidation process, including preparation of the liquidation estate, asset memorandum, verification of claims, and that he is initiating steps for sale of assets.

5. The 3rd Respondent is M/s IDBI with over 92% voting share in the CoC, and it states that it has no objection to respondent 2 continuing as the

Liquidator and that any delay in the liquidation process will lead to deterioration in the value of assets of the Corporate Debtor.

6. The learned counsel for the appellant submitted that the first bench of this tribunal vide its Order dated 01.08.2025 in ***Manish Jaju Case Vs CoC and others*** [C.A.(AT)(Ins.) 1165 of 2025] has held that the IBBI does not have the authority to override the statutory scheme for appointing a liquidator as envisaged and embodied under Sec. 34(4) IBC. When the cloud over the appointment of the appellant as the liquidator is thus removed, then the appellant alone has to be appointed as the liquidator.

7. The counsel for respondents 2 and 3 stuck to the stands taken in their respective replies.

8. The cloud over the appointment of the appellant might have been removed vide the order in ***Manish Jaju case***, yet we do not consider it necessary to appoint the appellant as the liquidator in the middle of the liquidation process. The reasons are:

   a) The appellant does not have any vested right to be appointed as the liquidator.

   b) It may not be appropriate to change the liquidator in the middle of the liquidation process as there will be cost implications, more so when the 3rd respondent, with majority voting share far in excess of 66% is happy with the second liquidator.

   c) The Adjudicating Authority apparently has felt bound by the letter of the IBBI dated 18.07.2023 and appointed the 2nd respondent as the liquidator, and was not seen to assert any exclusive authority to appoint a liquidator superseding the right of the CoC to replace the resolution professional for functioning as the liquidator. The 3rd respondent apparently has appreciated the circumstances in which the Adjudicating Authority has decided to replace the appellant with the 2nd respondent. In the Order of this Tribunal in a batch of two appeals in ***Omkara Asset Reconstruction Pvt. Ltd. Vs Amit Vijay Karia & another,*** [C.A.(AT)(INS) 914 of 2025 and 915 of 2025, dated 01.12.2025], we have held that the Adjudicating Authority does not have any authority to appoint a resolution professional for acting as a liquidator overlooking the choice of the CoC. The second respondent, though had a right to challenge the appointment of the 2nd respondent, yet is not concerned about who functions as the liquidator, and is only seen to be keen to complete the liquidation process. The appellant therefore, cannot claim any right to impose his wish to act as a liquidator on the 3rd respondent.

9. In conclusion, we find no merit in the appeal and the same is dismissed, however, without costs.

**[Justice N. Seshasayee]**
**Member (Judicial)**

**[Arun Baroka]**
**Member (Technical)**

**[Indevar Pandey]**
**Member (Technical)**

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