

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

Company Appeal (AT) No. 263 of 2024

**[Arising out of the Impugned Order dated 13.05.2024 passed by the
Adjudicating Authority, National Company Law Tribunal, Mumbai Bench-
I in C.A No. 19/2024 in C.P. No. 3638/MB/2018]**

In the matter of:

DSP Asset Managers Pvt. Ltd.

10th Floor, Mafatlal Centre,
Nariman Point, Mumbai - 400 021.

...Appellant

Versus

(1) Grant Thornton India (Bharat) LLP

IL&FS Financial Centre
Plot No. C-22, G Block Bandra Kurla
Complex, Bandra East,
Mumbai – 400051, Maharashtra

**(2) Infrastructure Leasing and Financial
Services Limited**

IL&FS Financial Centre,
Plot No.C-22, G Block, Bandra Kurla
Complex, Bandra East,
Mumbai – 400051, Maharashtra

(3) IDBI Trusteeship Limited

Asian Building, Ground Floor, 17,
R. Kamani Marg, Ballard Estate
Mumbai 400 001 and
J -1, Virjanand Marg, Vikaspuri,
New Delhi- 110018.

...Respondents

Present:

For Appellant : Mr. Krishnendu Dutta, Sr. Advocate with Ms. Subhabrata
Chakraborti, Ms. Madhurima Sarangi and Ms. Alina Merin
Mathew, Advocates.

For Respondent : Mr. Animesh Bisht, Mr. Vihit Shah and Ms. Udisha
Mishra, Advocates for R-2/ILFS.
Mr. Mohit Kumar Bafna, Advocates for R-3.

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

Per: Barun Mitra, Member (Technical)

The present appeal initially filed under Section 61 of Insolvency and Bankruptcy Code 2016 (**'IBC'** in short) by the Appellant which was subsequently amended by I.A. No. 6887 of 2024 and filed under Section 421(1) of the Companies Act, 2013 arises out of the Order dated 13.05.2024 (hereinafter referred to as **'Impugned Order'**) passed by the Adjudicating Authority (National Company Law Tribunal, Mumbai Bench-I) in C.A No. 19/2024 in C.P. No. 3638/MB/2018. By the impugned order, the Adjudicating Authority has dismissed CA No. 19 of 2024 seeking admission of the claim filed by the Appellant in the insolvency process of IL&FS-Respondent No.2. Aggrieved by the impugned order, the present appeal has been preferred by the Appellant.

2. Coming to the factual matrix of the present case at hand, the salient events are as outlined below:

- On 22.03.2016, IL&FS Transportation Networks Ltd. (**"ITNL"** in short), a group subsidiary of Infrastructure Leasing and Financial Services Ltd. (**"ILFS"** in short) had issued and allotted 7800 Non-Convertible Debenture (**NCD**) pursuant to a Debenture Trustee Deed (**DTD**).
- The NCDs were issued and allotted to the Appellant-Asset Manager of DSP Mutual Fund which had been subscribed to by retail investors and salaried persons.
- Basis the DTD, IDBI Trusteeship Ltd.-Respondent No.3 was appointed as the Debenture Trustee (**DT**) on 22.03.2016.

- A Parent Agreement was signed between the Respondent No.2-ILFS and Respondent No.3-DT by which Respondent No.2 had undertaken to fulfil the payment obligations in the event of ITNL's failure and default in complying with its payments obligations towards Debenture Holders in relation to NCDs.
- On 14.09.2018, ITNL had made a default in payment obligations and Respondent No.3 had reported the same to ITNL vide default notice on 21.09.2018.
- On 15.09.2018, an event of default under the DTD occurred in terms of Clause 8.4(b) of the DTD as the indebtedness of Respondent No.2 had triggered an event of default under the DTD.
- On 01.10.2018, the Board of Respondent No.2 was superseded under Sections 241 and 242 of the Companies Act and a new Board constituted. The insolvency process of Respondent No.2 commenced from October 2018.
- The new Board had conceived an Initial Resolution Framework in December 2018 for the resolution of the ILFS group which was followed by Addendums thereto.
- On 11.01.2019, this Tribunal had directed that a process similar to Corporate Insolvency Resolution Process shall be followed for resolution of Respondent No.2 and its group companies.
- On 22.05.2019, Grant Thornton India LLP-Respondent No.1 was appointed as the Claims Management Advisor ("**CMA**" in short) which issued public announcement inviting claims from creditors of Respondent

No.2 and their group entities including ITNL. The deadline for filing claims was however extended six times upto 18.08.2022.

- Respondent No.3 sent an email on 23.05.2019 and 24.05.2019 to the Appellant requesting them to file their claims with them on or before 28.05.2019. The Appellant had filed their claim qua ITNL and IEDCL on 28.05.2019 but not in respect of Respondent No.2-ILFS.
- On 23.05.2023, the Respondent No.1-CMA confirmed that the Respondent No.3-DT did not file the claim of the Appellant in the insolvency resolution process of ILFS-Respondent No.2.
- The Respondent No.3 filed the claim of the Appellant in Form-C with the CMA in respect of Respondent No.2-ILFS on 05.06.2023.
- On 15.06.2023, the CMA informed Respondent No.3-DT by an email notifying that the Appellant's claim cannot be admitted in the insolvency process of Respondent No.2 unless instructed by the newly constituted Board of Respondent No.2.
- On 28.12.2023, the Appellant filed Company Application No. 19/2024 in CP No. 3838/2018 under Section 241/242 of the Companies Act, 2013 seeking condonation of delay in filing of their claims and for issue of directions to CMA to verify and include their claims qua Respondent No.2 for pay out under the resolution plan. It was also prayed that no resolution plan be finalised in respect of Respondent No.2-ILFS pending disposal of the application.
- The CA No. 19/2024 was dismissed and aggrieved with the impugned order, the present appeal has been preferred.

3. Making his submissions the Ld. Sr. Counsel for the Appellant, Shri Krishnendu Dutta submitted that it is an undisputed fact that NCDs were issued under the DTD and had also been duly disbursed and subscribed by Debenture Holders. Further, in terms of clause 4.1 of the DTD, ITNL had undertaken to pay all amounts as due in respect of the NCDs to be redeemed on the redemption date to the Debenture Holders. The DTD terms also provided that non-payment of outstanding debt by due date in respect of NCDs by ITNL constituted an event of default as per Clause 8 of the DTD. Further in terms of Recital of the DTD and pursuant to the Parent Agreement, Respondent No.2-ILFS had also guaranteed discharge of debt arising in respect of these NCDs to the Debenture Holders. It was submitted that the guarantee obligations of Respondent No.2 was co-extensive and co-terminus with ITNL. An event of default occurred on 14.09.2018 and non-payment of NCD by Respondent No.2 constituted a Parent Cross Default in terms of clause 8.4(b) of the DTD. It was also pointed out that there is no dispute that the claim of the Appellant arises out of guarantee obligation of Respondent No.2 and that the claim had crystalized prior to the cut-off date and did not suffer any discrepancies. The liability of ITNL and Respondent No.2-ILFS towards the Appellant upon occurrence of event of default under DTD and Parent Agreement having arisen, the Respondent No.3 being the Debenture Trustee was therefore bound to act promptly without any reference to Debenture Holders in filing of claims.

4. It was asserted that the public announcement of 22.05.2019 made by Respondent No.1-CMA inviting claims clearly stipulated that in case of those Debenture Holders having an appointed trustee, the claims were to be filed only

through such a trustee_and hence it was incumbent and obligatory upon Respondent No.3 to file the claims with CMA without need of instructions from the Appellant. Further, pursuant to Clause 9.2 of DTD and Clauses 6.1 and 6.2 of the Parent Agreement, the Respondent No.3 had access to books of accounts and financial records both of ITNL as well as Respondent No.2-ILFS including their liabilities towards creditors. However, there was negligence on the part of Respondent No.3 in filing the claims in a timely manner even though they had full and complete knowledge of all particulars and claim-related details of the Appellant right from the beginning.

5. Submission was also pressed that when the claim of the Appellant was clearly reflected in the books of account of Respondent No.2 and Respondent No.3 and CMA had complete access to such financial records including books of account, the claim deserves to be admitted. In support of their contention, the Appellant has placed reliance on the judgment of this Tribunal in ***Puneet Kaur Vs KV Developers Pvt. Ltd. and Ors. in CA(AT)(Ins.) No. 391-394 of 2022*** wherein it was held that non-consideration of the claim of home-buyers who could not file their claims, inspite of the claims standing reflected in the record of the Corporate Debtor amounts to inequitable and unfair resolution. It was therefore contended that delay in filing the claim of the Appellant was not attributable to the Appellant but was occasioned by negligence and breach of DTD terms by Respondent No.3 and hence the Appellant cannot be subjected to prejudice on this count. It was vehemently contended that the Appellant cannot be made to suffer because of failure on the part of Respondent No.3 to perform their duty of lodging claims in a timely manner.

6. It was also asserted that no prejudice would be caused if the claims of the Appellant was admitted in the insolvency process keeping in mind particularly the fact that the claims primarily belong to retail investors and salaried persons whose life savings are involved. Denial of the admission of claim of the Appellant who are retail investors and salaried personnel would subject them to unwarranted harm. The Appellant cannot be faulted for not filing their claim on time as they could not have individually filed their claim since only Respondent No.3- Debenture Trustee could have filed the claim on their behalf in terms of DTD. Moreover, the Appellant was all along under a bonafide assumption that Respondent No.3 would file claim on their behalf on time. Furthermore, Regulation 12 of the CIRP Regulations allowed filing of claims of creditors till the stage of issue of request for resolution plan. In the present case, since neither request for resolution plan has been issued nor any resolution plan has been finalized or approved by the Committee of Creditors (“CoC” in short) of Respondent No.2, there is sufficient scope for admission of the claims of the Appellant even at this stage. It was also pointed out that the CMA-Respondent No.1 has fairly accepted that the claim of the Creditors can be admitted till the stage of approval of resolution plan.

7. The time-line set for submission of claim by Creditors of Respondent No.2 and its group entities had been extended in any case on multiple occasions. Since the Board of Respondent No.2 was obliged to act in a fiduciary capacity to protect the interest of all creditors, it can always extend the time-line further. In support of their contention that time-lines for filing claims are directory and not mandatory in nature reliance was placed on the judgment of the Hon’ble

Supreme Court of India in ***State Tax Officer VS Rainbow Papers Ltd. in CA No. 1661 of 2020*** in which it has been held that the time-lines stipulated in the IBC for completion of CIRP proceedings are directory and not mandatory.

8. The allegations and contentions raised by the Appellant were rebutted by Ld. Counsel, Shri Animesh Bisht appearing on behalf of Respondent No.2 and Ld. Counsel, Shri Mohit Kumar Bafna on behalf of Respondent No.3. Since their contentions largely overlap, we would like to capture them conjointly.

9. Submission was pressed by the Respondents that keeping in view the fact that public announcement inviting claims had been made on 22.05.2019 and the Appellant had also been informed by Respondent No.3-Debenture Trustee of the claim process on 23.05.2019, the Appellant cannot justifiably claim that they were unaware of the timelines of the Claim Management Process. This is reinforced by fact that the Appellant's claim against ITNL was not only filed within the timelines set out in the claim process but the claim was also admitted by Respondent No.1-CMA. Similarly, the Appellant had also filed their Claim Form with Respondent No.3 with respect to another group entity of ILFS, namely, IEDCL. This abundantly testifies that the Appellant was fully aware of the claim management process from 2019 onwards. It was stressed that while on the one hand, the Appellant through Respondent No.3 had filed their claim against ITNL for the NCDs on 29.07.2019, for the same set of NCDs, claims were filed as late as on 05.06.2023 against Respondent No.2 under the Parent Agreement. The Appellant had clearly filed their claim belatedly in respect of insolvency resolution process of Respondent No. 2 on 05.06.2023 which was more than ten months beyond the final deadline set for filing of claims. In such

circumstances, when the deadline of filing claims was extended six times from May 2019 to August 2022 and the Appellant remained dormant in filing their claims, they were clearly responsible in having failed to exercise due vigilance and due diligence in filing the claims within the stipulated time-frame. The Adjudicating Authority therefore committed no mistake in not allowing any relief for admitting such belated claims.

10. It is the case of the Respondent No.3-DT that in terms of Clause 11(b) and Schedule 2 of DTD, the DT could act only on written instructions of Debenture Holder. Since DT could not have acted unilaterally without the explicit and unambiguous instructions of Debenture Holders, the DT cannot be held responsible for any omission, neglect or delay in filing of claims. It is also their contention that DT was not privy to financial records of the Appellant and hence, the DT had by email on 23.05.2019 and 24.05.2019 intimated the Appellant to submit their claim with supporting proof. However, while the Appellant had filed the claims qua ITNL and IEDCL within the time frame, the Appellant filed their claim qua ILFS on 05.06.2023 through Respondent No.3 after an inordinately long delay. Thus, it was contended that the Appellant was clearly barred by laches in lodging their claims.

11. Reliance has been placed by the Respondents in the judgement of Hon'ble Supreme Court in ***State of Uttar Pradesh and Others Vs Arvind Kumar Srivastava and Others 2015 1 SCC 347*** wherein it has been held that it is unjust to allow remedy to a person who by his own conduct has put the other party in a position in which it would not be reasonable to place him if the remedy was to be asserted afterwards. When by their own conduct or inaction, the

Appellant had not filed their claim, they cannot be allowed to assert their remedy afterwards on grounds of equity. If claims management process of ILFS is reopened on the request of the Appellant it would be detrimental to larger public interest. It was pointed out that it was a misplaced contention made by the Appellant that as the resolution plan was not yet on the anvil, the belated claims filed by the Appellant could still be considered by the CMA. Highlighting the peculiar facts and circumstances in which ILFS and its subsidiaries had been admitted into the CIRP, it was submitted that the resolution of ILFS which was the parent holding company for the entire ILFS group was envisaged to be resolved through the resolution of its subsidiary companies. As the group entities were resolved, the funds received in the resolution process were pushed upwards to the parent holding company-ILFS. The funds so collected were already being distributed to the creditors of ILFS in the larger public interest and the first round of interim distribution of assets of ILFS had also been carried out after the mechanism for this purpose had been approved by this Tribunal vide its order dated 31.05.2022 which allowed interim distribution to take place. Hence the resolution of ILFS was already underway and has been partially achieved. It was also submitted that any such steps of admitting belated claims would disturb the ongoing process of distribution of assets which has taken place so far thereby delaying resolution process as it would entail the remapping of the creditors. Moreover, this would lead to a situation where others who have not yet filed their claim may also stake their claims by relying on this precedent. If belated claims are allowed it will result in the resolution process becoming an endless and unceasing process which violates the objectives of timely resolution

and in support of their contention relied on the judgements of the Hon'ble Supreme Court in ***Committee of Essar Steel India Ltd vs Satish Kumar Gupta & Ors (2020) 8 SCC 531*** and ***RPS Infrastructure Ltd vs Mukul Kumar &or in Civil Appeal no 5590 of 2021***. The Adjudicating Authority therefore rightly dismissed the application for filing claims in a belated manner as the delay had no justifiable basis and lacked bonafide.

12. Coming to the submissions made by Respondent No.1-CMA, it was outrightly denied that claims can be admitted till approval of resolution plan takes place. It was pointed out that the CMA was bound by the Resolution Framework and was required to act within the prescriptions of the Resolution Framework. It was also pointed out that claims consideration process cannot be continued endlessly by the CMA. Being a claims-based process, in the absence of claim having been filed qua Respondent No.2 within the permissible time period, the CMA could not have suo moto admitted the claim. As regards claims of the Debenture Holders qua Respondent No.2 was concerned, as against the last date for receiving claims of 18.08.2022, the Appellant's claim was filed in Form-F on 05.06.2023 which was clearly beyond the time-line set for this purpose. Moreover, unless the time-lines for submission of claims was extended by ILFS Board, the CMA did not have the power to verify and admit the claims. The CMA therefore stood precluded from looking into these claims.

13. We have duly considered the arguments advanced by the Learned Counsel for the parties and perused the records carefully.

14. The short issue which arises for our consideration is whether the Appellant had shown due diligence in submitting their claim qua Respondent

No.2 and, if not, whether sufficient reasons/grounds exist to admit the belated claim at this stage.

15. Before we return our findings, it may be useful to notice the grounds on which the impugned order dismissed the CA No. 19/2024. The first ground taken by the Adjudicating Authority is that the Appellant inspite of being well aware of the ongoing insolvency resolution process of Respondent No.2 and announcement already made for inviting claims in May 2019, they did not send any communication to Respondent No.3-DT to file any claim qua the obligations to be discharged by Respondent No.2. Secondly, the Adjudicating Authority took notice that the Respondent No.3 had no instructions from the Appellant to file any claim qua Respondent No.2 prior to 25.05.2023 and in the absence of requisite instructions, Respondent No.3 could not have filed the claim on behalf of the Appellant prior to that date. Considering that the resolution was conceived to be claim based process and only claims of creditors which have been received, verified and admitted are to be considered for the purpose of settlement of their dues, the Adjudicating Authority in the impugned order has observed that it was not inclined to issue any direction for admission of belated claim. Thirdly, we find that the Adjudicating Authority has noted that since the claim of the Appellant had already been admitted in the insolvency process of ITNL, no prejudice would be caused to the Appellant for not having filed their claims in the insolvency resolution process of Respondent No.2. The Adjudicating Authority therefore refused to pass any direction on the consideration of the belated claim filed by the Appellant qua Respondent No.2.

16. It is the case of the Appellant that there were standing instructions since 21.09.2018 for Respondent No.3 as Debenture Trustee to take all steps to secure and protect the interest of the Appellant with regard to filing of claims in respect of obligations to be discharged by Respondent No.2-ILFS. Since the Debenture Trustee-Respondent No.3 was duty bound to file the claims on the behalf of Appellant, the latter cannot be faulted for not filing their claim on time since it was the Respondent No.3-Debenture Trustee who only could have filed the claim on their behalf in terms of DTD. It is further their case that the Respondent No.3 as an after-thought to cover up their inefficiency and negligence came up with the excuse that they needed the prior instructions of the Appellant for filing their claim in the insolvency of Respondent No.2. In any case, if any instructions were required to be obtained by the Respondent No.3 from the Appellant, the onus lied on Respondent No.3 to obtain the same and not await the instructions from the Appellant. It has also been contended that the details of the claims of the Appellant were available in the records and books of account of Respondent No.2. In such circumstances, when the books evidenced the details of the claims of the Appellant, there was no good reason for the CMA in not taking cognisance of their claims. It was also submitted that when CMA had admitted claims of certain other creditors of Respondent No.2 on the basis of information available in the books of accounts of Respondent No.2 by dispensing the need to lodge a formal claim by such creditors, it was inexplicable as to why similar treatment and benefit was denied to the Appellant.

17. Per contra, it is the contention of the Respondent No.3-DT that in terms of Clause 11(b) of the DTD, prior instruction of the Appellant was required by

Respondent No.3 to file claims on behalf of the Appellant. Since DT could not have acted unilaterally without the instructions of Debenture Holders, the DT had therefore kept the Appellant apprised in writing on 24.05.2019 about the timelines of the Claim Management Process and the need to file the claims. Hence, the Appellant cannot justifiably claim that they were unaware of the Claim Management Process and associated time-lines for filing of claims qua ILFS. This is further reinforced by fact that the Appellant's claim against ITNL was filed within the timelines set out in the claim process which claim was also admitted by Respondent No.1-CMA. Similarly, the Appellant had also filed their Claim Form with Respondent No.3 with respect to another group entity of ILFS, namely, IEDCL within the stipulated time-frame which was also admitted by the CMA. As regards claims qua ILFS, the Appellant approached DT much later on 25-26.05.2023 vide emails to submit their claims. The DT had acted promptly and filed the same on 05.06.2023. In such circumstances, the DT cannot be held responsible for any omission, neglect or delay in filing of claims in respect of the Appellant with regard to their claims qua Respondent No.2.

18. Coming to our analysis and findings in the present case, we notice that the CMA had made a Public Announcement on 22.05.2019 setting 06.06.2019 as the first deadline for claim submissions which was subsequently extended until 18.08.2022 after allowing six extensions. These extensions were allowed not for any specific party but was open for all stake-holders to stake their claims and therefore does not suffer from any arbitrariness. The public announcement of 22.05.2019 made by Respondent No.1-CMA inviting claims clearly stipulated that in case of those Debenture Holders having an appointed trustee, the claims

were to be filed only through such a trustee. It is also an undisputed fact that the Appellant did not file their claim qua Respondent No.2 within the extended time so allowed either directly by themselves or through the Respondent No.3-DT. Their claim was eventually filed on 05.06.2023 by the DT which was much beyond the sixth extension of time-line allowed until 18.08.2022. It is therefore abundantly clear that substantial time had elapsed since the date of issue of public announcement inviting claim and the actual date of filing of claim on behalf of the Appellant by the DT qua the obligations of Respondent No.2-ILFS.

19. From available material on record, it is noticed that Respondent No.3 had intimated the Appellant as well as the Debenture Holders of the ongoing claim process in their email dated 24.05.2019 and requested them to file their claims in timely manner. The said email is as reproduced below:

From: Rmita <<mailto:rmitra@idbitrustee.com>>

Sent: Friday, May 24, 2019 3:57 PM

To: 'ParidhiDoshi'; Sunit.Garg@kotak.com;

Ketan.Ugrankar@invesco.com; Ganesh.Gadhawe@invesco.com; Bhurji, Manprit (India); Roy, Soumyo (India); DSP, RQA (India)

Cc: 'S.Gunware'; meet@idbitrustee.com; jimit@idbitrustee.com; amarsurve@idbitrustee.com; Lubna.Usman@ilfsindia.com

Subject: RE: IL & FS Transportation Networks India Limited - Submission of claim - Public Announcement by IL&FS

Dear Debenture Holders,

As per discussion with the Company and Grant Thornton India LLP (Claim Management Advisor) we had today, we have been informed that the claims due up to and including 15.10.2018 needs to be provided in a revised form (attached).

Request you all to fill in the attached Format (Form CA) and submit the same duly signed (scan followed by hard copy to the address mentioned in the signature) alongwith the proof of claim (including latest D-mat statement).

Request all to provide the same on or before 28.05.2019 positively.

*Chief Manager (Operations)
IDBI Trusteeship Services Limited*

20. Subsequent to issue of this email, we find that claim forms were issued in respect of ITNL and IEDCL. This is clearly evident from the e-mail dated 28.05.2017 which is as reproduced below:

From: Jain, Rimmi (India) Rimmi.jain@dspim.com

Sent: 28 May 2019 17:43

To: rmitra@idbitrustee.com; paridhi@idbitrustee.com; meet@idbitrustee.com; jimit@idbitrustee.com; amarsurve@idbitrustee.com

Cc: Majmudar, Pritesh (India); Rajagopal, Ramamoorthy (India); +DSP Credit Team (India); Vora, Pranjal (India); +DSPIM FA Valuation (India); DSP, RQA (India)

Subject: FW: IL & FS Transportation Networks India Limited - Submission of claim - Public Announcement by IL&FS

Dear Sir/Madam,

Please find attached the claim forms in respect of IEDCL and ITNL by DSP Investment Managers Pvt. Ltd.

The hard copy has been sent to you by courier today.

Regards,

DSP Investment Manager

21. While claim had been filed in respect of group entities of ILFS, no claim forms were submitted in so far as ILFS-Respondent No.2 was concerned. It has been admitted by the Appellant that there were several exchanges of communication as late as from March 2023 onwards between the Appellant and Respondent No.3 regarding filing of claims of the Appellant in relation to insolvency resolution process of Respondent No.2-ILFS following which on 05.06.2023 the Respondent No.3 filed Form-C with the CMA with request to admit the claim of the Appellant. It therefore becomes clear that no claim had

been filed in respect of the Appellant qua the Respondent No.3 though the time-line had lapsed. We also notice that even the CMA-Respondent No.1 had informed the Appellant on 23.05.2023 that Respondent No.3 had not filed the claim of the Appellant for the guarantee given by Respondent No.2-ILFS. The Appellant had clearly filed their claim belatedly in respect of insolvency resolution process of Respondent No. 2 on 05.06.2023 which was more than ten months beyond the final deadline set for filing of claims. In such circumstances, when the deadline of filing claims was extended six times from May 2019 to August 2022 and yet the Appellant slept over in filing their claims, they had clearly failed to exercise requisite diligence in filing the claims within the stipulated time-frame. The Appellant should have been more vigilant in taking timely steps to file their claim. The Appellant has been clearly found wanting in this regard as due diligence was not shown towards satisfying the prescriptive requirement of filing their claims even within the extended time period. It is not required of the Adjudicating Authority to determine as to whether the Appellant or the DT was responsible for the delay in filing the claims but has to be merely satisfied whether any inordinate and unjustified delay occurred in the filing of claims. The Adjudicating Authority has therefore not committed any mistake in concluding that claims qua the obligations to be discharged by Respondent No.2 not having been filed within the extended time period allowed for filing of claims for any genuine reason, the conduct of the Appellant was clearly remiss.

22. Prima-facie, the CMA did not enjoy any discretion in admitting the belated claim of the Appellant after the extended period. The CMA cannot be faulted on this count since the CMA was duty bound to follow the Resolution Framework

which framework though largely guided by the broad principles of IBC also entailed a distinctive and different process in view of its own unique complexity. Even at this belated stage, the CMA did not reject the claim but stated that it needed the approval of new Board of ILFS to admit the claim. While we agree with the Appellant that merely because the claim of the Appellant was admitted in the insolvency process of ITNL by the CMA, it could not be a fetter on the right of the Appellant to seek admission of their claims in the insolvency resolution process of ILFS since their guarantee obligation to pay the Appellant was co-extensive and co-terminus with ITNL, however, we cannot countenance the lethargic and lackadaisical approach of the Appellant in pursuing their claims qua ILFS. To our minds, the Appellant had clearly failed to discharge their obligation to lodge claims within prescribed time period. In these circumstances, we are inclined to agree with the Respondents that allowing belated claim of the Appellant will open flood gates of the multiple such claims. If belated claims are allowed for any specific party, there is all likelihood from other similarly placed claimants to seek reopening of the claim window leading to the need of remapping of the creditors and pro-rata revision revision/adjustment of the of the proceeds already distributed or proposed to be distributed thereby rendering the resolution process endless.

23. It is however the case of the Appellant that their belated claim can be admitted since the resolution of Respondent No.2 had not occurred and the resolution plan was yet to be received. However, when we look at the Resolution Framework as approved by this Tribunal, we find that said framework envisaged Asset Level Resolution through various methodologies including capital

infusion/asset monetisation/resolution or winding-up based on the feasibility and viability on the parent holding and groups entities. The first round of interim distribution of funds to creditors had already been carried out in the interest of successful implementation of the Resolution Framework and revival of the ILFS and its group entities following approval of the interim distribution mechanism by this Tribunal on 31.05.2022 as is placed at page 189 of reply of Respondent No.2. Coming to the reliance placed by the Appellant on the judgement of this Tribunal in **Puneet Kaur judgement**, we notice that the facts of the present case are distinguishable. While in **Puneet Kaur** matter, the resolution plan had not yet been approved by the Adjudicating Authority, in the present case, at the time of filing belated claims by the Appellant, distribution of proceeds in terms of interim resolution framework had already commenced. We find force in the contention of the Respondents that since the resolution of ILFS occurs by virtue of resolution of its group entities, claims cannot be allowed beyond the time where the resolution of the group entities have been approved and distribution of proceeds already made.

24. This brings us to the contention of the Appellant that since timelines are directory and not mandatory as laid down in the **Rainbow Papers judgement supra** the belated admittance of claims was permissible. We have no quarrel with the proposition of law as laid down in the **Rainbow Papers judgement** but we have to be also mindful that it is also settled law that any party seeking condonation of delay is required to furnish cogent grounds as a condition precedent to allow condonation of such delay. The Appellant has also not provided any cogent reason for delay in filing the claim despite multiple

extension of the claims window having been allowed. In the instant case, the Appellant has failed to provide any plausible justification for delay in filing their claims. The Appellant for no justifiable reasons had clearly dropped the guard of being vigilant in pursuing their claims within the time-lines and now seeks to stall the resolution process disregarding the larger interest of other stakeholders. The Appellant because of their inaction cannot prejudice the creditors who had filed their claims in a timely manner to their detriment. In the absence of credible and genuine grounds extending the delay, it does not commend us to overturn the findings of Adjudicating Authority for any indulgence shown by way of belated admittance of claim at this stage is also likely to jeopardise the ongoing resolution process of ILFS and its group entities. The Adjudicating Authority has not committed any error in the given facts and circumstances in not acceding to the request of the Appellant for admission of their belated claims.

25. In view of the foregoing discussion, we are of the considered view that the Appeal is devoid of merit. The impugned order does not warrant any interference. The Appeal is dismissed. No costs.

**[Justice Ashok Bhushan]
Chairperson**

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

**Place: New Delhi
Date: 01.05.2025**

Abdul/Harleen