NATIONAL COMPANY LAW APPELLATE TRIBUNAL
PRINCIPAL BENCH, NEW DELHI

Comp. App. (AT) (Ins) No. 1557 of 2026

(Arising out of the Order dated 14.08.2026 passed by the National Company Law Tribunal, Mumbai Bench, in IA No. 2785 of 2026 in Company Petition (IB) No. 922 of 2022)

IN THE MATTER OF:

Shobhit J. Rajan
Having address at:
Naivedya, 85, Carter Road,
Bandra (W), Mumbai- 400050 **…Appellant**

Versus

1. ARCK Resolution Professionals LLP
(Resolution Professional of the Ecstasy Realty Private Limited)
Having office at:
Flat No. 409, 4th Floor, Ansal Bhawan, 16KG Marg,
Connaught Place, New Delhi- 110001. **…Respondent No. 1**

2. Committee of Creditors of Ecstasy Realty Private Limited
Having office at :
Unit No. 2, 4th Floor, A Wing, Time Square building,
Andheri Kurla Road,
Marol, Nilkanth Park, Andheri (E), Mumbai- 400059. **…Respondent No. 2**

Present

For Appellant: Mr. Abhinav Vasisht, Sr. Advocate with Mr. Aman Kacheria, Mr. Pulkit Sharma, Mr. Rishabh Dhanuka, Ms. Akshita S. Jaitly, Ms. Abhilasha Sharma, Mr. Zaki Ansari, Ms. Khushi Nandu, Ms. Jasleen, Mr. Shivanshu, Advocates.

For Respondents: Mr. Krishnendu Datta, Sr. Advocate with Ms. Misha, Mr. Soummo Biswas, Ms. Mahima Sareen, Mr. Yugal Jain, Ms. Ritika Sharma, Ms. Gayathri Balasubramanian, Ms. Nandini Kaushik, Advocates for R-1/RP.

Mr. Bishwajit Dubey, Mr. Kaustubh Rai, Mr. Akshit Awasthi, Mr. Aayush Dogra, Advocates for CoC/R-2.

J U D G E M E N T

(29.10.2026)

NARESH SALECHA, MEMBER (TECHNICAL)

1. The present appeal has been filed by the Appellant i.e., Shobhit J. Rajan, who is the Promoter/Suspended Director of Ecstasy Realty Private Limited **("Corporate Debtor")**, under Section 61 of the Insolvency and Bankruptcy Code, 2016 ('**Code**') against the Order dated 14.08.2026 **("Impugned Order")** passed by the National Company Law Tribunal, Mumbai Bench **("Adjudicating Authority")** in IA No. 2785 of 2026 in Company Petition (IB) No. 922 of 2022.

2. M/s. ARCK Resolution Professionals LLP, who is the Resolution Professional of the Corporate Debtor, is the Respondent No.1 herein.

3. Committee of Creditors (Catalyst Trusteeship Limited) of Ecstasy Realty Private Limited, is Respondent No. 2, herein.

4. The Appellant submitted that the Corporate Debtor is engaged in real estate construction and development and he has nearly 33 years of experience in the real estate industry. The Corporate Debtor was registered as a Micro, Small and

Medium Enterprise (MSME) on 27.02.2025. The Corporate Debtor was admitted into the Corporate Insolvency Resolution Process (CIRP) on 09.03.2026 in C.P. No. 922/2022. Thereafter, Respondent No. 1, the Resolution Professional, published Form G on 08.05.2026.

5. The Appellant submitted that, under the Detailed Expression of Interest (EOI), the initial deadline for submission of EOI was 23.05.2026, which was subsequently extended to 04.06.2026. The timeline for submission of resolution plans, together with the requisite Earnest Money Deposit (EMD), was thereafter extended up to 24.08.2026, as recorded in the fourth and fifth meetings of the Committee of Creditors (CoC).

6. The Appellant contended that he submitted his EOI on 22.05.2026, within the prescribed timeline and in the prescribed format, in his capacity as the original promoter of the MSME Corporate Debtor. Along with the EOI, he deposited an EMD of Rs. 5 Crores into the designated bank account of the Corporate Debtor. He further furnished his Income Tax Returns for Assessment Years 2023–24, 2024–25 and 2025–26 and disclosed his CIBIL score of 776 as on 21.05.2026. According to the Appellant, these documents demonstrated his bona fides, financial seriousness and willingness to undertake the revival of the Corporate Debtor.

7. The Appellant submitted that, on 10.06.2026, Respondent No. 1 called upon him to furnish a net-worth certificate or explain the reasons for its non-submission. Instead of proceeding with the EOI on the basis of the documents

already furnished, Respondent No. 1 placed the EOI under verification solely on account of the absence of the net-worth certificate. The Appellant contended that this requirement was intended for prospective resolution applicants (PRAs) and ought not to have been mechanically applied to him, considering his distinct status as the original promoter of the MSME Corporate Debtor.

8. The Appellant stated that, by his letter dated 18.06.2026, he informed Respondent No. 1 that his entitlement to submit a resolution proposal was required to be considered in the context of Section 240A of the Code, the legislative intent underlying the MSME framework and the distinction between an existing promoter and an unrelated third-party resolution applicant. He contended that the eligibility criteria prescribed under Section 25(2)(h) of the code and Regulation 36A of the CIRP Regulations ought not to be applied to him in a manner that foreclosed his participation at the threshold.

9. The Appellant further submitted that, in his letter dated 18.06.2026, he reiterated his deposit of Rs. 5 crores towards EMD, submission of the aforesaid Income Tax Returns and disclosure of his CIBIL score of 776. He maintained that the Resolution Professional had failed to consider these particulars while examining his EOI. The Appellant also undertook to furnish the source and proof of funds and, if required, a comfort letter, and expressed his willingness to honour the financial commitments contained in his proposal.

10. The Appellant contended that Respondent No. 1 rejected his EOI by letter dated 22.06.2026, solely on the ground of non-submission of the net-worth

certificate. According to the Appellant, the rejection was affected without examining the merits of his proposal or placing the same before the CoC for consideration of its viability, feasibility and potential for maximisation of the Corporate Debtor's value.

11. Aggrieved thereby, the Appellant filed I.A. No. 2785/2026 before the Adjudicating Authority, seeking to set aside the rejection letter dated 22.06.2026. The Appellant submitted that the replies filed by Respondent No. 1 and the CoC demonstrated that his proposal had not been examined on its merits and had instead been rejected at the threshold for want of the net-worth certificate. By the impugned order dated 14.08.2026, the Adjudicating Authority dismissed the application, inter alia, holding that the Appellant was not exempted from the eligibility criteria prescribed under Section 25(2)(h) of the code.

12. The Appellant contended that he does not claim an unconditional right to regain control of the Corporate Debtor or an automatic entitlement to approval of his resolution proposal. His limited case is that, in the exceptional circumstances pleaded, he ought to have been permitted to place his proposal before the CoC for consideration on its merits. According to the Appellant, the CoC should have been afforded an opportunity to assess the proposal on the touchstones of feasibility, viability and value maximisation rather than excluding him solely for want of a net-worth certificate.

13. The Appellant submitted that Section 25(2)(h) of the code empowers the Resolution Professional to invite prospective resolution applicants who fulfil the

eligibility criteria laid down with the approval of the CoC. He contended that the expression "invite" must be interpreted in the context of the statutory scheme, which, according to him, distinguishes an existing promoter of an MSME Corporate Debtor from unrelated third-party applicants seeking to acquire control of the Corporate Debtor. He maintained that treating the promoter identically to an outsider for every procedural requirement would defeat the legislative objective of facilitating the revival of MSMEs.

14. The Appellant relied upon Section 240A of the code and the legislative developments reflected in the Insolvency and Bankruptcy Code (Amendment) Act, 2018, the Insolvency Law Committee Report, 2018, and the IBC (Second Amendment) Act, 2018. The Appellant contended that the legislative framework recognises the need to facilitate the participation of MSME promoters in the resolution process and that the eligibility criteria prescribed for PRAs cannot be applied mechanically so as to render such participation illusory. The Appellant submitted that the absence of an express relaxation under Regulation 36A(4) of the CIRP Regulations should not be construed as extinguishing the independent protection which, according to him, flows from Section 240A of the code.

15. The Appellant clarified that he does not seek exemption from the substantive requirements governing a resolution plan, including the disqualification contemplated under Section 29A and compliance with Section 30(4) of the code. Rather, he seeks an opportunity to submit his proposal so that

its financial viability, feasibility and value-maximisation potential may be evaluated by the CoC in accordance with law.

16. The Appellant contended that the Adjudicating Authority had erroneously relied upon ***R. Raghavendran v. C. Raja John & Ors.,*** [(2023) 241 Comp Cas 1], by reading the judgment in a restrictive manner. The Appellant submitted that the setting aside of paragraphs 32–34 of ***C. Raja John v. R. Raghavendran, RP of Springfield Shelters Pvt. Ltd.***, [(2021) ibclaw\.in 563 NCLAT], could not be interpreted as laying down an inflexible rule that an MSME promoter must invariably be excluded at the threshold without consideration of the particular facts and circumstances of the case.

17. The Appellant relied upon ***Saravana Global Holdings Ltd. & Anr. v. Bafna Pharmaceuticals Ltd. & Ors.***, 2019 SCC OnLine NCLAT 962, and submitted that the decision recognises the possibility of an MSME promoter being permitted to participate in the resolution process in exceptional circumstances without necessarily competing with unrelated PRAs. He contended that the promoter's proposal must ultimately satisfy the CoC regarding viability, feasibility and value maximisation. He further relied upon ***Swiss Ribbons Pvt. Ltd. v. Union of India***, [(2019) 213 Comp Cas 198 (SC)], in support of his submission that the CIRP framework must be interpreted consistently with its underlying objectives.

18. The Appellant also relied upon the decision in ***Lomat International NV v. Wearit Global Limited***, I.A. (IB) No. 53/KB/2024 in C.P. (IB) No. 100/KB/2019,

wherein, according to him, the Adjudicating Authority considered relaxation of the net-worth criterion for an MSME promoter while retaining the requirement of depositing the applicable security deposit and EMD. The Appellant relied upon the following principle recorded in the said decision: an MSME promoter may be granted relaxation from the net-worth criterion, but such relaxation does not dispense with the requirement of depositing the security deposit at the EOI stage and the EMD at the resolution-plan stage.

19. The Appellant contended that the aforesaid decision was directly relevant because he had already deposited an EMD of Rs. 5 crores and furnished financial and credit particulars in support of his bona fides. He submitted that the circumstances of his case warranted consideration of a similar relaxation, particularly because his proposal had been rejected without examination of its merits. He further maintained that neither Bafna Pharmaceuticals **(supra)** nor C. Raja John **(supra)** prescribed an exhaustive definition of "exceptional circumstances" that would preclude consideration of the facts pleaded by him.

20. The Appellant submitted that the exceptional circumstances in the present case arise cumulatively from the various factors: The Corporate Debtor is an MSME; the Appellant is its original promoter; he submitted his EOI within the prescribed period and deposited Rs. 5 crores towards EMD; he furnished his Income Tax Returns and credit particulars and undertook to disclose the source and proof of funds; he relied upon repayment of approximately Rs.182 crores towards the Corporate Debtor's debt under his guidance and control; and his EOI

was rejected solely for want of a net-worth certificate without being placed before the CoC for consideration on merits. He contended that these circumstances warranted an assessment of his proposal rather than an automatic threshold rejection.

21. The Appellant further submitted that, despite the Corporate Debtor's account having been declared a Non-Performing Asset (NPA) in June 2022 in connection with the Debenture Trust Deed dated 27.03.2018, the Corporate Debtor, under his guidance and control, had serviced repayments of approximately Rs.182 crores towards another loan availed under the Debenture Trust Deed dated 24.03.2022, as on 07.02.2024. He relied upon this repayment history as evidence of his ability to arrange funds and his bona fide intention to revive the Corporate Debtor. He maintained that the CoC could verify the source and availability of funds through appropriate safeguards rather than treating the absence of a net-worth certificate as conclusive proof of ineligibility.

22. The Appellant contended that the requirement of a standalone net-worth certificate was particularly inappropriate in his case because his financial position was intrinsically connected with the Corporate Debtor, whose shares constituted a substantial contributing asset to his net worth before CIRP. He submitted that, following commencement of CIRP, the value attributable to his shareholding had been adversely affected. According to him, the relevant consideration should be his ability to arrange the requisite funding through borrowing, investors, funding

commitments, comfort letters or other acceptable means, rather than the mechanical insistence upon a standalone net-worth certificate.

23. The Appellant further submitted that the record did not disclose any finding that his EOI contravened Section 29A or any other specific statutory provision of the code. He also relied upon the absence of coercive orders against him under Section 19(2) or findings concerning preferential, undervalued, fraudulent or extortionate transactions, contending that there was no demonstrated statutory misconduct warranting his exclusion on such grounds. He maintained that these circumstances reinforced the need to examine his proposal on its merits.

24. The Appellant submitted that Respondent No. 2, Catalyst Trusteeship Limited, is the sole financial creditor constituting the CoC. He stated that disputes and protracted litigation had existed between him and Respondent No. 2 concerning the Debenture Trust Deed dated 27.03.2018, on the basis of which Respondent No. 2 had initiated proceedings under Section 7 of the code against the Corporate Debtor. The Appellant contended that the assets of the Corporate Debtor had been valued at approximately Rs. 5,000 crores during CIRP, as stated by the Resolution Professional. Against this backdrop, Respondent No. 2 submitted a claim of Rs. 2,312.68 crores on 24.03.2026. The Appellant challenged the claim and its admission by filing I.A. No. 2297/2026 in C.P. No. 922/2022. By order dated 14.08.2026, the Adjudicating Authority directed the Resolution Professional to recompute Respondent No. 2's claim in accordance with the prescribed methodology. The Appellant submitted that the revised claim

was likely to fall below Rs.1,000 crores, as against the claim of approximately Rs. 2,300 crores previously asserted by Respondent No. 2.

25. The Appellant submitted that, by order dated 14.08.2026, the Adjudicating Authority directed that interest under the Trust Deed be charged at 14% per annum, compounded quarterly, on the outstanding debenture amount. It further directed that default interest be charged only on the outstanding debenture amount for the period of default, without compounding, and be capped at 2% per annum in total, irrespective of the number of events of default.

26. The Appellant further submitted that any recoveries made by the security trustee were to be adjusted first towards default interest, calculated on a day-to-day basis, and the balance, if any, towards other charges, fees, costs and interest. The Resolution Professional was also directed to obtain details of disbursements, charges, costs, expenses, fees and recoveries from Respondent No. 2 and recompute its claim accordingly.

27. The Appellant contended that the aforesaid order materially altered the financial parameters relevant to the resolution process and could not be treated as a mere computational exercise. He submitted that the quantum of admitted claims forms part of the Information Memorandum under Regulation 36(2)(d) of the CIRP Regulations and is material to an assessment of the Corporate Debtor's liabilities and the feasibility of any resolution proposal. He further relied upon Regulation 36A(4)(c), contending that the creditor-claim information relevant to prospective resolution applicants also required reconsideration.

28. On this basis, the Appellant submitted that the Resolution Professional ought to revise the Information Memorandum and issue a fresh Form G after re-computation of Respondent No. 2's claim, so that prospective applicants may be provided with accurate financial information. He contended that continuation of the minimum standalone net-worth criterion of Rs. 400 crores, without reassessing the financial parameters following the claim order, was arbitrary and lacked a rational basis. He maintained that the change in the claim position constituted an additional exceptional circumstance warranting reconsideration of his exclusion from the resolution process.

29. The Appellant further submitted that the valuation of approximately Rs. 5,000 crores reflected the value created through the development of the Corporate Debtor before commencement of CIRP, to which he had substantially contributed as its promoter. He alleged that Respondent No. 2's claim was grossly inflated and that the eligibility criteria, viewed against the valuation and the subsequent direction for re-computation, operated to his prejudice. He contended that the Respondents ought not to be permitted to rely upon a financial threshold framed with reference to the earlier claim position while denying him an opportunity to submit a proposal after the material financial parameters had been directed to be revisited.

30. The Appellant contended that Respondent No. 1's rejection of the EOI was arbitrary and disproportionate because it rested exclusively on the absence of a net-worth certificate, without any determination that he lacked the financial

capacity or ability to implement a viable resolution plan. He submitted that the EMD of Rs. 5 crores, Income Tax Returns, CIBIL score of 776, repayment history of approximately Rs. 182 crores and undertaking to provide proof and source of funds were relevant financial indicators that ought to have been considered.

31. The Appellant submitted that the Resolution Professional had not even placed his proposal before the CoC, thereby preventing the sole financial creditor from assessing whether the proposal could revive the Corporate Debtor as a going concern or maximise the value of its assets. He contended that the rejection could not be justified by reference to the CoC's commercial wisdom because the CoC had not been afforded an opportunity to exercise its commercial judgment on the merits of his proposal. According to him, his grievance concerned threshold exclusion, not a challenge to any commercial decision taken after substantive evaluation of the proposal.

32. The Appellant further contended that the Resolution Professional could have considered alternative safeguards, including verification of the source and proof of funds, funding commitments, comfort letters, undertakings and other appropriate financial assurances, to address any concern regarding his capacity to implement the proposal. He submitted that the Detailed EOI itself contemplated the availability of exemptions or relaxations, and that the Respondents ought to have considered whether an appropriate relaxation was warranted in the circumstances pleaded.

33. The Appellant alleged that the cumulative conduct of the Respondents demonstrated an attempt to restrict his participation in the CIRP. He submitted that Respondent No. 2, being the sole member of the CoC, was aware of the Corporate Debtor's MSME status, his position as its original promoter, the disputes concerning the Debenture Trust Deed dated 27.03.2018 and the substantial valuation of the Corporate Debtor's assets. He contended that the imposition and mechanical application of the net-worth criterion, resulting in his exclusion without consideration of the proposal, caused prejudice and frustrated the objective of value maximisation.

34. The Appellant submitted that the Adjudicating Authority erred in holding that he was not exempted from the eligibility criterion prescribed under Section 25(2)(h) of the code without adequately considering the distinction, according to him, between a promoter of an MSME Corporate Debtor and an unrelated PRA. He contended that the question was not merely whether Section 240A expressly excluded the operation of Section 25(2)(h), but whether the eligibility power could be exercised in a manner that defeated the statutory objective of facilitating MSME revival by preventing a bona fide promoter's proposal from being considered altogether.

35. The Appellant further challenged the finding recorded in paragraph 20 of the Impugned Order concerning the absence of an objection to the net-worth criterion at the CoC meeting. He submitted that a suspended director or promoter does not possess voting rights at a CoC meeting and that his role is governed by

Section 24(3) and Section 24(4) of the code. He contended that neither absence from the meeting nor failure to object upon receipt of its minutes could amount to waiver of a statutory entitlement or foreclose a legal challenge to the applicability of the criterion. He maintained that he had expressly marked the net-worth requirement as "not applicable" in his EOI and subsequently reiterated his position in the letter dated 18.06.2026 after Respondent No. 1 raised the issue.

36. The Appellant submitted that the Adjudicating Authority had failed to appreciate the significance of the order dated 14.08.2026 in I.A. No. 2297/2026, which directed re-computation of Respondent No. 2's claim. He contended that the consequent need to revisit the Information Memorandum and Form G, together with the change in the financial parameters of the CIRP, constituted a material subsequent development that warranted reconsideration of the eligibility conditions applied to him.

37. The Appellant contended that the impugned order had permitted a procedural requirement to operate as an absolute bar, without balancing the requirement of financial scrutiny against the statutory objective of MSME revival, the bona fides demonstrated by him and the possibility of examining his financial capability through alternative safeguards. He submitted that the impugned order was therefore liable to be set aside for failure to consider the relevant circumstances and the principles relied upon by him.

38. Concluding its arguments, the Appellant requested this Appellate Tribunal to set aside the Impugned Order and allow his appeal.

39. Per contra, the Respondent No. 1 denied all averments made by the Appellant as misleading and baseless.

40. The Respondent No. 1 submitted that the order dated 14 August 2026 passed by the Adjudicating Authority correctly upheld the rejection of the Appellant's Expression of Interest ("EOI") dated 22 May 2026 for failure to furnish the mandatory Net Worth Certificate ("NWC") evidencing the minimum standalone net worth of Rs. 400 Crores prescribed under the Detailed Invitation for Expression of Interest ("Detailed EOI").

41. The Respondent No. 1 submitted that the Appellant had no vested or indefeasible right to submit a resolution plan or claim consideration as a prospective resolution applicant without satisfying the prescribed eligibility criteria. It is contended that the Appellant's erstwhile promoter status did not confer any overriding entitlement to bypass the requirements under Section 25(2)(h) of the Code. In support of this submission, Respondent No. 1 relied upon ***Swiss Ribbons Pvt. Ltd. v. Union of India,*** (2019) 4 SCC 17, particularly paragraph 98, which followed the principle laid down in ***ArcelorMittal India Pvt. Ltd. v. Satish Kumar Gupta***, (2019) 2 SCC 1, that a resolution applicant, including a promoter, has no vested right to have its proposal considered irrespective of compliance with the applicable requirements.

42. The Respondent No. 1 contended that Section 240A of the Code did not confer a blanket exemption from the eligibility criteria independently prescribed under Section 25(2)(h) of the Code, read with Regulation 36A of the IBBI

(Insolvency Resolution Process for Corporate Persons) Regulations, 2016 ("CIRP Regulations"). It is submitted that Section 29A prescribes the categories of persons ineligible to submit a resolution plan, whereas Section 25(2)(h) empowers the Resolution Professional, with the approval of the CoC, to prescribe positive eligibility criteria for prospective resolution applicants. According to Respondent No. 1, Section 240A provides an exemption only in respect of the disqualifications specified under Sections 29A(c) and 29A(h), and does not dispense with the separate financial eligibility requirements prescribed under Section 25(2)(h). The two provisions operate in distinct spheres, and the exemption under Section 240A cannot be extended to nullify the eligibility criteria approved by the CoC.

43. The Respondent No. 1 further submitted that the Appellant had not contended that he was disqualified under Section 29A(c) or Section 29A(h) of the Code. Consequently, the exemption under Section 240A, which is specifically confined to those provisions, was not attracted to the issue arising in the present Appeal. The Respondent No. 1 contended that the Appellant was, in effect, seeking an extension of the statutory exemption to dispense with the eligibility criteria altogether, although no such exemption was available under the Code.

44. The Respondent No. 1 submitted that the minimum net worth criterion of Rs. 400 Crores was deliberated upon and approved by the CoC in its second meeting held on 4 May 2026, having regard to the development potential of the Corporate Debtor's land parcel at Versova, Mumbai, which exceeded Rs. 5,000

Crores. It is contended that a project of such magnitude required substantial financial capacity and credibility from the prospective developer, thereby providing a rational basis for the prescribed threshold. The Detailed EOI, published along with Form G on 8 May 2026, accordingly stipulated a minimum standalone net worth of Rs. 400 Crores for corporates, limited liability partnerships, body corporates, individual investors, Hindu Undivided Families, family trusts and partnership firms. In the case of individuals, the requirement was to be established through the latest net worth certificate issued by a practising Chartered Accountant or Company Secretary, dated not earlier than 31 March 2025. The Respondent No. 1 maintained that the criterion was uniformly applicable to all prospective resolution applicants and was neither arbitrary nor designed to exclude the Appellant.

45. The Respondent No. 1 submitted that the Appellant, while submitting his EOI on 22 May 2026 as the "original promoter" of the Corporate Debtor, failed to furnish the mandatory NWC. Instead, Clause 2 of the Detailed EOI, the Appellant struck through the requirement and marked it "not applicable", without furnishing any supporting explanation. The Respondent No. 1 pointed out that, in the same EOI, the Appellant had undertaken under Regulation 36A(7) of the CIRP Regulations to comply with the criteria prescribed by the CoC under Section 25(2)(h) of the Code.

46. The Respondent No. 1 submitted that the Appellant was afforded an opportunity to cure the deficiency before his EOI was rejected. By

communication dated 10 June 2026, Respondent No. 1 called upon the Appellant either to furnish the NWC or to explain why the requirement was inapplicable to him. However, by letter dated 18 June 2026, the Appellant asserted that Section 240A exempted him from the procedures governing the CIRP, including the eligibility criteria under Section 25(2)(h) of the Code and Regulation 36A of the CIRP Regulations. Respondent No. 1 contended that the explanation was legally untenable and did not satisfy the requirement stipulated in the Detailed EOI. Accordingly, by a reasoned communication dated 22 June 2026, Respondent No. 1 rejected the EOI and refunded the Earnest Money Deposit recording that the exemption under Section 240A was expressly and exclusively confined to Sections 29A(c) and 29A(h) of the Code.

47. The Respondent No. 1 contended that the allegation that the Rs. 400 Crores net worth criterion was prescribed to exclude the Appellant was unsupported by the record. It is submitted that no relaxation from the criterion had been granted to any prospective resolution applicant. Out of the 24 EOIs received, three, including that of the Appellant, were kept under verification owing to deficiencies in documents substantiating net worth. Of those three applicants, one was accepted after submission of the requisite documents, one withdrew its EOI, and the Appellant's EOI was rejected because he failed to furnish the NWC. Respondent No. 1 relied upon these circumstances to demonstrate that the criterion was enforced on the basis of documentary compliance and not on the identity or status of any applicant.

48. The Respondent No. 1 further submitted that the rationale underlying the net worth threshold was placed before the CoC in its third and fourth meetings held on 17 June 2026 and 20 July 2026, respectively. In the fourth meeting, the CoC reiterated that the Corporate Debtor's project involved a development potential of approximately 10,00,000 square feet and would require substantial capital. The CoC also recorded that no waiver from the net worth criterion could be granted to any applicant at the EOI stage. The Respondent No. 1 contended that the prescribed threshold represented a commercial decision taken by the CoC after considering the scale and financial requirements of the project, and that the CoC's commercial wisdom was not amenable to judicial interference merely because the Appellant sought relaxation of the requirement.

49. The Respondent No. 1 submitted that it was under a statutory obligation to scrutinise the EOIs and exclude applicants who failed to satisfy the prescribed eligibility requirements. Section 25(2)(h) of the Code requires the Resolution Professional to invite prospective resolution applicants who fulfil the criteria laid down with the approval of the CoC. Further, Regulation 36A of the CIRP Regulations requires the Resolution Professional to conduct due diligence to ascertain compliance with the requirements specified in the invitation for expression of interest. The Respondent No. 1 contended that, having failed to furnish the mandatory NWC despite being afforded an opportunity to do so, the Appellant could not insist that his EOI be placed before the CoC. Placing a non-

compliant EOI before the CoC would have been contrary to the statutory duty to verify eligibility and enforce the prescribed criteria.

50. The Respondent No. 1 disputed the Appellant's reliance upon ***R. Raghavendran v. C. Raja John & Ors***., arising out of Company Appeal (AT) (CH) (INS) No. 207 of 2021, and contended that the Appellant's interpretation of the decision was incorrect. It is submitted that paragraphs 32 and 34 of the NCLAT judgment in ***C. Raja John v. R. Raghavendran***, which contained observations that promoters were not required to compete with other resolution applicants to regain control of the Corporate Debtor, had expressly been set aside by the Hon'ble Supreme Court in Civil Appeal No. 2552 of 2022. According to Respondent No. 1, the Supreme Court had rejected the proposition that, merely because the Corporate Debtor was an MSME, there was no need to invite or consider other proposals. Respondent No. 1 therefore contended that the Adjudicating Authority had not interpreted the Supreme Court's decision in a piecemeal manner, as alleged by the Appellant.

51. The Respondent No. 1 further distinguished ***Saravana Global Holdings Ltd. v. Bafna Pharmaceuticals Ltd.***, contending that the said decision did not establish a general exemption from financial eligibility criteria for promoters of MSMEs. It is submitted that the observations concerning non-application of certain CIRP procedures in the case of an MSME arose in the context of disqualifications under Section 29A and did not concern any exemption from a prescribed net worth requirement. Respondent No. 1 further relied upon the

clarification in ***R. Raghavendran v. C. Raja John & Ors.*** that the observations in Saravana Global were made in the context of proceedings before constitution of the CoC or an application under Section 12A of the Code, and did not lay down a general rule dispensing with the applicable CIRP requirements in every MSME resolution process.

52. The Respondent No. 1 submitted, in the alternative, that even if the possibility of considering an MSME promoter's proposal in exceptional circumstances were assumed to survive, the Appellant had failed to establish any such circumstances. It is contended that the Appellant's status as the erstwhile promoter, his MSME registration, the EMD of Rs 5 Crores, and his reliance upon income-tax records and CIBIL score did not establish compliance with the specific requirement of demonstrating a standalone net worth of Rs. 400 Crores. The Respondent No. 1 maintained that these circumstances did not cure the documentary deficiency for which the EOI had been rejected and that, had the Appellant satisfied the prescribed net worth requirement, he could have furnished the requisite certificate.

53. The Respondent No. 1 disputed the Appellant's contention that the order dated 14 August 2026 passed in I.A. No. 2297 of 2026, directing re-computation of Catalyst's claim, necessitated revision of the Information Memorandum and issuance of a fresh Form G. It is submitted that the said order did not direct re-issuance of either document and did not modify or invalidate the eligibility criteria already approved by the CoC. The Respondent No. 1 contended that the

Appellant had conflated the determination of the quantum of an admitted creditor's claim with the separate assessment of the financial capability of prospective resolution applicants. The re-computation of a creditor's claim was a matter of claim verification, whereas the net worth threshold constituted an independent eligibility requirement applicable uniformly to all applicants. The Respondent No. 1 also pointed out that the Claim Order was a subsequent development and had not formed part of the basis for rejection of the Appellant's EOI. The said order was itself under challenge in Company Appeal (AT) (Ins.) No. 1809 of 2026, filed by Catalyst.

54. The Respondent No. 1 accordingly submitted that the Appellant had failed to establish any legal or factual infirmity in the order dated 14 August 2026 passed by the Adjudicating Authority. It is contended that the Appellant's EOI had been rejected for non-compliance with a validly prescribed and uniformly applied eligibility criterion, despite an opportunity to furnish the requisite document or explain its inapplicability.

55. Concluding its arguments, the Respondent No. 1 requested this Appellate Tribunal to dismiss the appeal.

Findings

56. We have already noted that the appeal is filed by Mr. Shobhit J. Rajan, the promoter and suspended director of Ecstasy Realty Private Limited (the Corporate Debtor), and challenges the Impugned order dated 14.08.2026, whereby his application under Section 60(5) of the Code was dismissed.

57. It has been brought out that the Corporate Debtor is a real estate construction company and registered MSME (registered on 27.02.2025), which was admitted into the CIRP on 09.03.2026 on a Section 7 petition filed by Catalyst Trusteeship Limited, the debenture trustee (Respondent No. 2), the only financial creditor, so the CoC consists of it alone.

58. We also take into consideration that the CoC approved the eligibility criteria for prospective resolution applicants at its second meeting, held on 04.05.2026, where the criteria were decided including a minimum standalone net worth of Rs. 400 crore or the equivalent tangible net worth at consortium level. For an individual, it was stipulated to be by the latest certificate of a practising Chartered Accountant or Company Secretary, not prior to 31.03.2025. The same condition was applicable to companies, LLPs, body corporates, individuals, HUFs, family trusts and partnership firms thus no class was treated separately. The last date for EOI was 23.05.2026.

59. We further take into consideration that the Appellant filed his EOI on 22.05.2026 and deposited Rs. 5 crore as earnest money. In the EOI, the Appellant

marked the net worth certificate as not applicable although he gave the other undertakings required under Regulation 36A(7) of the CIRP Regulations. On 10.06.2026, the RP wrote to the Appellant asking for the certificate or an explanation. On 18.06.2026, the appellant replied that, being the promoter of an MSME, he was protected by Section 240A of the Code. On 22.06.2026, the RP rejected the EOI only because the net worth certificate was not submitted. The earnest money was refunded.

60. The RP has stated that 24 EOIs were received. Three, including the appellant's, were kept under verification for want of net worth documents. One of the three was accepted after it produced the documents, and one was withdrawn. No applicant was given any relaxation. The RP has also stated that the CoC considered these facts in its third meeting (17.06.2026) and its fourth meeting (20.07.2026), and that in the fourth meeting it recorded that no waiver could be given to anyone at the EOI stage. The appellant has not shown that any other applicant was treated more favourably than he was.

61. It has also been brought out by the Appellant that he filed IA 2785 of 2026 on 02.07.2026 and asked for a declaration that the net worth condition was inconsistent with Section 240A as against MSME promoters. The Appellant requested the Adjudicating Authority that the rejection by the RP be set aside, that the EOI be placed before the CoC, and that he be included in the final list of prospective resolution applicants. On 14.08.2026, the Adjudicating Authority dismissed the application. On the same day, in IA 2297 of 2026 (the Claim

Order), the Adjudicating Authority held that interest on the debentures is payable at 14% per annum compounded quarterly on the principal, and that default interest can be charged only once at 2% per annum on outstanding debenture amounts, without compounding. It directed the RP to re-compute the claim of Respondent No. 2, which stands at Rs. 2,312.68 crore, and directed Respondent No. 2 to give details of disbursements and charges. That order is under challenge by Respondent No. 2 in Company Appeal (AT) (Insolvency) No. 1809 of 2026 before us and pending for disposal. The appellant submitted that there is no stay of the Claim Order and the RP clarified that it has not yet been implemented and that it does not direct a fresh Form G. In this background, the appellant has requested us to set aside the Impugned order, to direct a fresh Form G and a revised Information Memorandum, and to permit him to file a fresh EOI.

62. After going through the pleading of all parties noted earlier, the following points arise for decision.

1. Whether Section 240A of the Code exempts the promoter of an MSME Corporate Debtor from the net worth criterion fixed by the CoC under Section 25(2)(h) in the present case. Whether the word invite in Section 25(2)(h) means that the criteria apply only to outsiders and not to the promoter. Whether, in the alternative, any exceptional circumstance is made out for the appellant.
2. Whether the criterion of Rs. 400 crores, as applied to all applicants including the appellant, is arbitrary or beyond the CoC's commercial

wisdom, and whether it was wrong to reject the EOI of the Appellant without placing it before the CoC.

3. Whether the Claim Order, which directs re-computation of the claim, makes the criterion irrational or calls for a fresh Form G.
4. Whether any case of mala fide or bias against the RP or the CoC is made out.

63. At this stage, we state that all these issues are interconnected, interdependent and are required to be examined in wholistic manner and we shall examine all these issues in conjoint manner in subsequent part of our judgement, treating all issues as single point for determination, for reaching outcome of the present appeal.

64. At the outset, it needs to be appreciated that the Section 240A(1) of the Code stipulates that, despite anything contrary in the Code, clauses (c) and (h) of Section 29A shall not apply to a resolution applicant in the CIRP of an MSME. Clause (c) is the bar on a person whose account, or the account of a corporate debtor under his management or control, is classified as a non-performing asset. Clause (h) is the bar on a person who has given a guarantee for a corporate debtor whose guarantee has been invoked and remains unpaid. The sub-section also applies to a pre-packaged insolvency resolution process. These two bars were removed for MSMEs because, as the Insolvency Law Committee noted, the business of an MSME attracts interest primarily from its own promoter and may not attract other resolution applicants.

65. We also observe that Section 240A (2) allows the Central Government, in public interest, to notify that any provision of the Code shall not apply to MSMEs, or shall apply with exceptions, modifications and adaptations, however, we find that no such notification has been issued and the appellant has also not pointed to any. We have also not come across any notification that relaxes the criteria that a CoC may fix under Section 25(2)(h). The exemption is therefore narrow and specific. Parliament has named the two clauses of Section 29A that do not apply in the present case. It has not named Section 25(2)(h), nor any other provision on eligibility. We are of the opinion that neither the Adjudicating Authority nor this Appellate Tribunal can add to a list that the legislature has made so precisely and any attempt to do so would be to rewrite the law.

66. We further observe that Section 29A and Section 25(2)(h) work at different levels. Section 29A is a list of persons who are disqualified from submitting a plan. It is a negative test, and it applies to everyone. Section 25(2)(h) is a positive test. It lets the RP, with the approval of the CoC, set criteria that applicants must meet, having regard to the complexity and scale of operations of the business of the corporate debtor. A person who is not disqualified under Section 29A, or who is freed from clauses (c) and (h) by Section 240A, has only cleared the first gate. He must still meet the criteria for that particular resolution process.

67. The appellant's case, in the end, is not that Section 240A takes away the net worth criterion. In his own pleadings, the Appellant stated that he did not claim an automatic right to be approved or to be freed from competition. It is the

case of the Appellant that the criterion cannot be applied as an absolute and mechanical bar. Thus, we find that the case of the Appellant rests on the ground of exceptional circumstances, and we deal with it below. On the plain words of the Code, the Adjudicating Authority was right that Section 240A (1) is limited to clauses (c) and (h) of Section 29A and that MSME status by itself does not exempt a promoter from the net worth criterion.

68. The appellant also argued that Section 25(2)(h) cannot be used to defeat the object of the code which grants exemption to MSME in order to try to revive itself. However, we are not in position to agree with this way of putting it. We are of the opinion that the object of Section 240A is to keep the MSME promoter from being shut out by Section 29A(c) and (h). The promoter has not been shut out on that ground. No one has said that the Appellant is disqualified under Section 29A. The question is only whether he meets a criterion that applies to all. A criterion on financial strength, applied equally to everyone, does not defeat the object of Section 240A.

69. The Appellant argued that Section 25(2)(h) is addressed to outsiders. He wanted us to accept his logic that the RP invites the outsider through EOI based on eligibility criteria and a promoter does not need any invitation to participate and meet these requirements. We cannot accept this for these reasons. First, we observe that the Code has no separate class of promoter-applicants. Section 5(25) defines a "resolution applicant" as a person who, alone or jointly with others, submits a resolution plan to the RP pursuant to the invitation made under clause

(h) of sub-section (2) of Section 25. A promoter who wants to submit a plan is, by definition, such a person. He gets in through the same invitation as everyone else.

70. Second, Section 29A itself shows that promoters are treated as applicants. It stipulates that a person who is not eligible shall not submit a plan, and many of its clauses are aimed at the promoter and those connected with him. The Code allows the promoter to come back, but only as a resolution applicant and under the same process. Section 240A (1) also speaks of the resolution applicant in an MSME, which confirms the point.

71. Third, the criteria under Section 25(2)(h) exist so that the CoC is shown a plan from a person who can carry it out. That concern does not go away because the applicant is the promoter of the MSME Corporate Debtor. If anything, the CoC may take greater care when the person who ran the company into default offers to take it back. The statute makes no exception for him.

72. The appellant argued that, even if there is no automatic right, the many facts together are exceptional: (i) the Corporate Debtor is an MSME; (ii) he is the original promoter; (iii) he filed his EOI in time and deposited Rs. 5 crores; (iv) he filed his income tax returns and credit record, and gave an undertaking to prove the source of funds; (v) he claims to have brought about the repayment of about Rs. 182 crores to the creditor; (vi) the EOI was rejected at the threshold; and (vii) the claim has to be re-computed.

73. We have examined each of these. MSME status and being the original promoter are the very facts that Section 240A already takes into account. They are the starting point of any such case. They cannot be exceptional circumstances, because they are present in every MSME promoter's case. If they were enough, the principle in Saravana Global Holdings Ltd. & Anr. v. Bafna Pharmaceuticals Ltd. & Ors., 2019 SCC OnLine NCLAT 962, which the Supreme Court has rejected as a general rule, would return by another route.

74. The timely filing of the EOI, and the earnest money, show that the appellant is serious. They do not show that he is able to pay. The criterion is about financial capacity, not about seriousness. The appellant's income tax returns for AY 2023-24, 2024-25 and 2025-26 and his credit score of 776 are also not a substitute for it. A return shows income for a year. A credit score shows how a person has repaid his borrowings. Neither shows the net worth of a person, which is the value of his assets after liabilities. The appellant has not placed before us any statement of his net worth, even in a form that a Chartered Accountant could certify. His case has been that he need not furnish one.

75. We also observe that an undertaking to prove source of funds later does not meet the criterion either. It is a promise to be proved at a future time. The CoC fixed a net worth floor so that the capacity is shown at the beginning, before the process spends time and resources on an applicant and is applicable for all Resolution Applicant without any exception.

76. The claim that the appellant brought about repayment of about Rs. 182 crore stands on the appellant's own account. It relates to a Debenture Trust Deed dated 24.03.2022, which is different from the Debenture Trust Deed of 27.03.2018 and has not been tested in these proceedings. Whatever the truth, it does not tell us anything about his net worth today. It cannot be treated as proof of capacity. The fact that the EOI was rejected at the threshold, and the effect of the Claim Order, on their own do not make the case to be treated as exceptional.

77. The appellant also pleaded that the value of the Corporate Debtor was built up by him before the CIRP, and that his shares are now of no value, so his net worth is directly tied to the Corporate Debtor. This is correct to some extent. But a promoter's net worth is not limited to his shares in the Corporate Debtor. It takes in all his assets. The appellant has not pleaded that, outside the Corporate Debtor, he has a net worth of Rs. 400 crore or anything near it. He has also not said that he was unable to obtain a certificate. The Code expects a promoter who has led his company into insolvency to show that he can now bring in the money. The fall in the value of his shares is the result of the default and the CIRP. It cannot be a reason to relax the test.

78. We therefore find that the appellant has not shown any exceptional circumstance, even if the Saravana principle (supra) were taken as still available in a case like this.

79. We also observe that Section 25(2)(h) gives the power to fix criteria to the RP, but only with the approval of the CoC. It must be exercised having regard to

the complexity and scale of the business. In this case, the CoC approved the criteria at its second meeting. The Adjudicating Authority recorded that the net worth was fixed at Rs. 400 crores because the Corporate Debtor owns a large land parcel with development potential above Rs. 5,000 crores, and about 10 lakh sq. ft. of area. The appellant himself submitted that the value of the Corporate Debtor's assets is about Rs. 5,000 crores. So, there is no dispute that the business is large and valuable. Seen in this light, the floor of Rs. 400 crores are 8% of the asset value that the appellant himself relies on. It is about 17% of the claim of Rs. 2,312.68 crore that Respondent No. 2 has filed. We find it to be a reasoned and proportionate figure. We are of clear opinion that a person who cannot show that level of financial strength may not be able to complete a project of this size. The CoC was entitled to take that view.

80. We may also mention that it is by now a well settled legal position that the scope of review of the CoC's commercial wisdom is limited. The Supreme Court held in ***K. Sashidhar v. Indian Overseas Bank,*** *2019 SCCOnLine SC 257* and in ***Committee of Creditors of Essar Steel India Ltd. v. Satish Kumar Gupta,*** *[2019] 16 SCR 275* that the commercial wisdom of the CoC is not open to judicial review, except within the narrow limits the Code itself provides. We are of the considered view that a criterion on eligibility is a business decision about who the creditors are willing to deal with. The Appellant has not shown that it breaks any provision of the Code, or that it is discriminatory or plainly arbitrary. It applies to every

category of applicant. One applicant was admitted after producing the documents, and none was given a relaxation. We find this is the opposite of discrimination.

81. The appellant also argued that the CoC is a single creditor with whom he has long-standing disputes on the Debenture Trust Deed of 27.03.2018. We are of view that even for arguments sake it may be true; however, a single financial creditor forms the CoC when it is the only one. Its voting share is the full share. Disputes between a creditor and a promoter are common in insolvency and, by themselves, do not make the creditor's business decisions suspect. The claim itself is being tested in the proper proceedings, and the Adjudicating Authority has already corrected the method of computing interest. That shows that the appellant has an effective remedy for his real grievance on the claim, and that the Adjudicating Authority has acted on it.

82. The appellant's argument that the criterion was framed to keep him out also does not stand. It was approved on 04.05.2026 and applies, in the same words, to every class of applicant. There is nothing on record to show that it was drafted with him in mind. The RP wrote to the Appellant on 10.06.2026 and gave him a chance to explain. The Appellant replied on 18.06.2026 and his EOI was rejected only after that. This shows that the Appellant was heard before the decision.

83. The appellant has submitted that it is unfair to ask a promoter of an MSME to show a net worth that is likely to have been affected by the insolvency itself. We have kept this in mind. The CoC is free to relax a criterion, if it so decides,

for a promoter whose case it finds deserving. The Code leaves that decision to the CoC, as the body that bears the commercial risk. It does not leave it to this Appellate Tribunal. The CoC was requested of the issue and declined to give a waiver.

84. The appellant argues that the RP rejected the EOI at the threshold, so the CoC never applied its commercial wisdom to his proposal. We do not agree for three reasons.

85. First, the scheme of Regulation 36A of the CIRP Regulations is that the RP examines each EOI against the criteria the CoC has already approved. Regulation 36A(7) requires an EOI to be unconditional and to carry the undertakings and records that show the applicant meets the CoC's criteria and is not barred by Section 29A. Regulation 36A(8) requires the RP to carry out due diligence, on the basis of the material on record, to check that the EOI meets the requirements of Section 25(2)(h), Section 29A and the invitation. Provisional and final lists are then published, with a chance to object (Regulation 36A(10) to (12)). The CoC does not have to consider each EOI one by one at that stage. Its commercial wisdom is exercised when it lays down the criteria and later when it votes on a plan. The RP applied the criterion that the CoC had set. Doing so was his duty.

86. Second, the appellant's EOI did not meet Regulation 36A (7). It carried the standard undertaking that the applicant meets the CoC's criteria, while the net worth item was struck out as "not applicable". An EOI that strikes out a term of

the invitation is not unconditional. The RP did not reject it at once. He wrote to the Appellant to give him a chance to comply, and the Appellant chose not to.

87. Third, the record shows that the CoC did consider the case of the Appellant. As the RP has stated, the third meeting (17.06.2026) took up the EOIs under verification, and the fourth meeting (20.07.2026) recorded that no waiver can be given to anyone at the EOI stage. If this is so, the CoC has in fact applied its mind to the question of relaxation, though it did so after the rejection and not before it. The appellant argues that he had no vote in the meetings. That is correct and makes no difference. The question was decided by the only body that has the power to decide it.

88. Now we will deal with the argument of the Appellant based on the Chennai Bench judgement. We note that the Chennai Bench of this Appellate Tribunal in C. Raja John v. R. Raghavendra **(supra)** followed Saravana **(supra)** and allowed an MSME promoter to file a net worth certificate. The Hon'ble Supreme Court, in R. Raghavendran v. C. Raja John, 2023 INSC 849, held that this broad reasoning, that an MSME promoter need not compete with others, is not the correct position of law, and it set aside paragraphs 32 and 34 of the Chennai judgment which reads as under: -

> *"32) In any event, it is unequivocal that the Corporate Debtor is an MSME and as held by this Tribunal that it is not necessary for the Promoters to compete with other Resolution Applicants to regain the control of the Corporate Debtor.*

34) Further, this Tribunal, keeping in view of the object of the Code that the Maximization of the Value of the Assets of Corporate Debtor is to be kept in mind in achieving its object. To give an opportunity to regain the control of the Corporate Debtor, the Management/Promoters/Erstwhile Directors of the Corporate Debtor being an MSME, not necessary to compete with other Resolution Applicants."

89. The Hon'ble Supreme Court explained that Saravana **(supra)** was decided in a different setting, either before the CoC was constituted or in a Section 12A withdrawal. The appellant says the Hon'ble Supreme Court only clarified the law and that the other paragraphs of the Chennai judgment **(supra)** remain. We do not agree, because once the broad reasoning is set aside, an MSME promoter cannot claim, as a general rule, to stay out of the competitive process. Saravana **(supra)** can apply only in the narrow settings the Hon'ble Supreme Court described, and this CIRP is neither of them. The direction to consider the promoter's plan in Raghavendran **(supra)** was tied to its own facts, where the net worth floor was only Rs. 2 crores, a plan had already been filed, and the defect could be cured by a certificate. Here the floor is Rs. 400 crores, only an EOI has been filed, and the appellant refused to file any certificate. The Adjudicating Authority was therefore right in holding that C. Raja John **(supra),** as it stands after Raghavendran **(supra),** does not help the appellant. We also find no fault in the way it read the Chennai judgment **(supra),** as it looked at what the Hon'ble

Supreme Court set aside and what it said about Saravana **(supra),** which is the correct way to read it.

90. We make it clear that we are not holding that a CoC can never relax the net worth criterion for an MSME promoter. A CoC may do so, if it thinks fit in the interest of a better resolution. All we hold is that no tribunal can compel it to do so on the basis of MSME status.

91. The appellant relied on Regulation 36A(4) of the CIRP Regulations for the argument that it deals with the CoC's power to relax criteria and is not an exhaustive code on classes entitled to different treatment. Even on this reading, the power to relax is that of the CoC and not of the RP or Adjudicating Authority or even this Appellate Tribunal. The CoC has declined to use it. We have not been shown any provision in Regulation 36A that exempts an MSME promoter from the criteria. The absence of such an exemption in the Regulation does not, as the Appellant argues, leave Section 240A to fill the gap, because Section 240A is limited as we have held.

92. The Appellant argued that the aim of the net worth criterion could have been met in other ways, such as proof of funds, funding commitments, comfort letters and undertakings. This was a matter for the CoC. It chose the net worth certificate as the test, because it is an independent and verifiable document. A tribunal cannot replace it with another test of its own choosing. The CoC is not barred from accepting other forms of comfort, but it is not bound to.

93. The Appellant argued that, because the claim of Respondent No. 2 is to be re-computed, the financial parameters have changed. In his view, a revised Information Memorandum and a fresh Form G must be issued, the floor of Rs. 400 crores have lost its basis, and this is a further exceptional circumstance. We do not accept this for the following reasons.

A) The floor was fixed with reference to the size and value of the business, in particular the land. It was not fixed as a percentage of the claim. The Claim Order does not change the value of the land or the scale of the project. The appellant himself submitted the assets are worth about Rs. 5,000 crores. Even if the claim falls below Rs. 1,000 crores, as the appellant expects, Rs. 400 crores may still be considered a reasonable fraction of what is at stake.

B) The revised figure is not yet known. The statement that it will be below Rs. 1,000 crores are the appellant's projection. The Claim Order only sets the method of computing interest and directs the RP to re-compute on that basis, after the creditor has supplied details of disbursements and charges. The result is not before us.

C) The Claim Order is under challenge in Company Appeal (AT) (Insolvency) No. 1809 of 2026. We say nothing on its merits, till it is decided by us.

D) Whether the Information Memorandum needs to be revised, and whether Form G needs to be published again, are matters for the RP and the CoC under Regulation 36(2)(d) and Regulation 36A of the CIRP Regulations. The legality of the rejection dated 22.06.2026 must be judged on the facts

and the criteria as they stood on that date. A later event cannot make a lawful rejection unlawful.

94. We are of the opinion that if a fresh Form G is issued by the RP, the criteria for it will be decided by the CoC at that time. The Appellant, like any other resolution applicant, will be free to respond to that invitation, subject to the criteria then in force. Our findings do not stand in his way in that event.

95. The Appellant has submitted that the criteria were framed in a mala fide and vexatious manner to keep him out, and that the RP is biased and prejudiced. These are serious allegations. They need a clear basis in facts. We find none.

96. As to the criterion, we have already held that it was approved by the CoC, applies to all, and is proportionate to the size of the business. As to the RP, the record shows that he followed the CoC's criteria. He applied it equally to the three EOIs that were short of documents, and he wrote to the Appellant to give him a chance to explain. He refunded the earnest money after the rejection. A resolution professional who applies the CoC's criteria as they stand is performing his duty and is not acting with bias. The Appellant's displeasure with the outcome is not evidence of bias. We therefore reject these allegations.

97. The Appellant has also pleaded that the Rs. 182 crore that he claims to have repaid, and the disputes on the Debenture Trust Deed of 27.03.2018, show that the creditor has been unfair to him. These matters belong to the proceedings on the claim and on the debt. They do not form any basis for exempting him from a criterion that applies to every applicant.

98. The Adjudicating Authority held that Section 240A(1) covers only clauses (c) and (h) of Section 29A, that the CoC acted within its power under Section 25(2)(h) and its commercial wisdom, and that MSME status alone does not take away the net worth requirement. For the reasons given above, we agree with these conclusions.

99. In light of these findings, no ground is made out to interfere with the order dated 14.08.2026 passed by the Adjudicating Authority in IA 2785 of 2026. The appeal is accordingly dismissed. The pending interlocutory application, if any, stands closed. There will be no order as to cost.

Justice Mohammad Faiz Alam Khan]
Member (Judicial)

[Naresh Salecha]
Member (Technical)

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