IN THE NATIONAL COMPANY LAW TRIBUNAL
KOCHI BENCH

IA(IBC)/15/KOB/2026
IN
IBA/13/KOB/2020

(Under Rule 11 of the NCLT Rules, 2016)

Date of Institution: 21.01.2026.
Order delivered on: 01.06.2026.

In the matter of:
M/s Sree Bhadra Parks &Resorts Ltd.

Memo of Parties:

M/s Sree Bhadra Parks & Resorts Ltd,
Rep By Managing Director,
Sri K N Namboodiripad,
No.27/480, Museum Road Chembukavu,
Thrissur, Kerala PIN-680020
R/o Kanjirppilly Mana,
Lotus Lane, Kolazhy, Thrissur – 680010.

................Applicant

Vs.

1. **Mr. K. Parameswaran Nair, Liquidator**
   M/s Sree Bhadra Parks & Resorts Ltd
   Kripasagaram, K. Murali Road,
   Kadavanthra, Kochi-682020,
   Email: cakpnair@gmail.com.

2. **M/s Sri Ramani Resorts & Hotels Pvt Ltd (*ex-parte*)**
   8/42, Maharaja Surya Road
   Alwarpet, Chennai600018,
   Email: shandear21@gmail. com.

3. **M/s. S A V Blue Metals Private Ltd, (*ex-parte*)**
   Rep. by Mr. A Sabarish Lal, S/o M Aravind,
   12-725, B-7, Kaval Kinaru Road, Vadakkankulam,
   Thirunalveli, Tamil Nadu, Pin- 627116,

Email: Savgroupsacc@gmail.com.

4. **The Federal Bank Ltd (*ex-parte*)**
Rep by Branch Manager,
Thrissur Main Branch,
Anjali Complex, Round North
Thrissur, Kerala, 680 001,
Email: tcra@federalbank.co.in.

5. **M/s Phoenix Asset Reconstruction Company Pvt Ltd.,**
5th Floor, Dani Corporate Park
158, CST Road, Kalina
Santacruz(E)Mumbai-400 098
Rep by Chairman and Managing Director
Email: ajith.kevin@pheonixarc.co.in.

.............Respondents

Coram:

HON'BLE MEMBER (JUDICIAL)	**:**	**SHRI. VINAY GOEL**
HON'BLE MEMBER (TECHNICAL)	**:**	**SHRI RAVICHANDRAN RAMASAMY**

Appearances:

For the Petitioner	: Ms. Aswathi, Advocate
For Respondent No.1	: Mr. Vinod P V, Advocate Mr. Parameswaran Nair, Liquidator.
For Respondent No.5	: Mr. Kevin Thomas, Advocate.

Respondents Nos. 2, 3 and 4 have already been set *ex parte* vide the earlier order dated 28.02.2026.

O R D E R

1. This application has been filed by the Corporate Debtor, Sree Bhadra Parks &Resorts Ltd, against the Respondents under Rule 11 of the NCLT Rules, 2016, seeking the following reliefs: -

a) Allow the present application and set aside E-Auction conducted on 18.07.2023-24.07.2023 and all consequent proceedings including the sale certificate dated 06.10.2023 issued in favour of Respondent No 3. S.A.V. Blue Metals Private Ltd 12-725, B-7, Kaval Kinaru Road, Vadakkankulam ,Thirunalveli, Tamil Nadu, Pin-627116

b) Pass an ad interim order restraining the respondent no 1 herein from taking any further steps towards the sale of the remaining assets of the corporate debtor pending the hearing and final disposal of the present application

c) Permit the applicant /corporate debtor to make One Time Settlement(OTS)of its debt to all the stakeholders within a period of three moths from the date of filing of present application

d) Pass such other order/orders as this Hon'ble court may deem fit in the facts and circumstances of the case and in the interest of justices.

<u>The Brief facts of the case are as follows</u>: -

2. The Applicant/Corporate Debtor submitted that it had availed various credit facilities from Federal Bank Limited in the year 2008 aggregating to about Rs.9.70 Crores for renovation and expansion of its amusement park situated at Agastheeswaram Village, Kanyakumari District, Tamil Nadu, by creating mortgage over immovable properties situated in Tamil Nadu and Kerala. According to the Applicant, substantial repayments were made towards the loan account. However, due to default, the loan account was classified as NPA and proceedings were initiated under the SARFAESI Act. Thereafter, the Debts Recovery Tribunal, Ernakulam, passed recovery orders in favour of the Bank, and a Recovery Certificate dated 28.11.2014 was issued, which was subsequently assigned to Phoenix ARC Private Limited for recovery proceedings.

3. The Applicant further submitted that it had entered into a Share Purchase Agreement dated 21.11.2012 with Respondent No.2 for the transfer of 100% shares of the Corporate Debtor for a consideration of Rs.33.08 Crores, and an

advance amount of Rs.1 Crore was paid. Alleging default under the said agreement, Respondent No.2 initiated proceedings under Section 7 of the Insolvency and Bankruptcy Code, 2016, in IBA/13/KOB/2020, which came to be admitted by this Adjudicating Authority on 25.08.2020.

4. It is stated that the parties subsequently entered into a settlement agreement dated 26.08.2020 for a total settlement amount of Rs.2.25 Crores, and on that basis, the Section 7 proceedings were withdrawn with liberty to revive the proceedings in case of default. According to the Applicant, due to financial difficulties beyond its control, the settlement could not be fully complied with, and consequently, the Section 7 application was again admitted by this Adjudicating Authority on 30.03.2021.

5. Pursuant to the admission of CIRP, the Interim Resolution Professional took charge of the affairs of the Corporate Debtor. Subsequently, by order dated 09.02.2022, liquidation proceedings were initiated against the Corporate Debtor under Section 33(1)(a) of the Code and the Resolution Professional was appointed as Liquidator.

6. The Applicant further submitted that it challenged the admission order and liquidation proceedings before the appellate forums, including the Hon'ble Supreme Court. It is stated that though interim opportunities were granted by the Hon'ble Supreme Court to settle the liabilities, the Applicant could not mobilise funds within the stipulated time, and ultimately the appeal came to be dismissed.

7. The Applicant contended that the primary object of the Code is revival of the Corporate Debtor as a going concern and not liquidation. Reliance was placed on various judgments of the Hon'ble Supreme Court and the Hon'ble NCLAT to

contend that settlement and withdrawal under Section 12A of the Code can be permitted even at the liquidation stage with approval of the stakeholders/CoC.

8. The Applicant alleged that Phoenix ARC Private Limited, whose claim was admitted as a secured financial creditor, had claimed an exorbitant amount with excessive interest, though the original liability due to the assignor bank was substantially lesser. According to the Applicant, the admitted claim of Phoenix ARC is inflated, barred by limitation, and contrary to the principles underlying the Code. It is also alleged that the Liquidator failed to properly scrutinize such claim before admission.

9. It is further alleged that the Liquidator conducted the liquidation process and e-auction proceedings in a hurried and arbitrary manner without ensuring maximization of value of the assets of the Corporate Debtor. The Applicant contended that though the actual market value of the Corporate Debtor's assets was more than Rs.100 Crores, substantial assets measuring about 7.58 acres together with buildings were sold in the 5th e-auction held on 18.07.2023 for a consideration of about Rs.23.51 Crores in favour of Respondent No.3, pursuant to a reserve price of Rs.28 Crores.

10. The Applicant further submitted that several auction notices were issued by the Liquidator between January 2023 and September 2025 and various Stakeholders' Consultation Committee meetings were convened wherein repeated attempts were made to sell the assets of the Corporate Debtor. According to the Applicant, the reserve price was successively reduced without adequate basis and the Liquidator failed to obtain maximum value for the assets.

11. It is also the case of the Applicant that the suspended directors were not properly informed of the auction proceedings and SCC meetings and therefore

the liquidation process was conducted in violation of the provisions of the Code and applicable Regulations.

12. The Applicant contended that the sale proceeds realized in liquidation would substantially benefit only the secured financial creditor, namely Phoenix ARC Private Limited, while other stakeholders including homebuyers and unsecured financial creditors would be left remediless. Reference was made to claims of homebuyers whose claims were admitted in the liquidation process pursuant to orders passed by this Adjudicating Authority.

13. According to the Applicant, the Liquidator failed to discharge his statutory duty under Section 35 of the Code to preserve and maximize the value of the assets of the Corporate Debtor and acted contrary to the objectives of the Code. The Applicant alleged material irregularity, undervaluation of assets and lack of transparency in the auction process.

14. The Applicant finally submitted that investors are presently available to infuse funds and settle the liabilities of all stakeholders and therefore one final opportunity may be granted to revive the Corporate Debtor as a going concern by permitting settlement under Section 12A of the Code and by setting aside further liquidation steps in the interest of justice.

15. Respondent No.1/Liquidator opposed the application and raised a preliminary objection regarding maintainability. It is submitted that the Corporate Debtor has filed the application represented through its erstwhile Managing Director, even though the Corporate Debtor is under liquidation pursuant to order dated 09.02.2022 passed in IA(IBC) No.195/KOB/2021 in IBA/13/KOB/2020. According to R1, upon commencement of CIRP and subsequent liquidation, the management and control of the Corporate Debtor were vested with the IRP/RP and thereafter with the Liquidator, and in view of Sections 17, 23, 25, 33(7) and

35 of the IBC, only the Liquidator is competent to institute or defend proceedings on behalf of the Corporate Debtor. It is further contended that the directors stood discharged upon passing of the liquidation order and therefore the present application by the erstwhile director is not maintainable. Reliance is placed on the judgments of the Hon'ble Supreme Court in Innoventive Industries Ltd. v. ICICI Bank & Anr. (2017) ibclaw.in 02 SC and the decisions of the Hon'ble NCLAT in Dhara Cements (India) Pvt. Ltd. v. Dineshbhai Khimjibhai Patel (2025) ibclaw.in 661 NCLAT and Krystal Stone Exports Ltd. v. Stressed Assets Stabilization Fund and Anr., (2024) ibclaw.in 669 NCLAT.

16. The Respondent No.1 further submitted that the application is highly belated, frivolous, and filed after completion of substantial liquidation proceedings, when an application for dissolution of the Corporate Debtor is already pending before this Adjudicating Authority. It is stated that the Applicant is effectively seeking reversal of the entire liquidation process and restoration of the Corporate Debtor on the basis of a proposed one-time settlement, which, according to the Respondent, is illusory and without any concrete basis.

17. It is also pointed out that the Applicant had earlier availed several opportunities to settle the dues with the financial creditor, including during proceedings before the Hon'ble Supreme Court, but failed to honour the settlement terms. Further, in an application filed under Section 66 of the Code, this Adjudicating Authority had directed the Applicant and other directors to jointly and severally pay an amount of Rs. 2,94,77,269/- with interest to the account of the Corporate Debtor on account of fraudulent transactions, which amount has not been paid till date.

18. Respondent No.1 stated that the valuation of the assets was conducted through IBBI-registered valuers and the reserve price was fixed in consultation with the

Stakeholders' Consultation Committee ("SCC"). It is submitted that as many as sixteen e-auctions were conducted for the sale of the assets, initially on a going concern basis and later by splitting the assets after repeated failure of the auctions. According to the Respondent No.1, the assets already sold fetched amounts higher than the liquidation value and the allegation that the properties were sold at undervalue is baseless. The Respondent No.1 also contended that the Applicant, being a suspended director and member of the SCC, was fully aware of the auction proceedings and had never challenged the auction process at the relevant time.

19. It is further argued that the auction proceedings sought to be challenged pertain to the period July 2023, and the sale certificates had already been issued in favour of successful bidders. Therefore, the present application filed after more than two and a half years is barred by delay and laches. Reliance is placed on the decisions of the Hon'ble Supreme Court in V.S. Palanivel v. P. Sriram CS Liquidator, (2024) ibclaw.in 223 SC and the Hon'ble NCLAT in JSK Estate Pvt. Ltd. v. Mr. Sundaresh Bhat (Liquidator) and Anr., (2024) ibclaw.in 764 NCLT to contend that concluded auction sales cannot be interfered with in the absence of fraud or material irregularity.

20. The Respondent No.1 also submitted that the Applicant's contention that the properties are worth more than Rs. 100 Crores is contrary to earlier share purchase agreements executed by the Applicant itself in the years 2012 and thereafter, wherein the entire shareholding of the Corporate Debtor was agreed to be transferred for consideration around Rs. 30–31 Crores. On the aforesaid grounds, Respondent No.1 prayed for dismissal of the application with exemplary costs.

21. The 5th Respondent, in its reply affidavit, opposed the application and questioned the maintainability of the application filed in the name of the Corporate Debtor through its suspended management. It is contended that once liquidation has been ordered, only the Liquidator is competent to represent the Corporate Debtor in legal proceedings in view of Section 35(1)(k) of the Code. Reliance is placed on the judgment of the Hon'ble Supreme Court in Innoventive Industries Ltd. v. ICICI Bank & Anr. (2017) ibclaw.in 02 SC. and the decision of the Hon'ble NCLAT in in Dhara Cements (India) Pvt. Ltd. v. Dineshbhai Khimjibhai Patel (2025) ibclaw.in 661 NCLAT, to contend that erstwhile directors cannot maintain proceedings on behalf of the Corporate Debtor after commencement of CIRP/liquidation.

22. Respondent No.5 further submitted that the application is grossly belated, having been filed in the year 2026, challenging a sale conducted on 24.07.2023. It is stated that the suspended directors had never challenged any of the auction notices or sale proceedings at the relevant time and therefore cannot seek to reopen a concluded sale after more than two and a half years. According to Respondent No.5, the application is only intended to delay the liquidation process and amounts to an abuse of the process of law.

23. It is also contended that no procedural irregularity or illegality has been pointed out in the conduct of the auction. Respondent No.5 submitted that valuation had been obtained, reserve prices were fixed in accordance with the IBBI (Liquidation Process) Regulations, 2016, and the reserve price was reduced only after repeated failure of earlier auctions. It is stated that the Liquidator had complied with all statutory requirements and the Stakeholders' Consultation Committee had approved the reserve price. Reliance is placed on the decision of the Hon'ble Supreme Court in *Celir LLP v. Mr. Sumati Prasad*

Bafna and Ors., (2024) ibclaw.in 319 SC to contend that a concluded auction sale cannot be interfered with in the absence of fraud, collusion or grave irregularity.

24. Respondent No.5 further pointed out that sufficient opportunities had earlier been granted to the Applicant to settle the dues of the Corporate Debtor. It is submitted that, though the CIRP proceedings were initially withdrawn on the basis of a settlement, the Applicant failed to comply with the settlement terms, resulting in the revival of the insolvency proceedings. It is also highlighted that the Hon'ble Supreme Court had granted further time to settle the matter, but the Applicant again failed to do so. According to Respondent No.5, this conduct demonstrates the absence of bona fides and the inability of the suspended management to settle the liabilities of the Corporate Debtor.

25. With regard to the allegations against Respondent No.5, it is submitted that Respondent No.5 is an Asset Reconstruction Company duly registered with the Reserve Bank of India under the SARFAESI Act and had acquired the debt from Respondent No.4 under a valid assignment agreement. It is stated that the claim of Respondent No.5 amounting to Rs. 34,94,71,727/- was duly admitted by the Liquidator and had never been challenged at the relevant stage. Respondent No.5 contended that a suspended director has no locus to challenge the claim of a secured financial creditor before the Liquidator.

26. On the issue of limitation, Respondent No.5 submitted that the reliance placed by the Applicant on limitation applicable to Section 7 proceedings is misconceived, as Respondent No.5 had only lodged its claim before the RP/Liquidator. Reliance is placed on the decision of the Hon'ble High Court of Kerala in *Geevarghese P. John v. The Federal Bank Ltd.*, *(2024) ibclaw.in 1454 HC*,

wherein it was held that the limitation period for execution of DRT recovery certificates is twelve years under Article 136 of the Limitation Act, 1963.

27. Respondent No.5 also stated that the Liquidator had made several attempts to sell the Corporate Debtor as a going concern before proceeding with the sale of assets on a standalone basis, and the Stakeholders' Consultation Committee had initially approved the sale as a going concern. It is submitted that the respondents cannot be faulted for lack of bidders.

28. Lastly, Respondent No.5 contended that there is no provision under the Code for withdrawal of liquidation proceedings at the final stage, particularly after liquidation of the assets, and that the only course available is dissolution under Section 54 of the Code. On the aforesaid grounds, Respondent No.5 prayed for dismissal of the application with costs.

29. In response to the reply affidavit of Respondent No. 1, the applicant filed a rejoinder and submitted that the Applicant, a suspended director of the Corporate Debtor, has denied the contentions of Respondent No.1 and reiterated that the present application challenges the 5th e-auction conducted on 18.07.2023–24.07.2023, whereby 7.58 acres of land were sold for Rs. 28 Crores. It is submitted that the sale was undervalued, and the proceeds were paid only to the secured financial creditor, leaving other creditors without due payment, in violation of Section 53 of the Code.

30. The Applicant contended that suspended directors, though restricted under Section 17 of the Code, retain the right to seek legal remedies where the Liquidator acts unfairly or contrary to the Code. It is further submitted that the property, comprising partly constructed commercial buildings, a water theme park, and land near strategic locations, has a value of over Rs. 100 Crores as per

a private valuation dated 10.04.2024, which the Applicant relies upon to challenge the Liquidator's valuation and conduct of the auction.

31. The Applicant submitted that the delay in filing the present application is attributable to the lack of unanimity among six suspended directors, and that the Applicant has the means and intent to settle all dues of creditors in a time-bound manner to revive the Corporate Debtor as a going concern. In view of the alleged illegality in conducting the 5th e-auction and the failure to comply with the provisions of Section 53 of the Code, the Applicant sought that the auction be set aside under Section 60(5) of the Code and the reliefs prayed for in the Application be granted.

32. In response to the reply affidavit of Respondent No. 5, the applicant, in its rejoinder, contended that the objection regarding maintainability is misconceived and contrary to settled law and binding precedents. It is further stated that, notwithstanding suspension of the Board during liquidation, suspended directors retain limited participatory rights under the Code and CIRP Regulations, including receipt of notices and relevant documents. It is alleged that the Liquidator failed to inform the suspended director and conducted the e-auction at a grossly undervalued price, thereby committing a material irregularity and violating statutory provisions.

33. The Applicant submitted that such actions demonstrate deliberate non-compliance with earlier orders and failure to maximize asset value, which the suspended management is entitled to challenge before this Adjudicating Authority. It is urged that the object of the Code is value maximization and preservation of the Corporate Debtor as a going concern, and that the Applicant's proposal for settlement was ignored by the Liquidator. Reliance is placed on judgments of the Hon'ble Supreme Court and Hon'ble NCLAT to

submit that suspended directors are stakeholders and have locus to question irregularities in the insolvency/liquidation process.

34. It is asserted that the present Application is not in the nature of routine representation of the Corporate Debtor but a challenge to the legality of the liquidation process, and is therefore maintainable under Section 60(5) of the Code. The Applicant further contended that the objection on limitation is untenable, as the cause of action is continuing and material facts came to light during the ongoing liquidation process. It is also submitted that technical rules of limitation cannot defeat examination of patent illegality, particularly where value maximization and stakeholder interest are affected.

35. The Applicant submitted that even a concluded sale can be interfered with where there is a material irregularity, undervaluation, or failure to secure fair value. It is argued that reliance on the finality of the auction is misplaced, as courts have consistently held that inadequate price and procedural irregularity justify interference. The Applicant further submitted that settlement proposals at the liquidation stage are not barred, especially when they result in better realization for stakeholders.

36. It is contended that the reliance placed by the 5th Respondent on decisions relating to recovery proceedings is inapplicable to proceedings under the Code, where limitation principles differ. It is also urged that the claim of the 5th Respondent is time-barred and cannot be enforced through the insolvency process. The Applicant alleged that the 5th Respondent is claiming excessive interest, which is impermissible under the IBC framework. It is finally submitted that the objections raised by the 5th Respondent are unsustainable and intended to defeat a genuine challenge to an irregular and undervalued sale.

FINDINGS:

37. The present application has been filed by the suspended directors of the Corporate Debtor challenging the validity of the sale conducted by the Liquidator during the liquidation process. The application has been instituted in the name of the Corporate Debtor and seeks to assail the e-auction conducted during the period 18.07.2023-24.07.2023 principally on the grounds of alleged undervaluation, material irregularity, lack of transparency, and violation of the provisions of the Insolvency and Bankruptcy Code, 2016. The Applicant has contended that the assets of the Corporate Debtor, which, according to them, are worth more than Rs.100 Crores, were sold at a grossly inadequate value for approximately Rs.23.51 Crores, against a reserve price of Rs. 28 Crores, pursuant to the 5th e-auction. It is further alleged that the Liquidator failed to maximise the value of the assets and conducted the liquidation process in an arbitrary and illegal manner. The Applicant has also attempted to invoke the provisions of the Limitation Act, 1963, on the premise that no specific period of limitation has been prescribed under the Code for challenging an auction sale conducted during liquidation proceedings.

38. Whereas, the Respondents have primarily questioned the maintainability of the present application on the ground that the suspended directors have no authority in law to institute proceedings in the name of the Corporate Debtor after commencement of CIRP and liquidation proceedings. It is further contended that the challenge has been raised after an inordinate and unexplained delay of more than two and a half years from the date of the e-auction and after crystallisation of third-party rights in favour of the successful auction purchaser. The Respondents have further submitted that the liquidation process, valuation exercise, fixation of reserve price, and conduct of auction were carried out strictly in accordance with the provisions of the Code

and the Liquidation Process Regulations, under the supervision and deliberations of the Stakeholders' Consultation Committee.

39. Having heard the learned counsel appearing for the parties, perused the pleadings, documents placed on record, written submissions filed by the respective parties, and the material available on record, this Adjudicating Authority is of the considered opinion that the present application is wholly devoid of merit and is liable to be dismissed for the following reasons: -

  i. The present application has been filed in the name of the Corporate Debtor through its suspended management after commencement of liquidation proceedings. Upon admission of CIRP, the powers of the Board of Directors stood suspended in terms of Section 17 of the Code, and vested with the Interim Resolution Professional/Resolution Professional. Thereafter, upon passing of the liquidation order dated 09.02.2022, the management and affairs of the Corporate Debtor vested with the Liquidator in terms of Sections 34 and 35 of the Code.

  ii. Section 35(1)(k) of the Insolvency and Bankruptcy Code, 2016 provides as follows:

  "35(1)(k) – the liquidator shall have the power to institute or defend any suit, prosecution or other legal proceedings, civil or criminal, in the name of and on behalf of the corporate debtor."

  iii. In view of the aforesaid statutory provision, upon commencement of liquidation proceedings, the authority to represent the Corporate Debtor in legal proceedings vests exclusively with the Liquidator, and the erstwhile suspended directors cease to have any power to institute or pursue proceedings in the name of the Corporate Debtor, except with the approval or authorisation of the Liquidator.

iv. In this regard, reliance may be placed upon the judgment of the Hon'ble Supreme Court in ***Innoventive Industries Ltd. v. ICICI Bank & Anr.,* (Civil Appeal No. 8337-8338 of 2017)** wherein the Hon'ble Supreme Court observed as follows:

"According to us, once an insolvency professional is appointed to manage the company, the erstwhile directors who are no longer in management, obviously cannot maintain an appeal on behalf of the company. In the present case, the company is the sole appellant. This being the case, the present appeal is obviously not maintainable."

v. Similar view has been taken by the Hon'ble NCLAT in ***Dhara Cements (India) Pvt. Ltd. v. Dineshbhai Khimjibhai Patel,* (Company Appeal (AT) (Ins.) No. 444 of 2024 & I.A. No. 1520, 1521, 4288 of 2024 Decided on 29-Aug-25)** wherein the Hon'ble Appellate Tribunal observed as follows:

"According to the aforesaid provisions, the appeal has to be filed by an aggrieved person. The appeal has been filed only by the Corporate Debtor and it has been held in the case of Innoventive Industries (supra) that such an appeal is not maintainable and the same view has been taken by this Court in the case of Krystal Stone Exports Ltd. (supra)."……….
"Be that as it may, the application for amendment is also highly belated as it has been filed after a period of more than a year, therefore, keeping in view the entirety of circumstances, we do not find merit in the submission of the Appellant either for the purpose of maintaining the appeal at the instance of the Corporate Debtor (Company itself) or in the application bearing I.A. No. 4056 of 2025. Hence, the appeal as well as the application are hereby dismissed."

vi. Further reliance may also be placed upon the judgment of the Hon'ble NCLAT in ***Krystal Stone Exports Ltd. v. Stressed Assets Stabilization Fund & Anr.,* (Comp. App. (AT) (Ins) No. 1086 of 2024 & I.A. No. 3921, 3922,3923,5036,6920 of 2024 Decided on 16-Oct-24)** wherein the Hon'ble Appellate Tribunal observed as follows:

4. It is alleged that the Hon'ble Supreme Court in the case of Innoventive Industries Ltd. Vs. ICICI Bank & Anr., Civil Appeal No. 8337-8338 of 20217 had held that "According to us, once an insolvency professional is appointed to manage the company, the erstwhile directors who are no longer in management, obviously cannot maintain an appeal on behalf of the company. In the present case, the company is the sole appellant. This being the case, the present appeal is obviously not maintainable"
5. Faced with this averment in the reply, Counsel for the Appellant has submitted that this is a defect in the appeal and the same is not maintainable at the instance of the CD but he has submitted that defect can be cured by filing an application.
6. In this regard, Counsel for the Respondent has submitted that once the appeal has been filed it cannot be cured by any of the application because the question of limitation shall also arise. The present appeal per se is not maintainable.
7. In view of the aforesaid facts and circumstances, we are of the considered opinion that admittedly the appeal has been filed by the CD through its director on the basis of the board resolution dated 01.12.2023 and in view of the décision rendered in the case of Innoventive Industries Ltd. (Supra) the appeal at the instance of the CD against the order of admission passed under Section 7 of the Code is not maintainable.
8. Thus, the present appeal is hereby dismissed. No costs.

vii. In view of the aforesaid statutory provisions and the settled legal position laid down by the Hon’ble Supreme Court and the Hon’ble NCLAT, this Adjudicating Authority is of the considered opinion that the present application filed by the suspended directors in the name of the Corporate Debtor is not maintainable in law.

viii. Though suspended directors may, in limited circumstances, invoke the jurisdiction of this Adjudicating Authority under Section 60(5) of the Code as aggrieved stakeholders, such right cannot be extended to reopen a concluded auction sale conducted during liquidation proceedings after crystallization of third-party rights, particularly in the absence of any cogent material establishing fraud, collusion, mala fide conduct, or substantial procedural illegality.

ix. The auction sale in question was conducted during the period 18.07.2023-24.07.2023, and the sale certificate was issued on 06.10.2023. The present application has been filed only in the year 2026, after substantial completion of the liquidation process and after rights in favour of the successful auction purchaser had already crystallised. The challenge has therefore been raised after an unexplained and inordinate delay of more than two and a half years.

x. The insolvency and liquidation framework under the Code is a strict time-bound mechanism intended to ensure certainty, finality, and expeditious completion of proceedings. Once an auction sale has attained finality and sale certificates have been issued, interference at a belated stage would seriously prejudice the sanctity and credibility of the liquidation mechanism and would unsettle vested third-party rights acquired through a statutory process.

xi. The records placed before this Adjudicating Authority clearly reveal that repeated efforts were made by the Liquidator to sell the assets of the Corporate Debtor through several rounds of auction conducted in accordance with the provisions of the Code and the Liquidation Process Regulations. The reserve prices were fixed based on valuation reports obtained from IBBI-registered valuers and were deliberated upon in the meetings of the Stakeholders' Consultation Committee. The Applicant admittedly had knowledge of the liquidation proceedings, repeated auction attempts, and SCC meetings, but failed to raise any objection at the relevant stage regarding valuation, reserve price, mode of sale, or the procedure adopted by the Liquidator.

xii. The Applicant has also failed to place on record any convincing or satisfactory explanation for approaching this Adjudicating Authority after such an inordinate lapse of time. Mere allegations of undervaluation, unsupported by contemporaneous objections or substantive evidence, cannot constitute a valid ground to reopen concluded liquidation proceedings. The private valuation report subsequently obtained by the Applicant cannot, by itself, invalidate a completed auction process conducted in accordance with statutory procedure.

xiii. Under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as well as proceedings before the Debt Recovery Tribunal, challenges to auction sales are required to be raised within prescribed statutory timelines, including the period of 45 days contemplated under Section 17 of the SARFAESI Act. Though the Insolvency and Bankruptcy Code, 2016, does not specifically prescribe a limitation period for challenging an auction sale conducted during liquidation proceedings, the Code itself is a strict time-bound legislation where expeditious completion of insolvency and liquidation proceedings is of paramount importance, and time forms the essence of the statutory framework. Therefore, the principles of delay, laches, acquiescence, and finality attached to concluded sales assume substantial importance and are fully applicable to proceedings under the Code, particularly where third-party rights have already crystallised pursuant to issuance of sale certificates and completion of auction proceedings.

xiv. This Adjudicating Authority also finds no material on record to establish fraud, collusion, arbitrariness, or any grave procedural irregularity in the conduct of the auction process. On the contrary, the material available on record demonstrates that the Liquidator had conducted multiple auction attempts, initially even on a going concern basis, before proceeding with the segmented sale of assets after repeated failure of earlier auctions. The allegation that the assets were sold at a "throwaway price" is therefore unsupported by any legally sustainable material.

xv. The contention of the Applicant that the Liquidator failed to maximise value or violated Section 53 of the Code is also misconceived. Distribution of liquidation proceeds is governed by the waterfall mechanism under Section 53 of the Code and cannot, by itself, furnish a ground to invalidate a completed sale. The grievance of the Applicant essentially relates to dissatisfaction with the commercial outcome of the liquidation process, which cannot justify the reopening of concluded transactions after crystallisation of rights in favour of successful auction purchasers.

xvi. This Adjudicating Authority is therefore of the considered view that the present application has been filed with the sole intent of reopening concluded liquidation proceedings and delaying the culmination of the liquidation process. Entertaining such stale and belated challenges would defeat the very object of the Code, erode confidence in liquidation sales conducted under the statutory framework, and adversely affect the finality attached to judicial and quasi-judicial sales.

40. In view of the foregoing discussion and findings, **IA(IBC)/15/KOB/2026 IN IBA/13/KOB/2020** stands **dismissed with costs of Rs.1,00,000/-** (Rupees One Lakh only) imposed upon the signatory to the present application, Mr. K N Namboodiripad, considering the highly belated challenge and the attempt to reopen concluded liquidation proceedings after crystallization of third-party rights, to be deposited with the National Defence Fund within a period of fifteen

(15) days from the date of receipt of this order. Where an application is filed in the name of an entity that has no locus, or where the name of the entity has been wrongly or incorrectly used as the applicant, and upon final adjudication the Court or Tribunal concludes that such application is liable to be dismissed with costs, such costs may be recovered from the person who has signed and filed the petition in the name of that entity.

41. A compliance memo evidencing such deposit shall thereafter be filed before the Registry, failing which the Registry is directed to forward a copy of this order to the appropriate authorities for recovery of the said amount as arrears of land revenue by proceeding against the movable and immovable properties of Mr. K N Namboodiripad and deposit the recovered amount with the National Defence Fund.

42. The Registry is hereby directed to send e-mail copies of this order forthwith to all the parties and their counsel for information and for taking necessary steps.

43. Let the certified copy of this order be issued upon compliance with requisite formalities.

44. File be consigned to records.

Sd /-	**Sd /-**
RAVICHANDRAN RAMASAMY **MEMBER (TECHNICAL)**	**VINAY GOEL** **MEMBER (JUDICIAL)**

Signed on this the 01st day of June, 2026

Steno_A

IN THE NATIONAL COMPANY LAW TRIBUNAL
KOCHI BENCH

IA(IBC)/129/KOB/2026
IN
IA(IBC)/15/KOB/2026
IN
IBA/13/KOB/2020

(Under Rule 11 of the NCLT Rules, 2016)

Date of Institution: 25.03.2026.
Order delivered on: 01.06.2026.

In the matter of:
M/s Sree Bhadra Parks &Resorts Ltd.

Memo of Parties:

M/s Baywatch Studio Apartment Subscribers Charitable Society
(Reg. No. T 460/12), Ground Floor, TC 16/1639(1), Jagathy Junction, Kochar Road, Thycavu P O,
Thiruvananthapuram- 695015, represented by Secretary, Sri. V. Ravindranathan Nair
Email: raviwizards47@gmail.com.

................Applicant

Vs.

1. **Mr. K. Parameswaran Nair, Liquidator**
M/s Sree Bhadra Parks & Resorts Ltd
Kripasagaram, K. Murali Road,
Kadavanthra, Kochi-682020,
Email: cakpnair@gmail.com.

2. **M/s Sri Ramani Resorts & Hotels Pvt Ltd**
8/42, Maharaja Surya Road
Alwarpet, Chennai600018,
Email: shandear21@gmail. com.

3. **M/s Sree Bhadra Parks & Resorts Ltd,**
   Represented by Managing Director, Sri. K.N. Namboothiripad, Regd. Office No. 27/480, Museum Road, Chembukavu, Thrissur, Kerala, Pin- 680020, Email: knnarayanan@gmail.com.

4. **M/s. S A V Blue Metals Private Ltd,**
   Rep. by Mr. A Sabarish Lal, S/o M Aravind,
   12-725, B-7, Kaval Kinaru Road, Vadakkankulam,
   Thirunalveli, Tamil Nadu, Pin- 627116,
   Email: Savgroupsacc@gmail.com.

5. **The Federal Bank Ltd**
   Rep by Branch Manager,
   Thrissur Main Branch,
   Anjali Complex, Round North
   Thrissur, Kerala, 680 001,
   Email: tcra@federalbank.co.in.

6. **M/s Phoenix Asset Reconstruction Company Pvt Ltd.,**
   5th Floor, Dani Corporate Park
   158, CST Road, Kalina
   Santacruz(E)Mumbai-400 098
   Rep by Chairman and Managing Director
   Email: ajith.kevin@pheonixarc.co.in.

..............Respondents

Coram:

HON'BLE MEMBER (JUDICIAL)	**:**	**SHRI. VINAY GOEL**
HON'BLE MEMBER (TECHNICAL)	**:**	**SHRI RAVICHANDRAN RAMASAMY**

Appearances:

For the Applicant	: Mr. Ajith S, Advocate
For Respondent No.1	: Mr. Vinod P V, Advocate Mr. Parameswaran Nair, Liquidator.
For Respondent No.5	: Mr. Mohan Jacob George, Advocate.

For Respondent No.6 : Mr. Kevin Thomas, Advocate.
Respondent Nos. 2, 3 & 4 : None appeared.

O R D E R

1. This application has been filed under Rule 11 of the NCLT Rules, 2016, seeking the following reliefs: -

> a) *Direct the Liquidator to disburse the claim amount admitted by this Hon'ble Tribunal as per the decree obtained by the applicant herein in judgment and decree dated 01.03.2014 passed by the II Additional Sub Court, Thrissur in O.S.No.847 of 2013 to pay an amount of Rs.12,02,00,790/- with interest at the rate of 9% from the date of decree which comes around Rs.25,04,62,617/- as on 16.03.2026*
> b) *Pass such other order/(s)as this Hon'ble Tribunal may deem fit in the facts and circumstances of the case and in the interest of Justice.*

The Brief facts of the case are as follows: -

2. The Applicant submitted that it is a registered charitable society formed by purchasers of studio apartments in the project known as "Bay Watch Residency" developed by the 3rd Respondent/Corporate Debtor at Kanyakumari, Tamil Nadu. According to the Applicant, the Corporate Debtor had invited investors through advertisements and brochures promising completion of the project within four years. Relying on such representations, around 70 members of the Applicant society invested substantial amounts and collectively paid a sum of Rs. 7,72,80,008/- to the Corporate Debtor towards the purchase of studio apartments.

3. The Applicant stated that the project was not completed as promised and was subsequently abandoned. Thereafter, the members of the Applicant society demanded a refund of the amounts paid together with interest. It is submitted that mediation talks were held between the parties in the year 2012, pursuant to which the Corporate Debtor allegedly agreed to refund the

amounts with interest. However, according to the Applicant, the cheques issued towards partial discharge of liability were dishonoured.

4. The Applicant further submitted that, consequently, O.S. No.847/2013 was instituted before the Sub Court, Thrissur, for recovery of money and other reliefs. During the pendency of the suit, an order of attachment over certain properties of the Corporate Debtor was obtained. Subsequently, the suit was settled through mediation and decreed on 01.03.2014, directing payment of amounts due to the members of the Applicant society. It is stated that as the decree amount remained unpaid, execution proceedings were initiated in E.P. No.36/2020 before the competent court at Nagercoil.

5. The Applicant contended that the audited financial statements of the Corporate Debtor for the year ending 31.03.2021 specifically acknowledged the liability towards the members of the Applicant society and referred to the decree passed in O.S. No.847/2013. According to the Applicant, despite such acknowledgement, its claim was not properly considered during CIRP and liquidation proceedings.

6. The Applicant further stated that during the pendency of the execution proceedings, CIRP was initiated against the Corporate Debtor in CP(IB)/13/KOB/2020 under Section 7 of the Code, and later, liquidation was ordered on 09.02.2022. It is submitted that the Liquidator thereafter conducted liquidation proceedings and sold substantial assets of the Corporate Debtor.

7. According to the Applicant, it became aware of the liquidation proceedings only subsequently, when steps were being taken to sell the attached properties. The Applicant then approached various authorities and also filed proceedings before the Hon'ble Madurai Bench of the Madras High Court and

thereafter before the Hon'ble Supreme Court, where liberty was granted to approach this Adjudicating Authority for appropriate reliefs.

8. The Applicant submitted that pursuant to such liberty, IA(IBC)/100/KOB/2024 was filed before this Adjudicating Authority seeking inclusion of the Applicant in the list of creditors. It is stated that this Adjudicating Authority, by orders dated 12.03.2024 and 18.04.2024, directed the Liquidator to consider and verify the claims of the Applicant and other home buyers. The Applicant contended that several members of the Applicant society were thereafter treated as unsecured financial creditors/home buyers.

9. It is further alleged that though the Liquidator had assured that the amounts realized from the sale of assets would be distributed among all eligible stakeholders, almost the entire sale proceeds realized from the auction of the assets were paid to Respondent No.6/secured financial creditor, leaving the Applicant and other creditors unpaid. The Applicant asserted that the Liquidator failed to adequately protect the interests of other stakeholders, despite the admitted claims of home buyers.

10. The Applicant also questioned the manner in which the liquidation process was conducted and alleged that assets having substantially higher value were sold at a significantly lower price. Reliance was placed on a valuation report to contend that the Corporate Debtor possessed assets valued at around Rs. 100 Crores, whereas about 90% of the assets were allegedly sold for approximately Rs. 23–28 Crores.

11. The Applicant further submitted that the Liquidator was aware of the Applicant's decree and claim from the financial statements of the Corporate Debtor, representations submitted by the Applicant, and records of the

liquidation proceedings. According to the Applicant, the Liquidator nevertheless failed to properly admit and distribute the claim in accordance with Section 53 of the Code.

12. It is also argued that creditors are entitled to prove their claims at any time prior to dissolution of the Corporate Debtor and that undistributed assets still remain available in the liquidation estate. Reliance was placed on the decision *in Re: Kamla Syntex Ltd*. (2018 SCC online Del 9396) to contend that a creditor can submit its claim before final distribution of assets. The Applicant ultimately prayed for appropriate directions to protect and recognize its claim in the liquidation proceedings and contended that failure to do so would cause serious financial prejudice and irreparable loss to the members of the Applicant society.

13. Respondent No.1/Liquidator in his reply affidavit opposed the application and raised a preliminary objection regarding maintainability on the ground that the Applicant society had not produced any valid authorisation or resolution empowering the deponent to represent the society. It is further contended that the present application has been filed in IA(IBC)/15/KOB/2026, which itself has been challenged as not maintainable since the said application was filed by the Corporate Debtor through its suspended management despite the Corporate Debtor being under liquidation. According to the Respondent, once liquidation commenced, only the Liquidator is competent to represent the Corporate Debtor under Sections 33(7) and 35(1)(k) of the Code.

14. Respondent No.1 further submitted that CIRP against the Corporate Debtor commenced pursuant to an order dated 30.03.2021 passed in IBA/13/KOB/2020 under Section 7 of the Code, and thereafter, liquidation

was ordered on 09.02.2022. It is stated that a public announcement inviting claims was issued on 11.02.2022, and claims from various classes of creditors were verified and admitted by the Liquidator. According to the Respondent, home buyers were admitted as unsecured financial creditors and a Stakeholders' Consultation Committee ("SCC") was constituted accordingly.

15. It is stated that the Corporate Debtor owned and operated the "Bay Watch Amusement Park & Residency" project at Kanyakumari, and the liquidation estate comprised land, buildings, plant, and machinery. The Respondent submitted that the valuation of the assets was carried out through registered valuers and the average liquidation value was determined at approximately Rs. 22.78 Crores, excluding certain disputed assets categorised as Not Readily Realisable Assets ("NRRA").

16. Respondent No.1 further stated that altogether sixteen e-auctions were conducted for the sale of the assets of the Corporate Debtor. It is submitted that despite repeated attempts to sell the Corporate Debtor as a going concern, there were no bidders and consequently, the assets were sold in standalone parcels. According to the Respondent, an amount of Rs. 24.77 Crores was realised from the liquidation process, which was above the liquidation value of the realisable assets.

17. It is further contended that the Liquidator distributed the sale proceeds strictly in accordance with the waterfall mechanism under Section 53 of the Code. Respondent No.1 submitted that CIRP costs, liquidation costs, workmen dues, EPF dues, and secured financial creditors rank higher in priority than unsecured financial creditors and home buyers. Accordingly, the realised amount was distributed towards CIRP/liquidation costs,

workmen dues, and partly towards the admitted claim of Phoenix ARC Pvt. Ltd., the secured financial creditor, whose admitted claim exceeded Rs. 34 Crores.

18. The Respondent specifically denied the contention of the Applicant that the Applicant or the home buyers are secured creditors. It is submitted that although home buyers are treated as financial creditors under the Code, they are unsecured financial creditors in the absence of any registered security interest over the assets of the Corporate Debtor.

19. Respondent No.1 further submitted that pursuant to orders passed by this Adjudicating Authority in IA(IBC)/100/KOB/2024, claims of the remaining home buyers were also considered, and ultimately, claims of 86 home buyers were admitted by the Liquidator. However, according to the Respondent, distribution can only be made in accordance with Section 53 of the Code, and no separate equitable distribution can be undertaken contrary to the statutory waterfall mechanism.

20. It is also submitted that the Applicant's allegation regarding undervaluation and distress sale of the assets is baseless. Respondent No.1 pointed out that reserve prices were fixed in consultation with the SCC and reduced gradually only after repeated failed auctions. The Respondent further stated that the assets sold fetched amounts higher than the liquidation value and that none of the auction proceedings were challenged at the relevant stage.

21. Respondent No.1 also referred to pending proceedings relating to 3.63 acres of disputed land categorized as NRRA assets, as well as proceedings initiated under Section 66 of the Code against the suspended directors for recovery of fraudulent transactions. It is submitted that the SCC had deliberated upon

the assignment and realization of such assets and recoveries for the benefit of stakeholders in accordance with the Code.

22. The Respondent denied that any assurance had been given to the Applicant that sale proceeds would necessarily be distributed to home buyers irrespective of the waterfall mechanism. It is emphasized that the Liquidator is bound to act strictly in accordance with the provisions of the Code and cannot distribute assets contrary to Section 53.

23. Lastly, Respondent No.1 submitted that the decree obtained by the Applicant cannot override the insolvency framework under the Code and that once CIRP/liquidation commenced, claims could only be dealt with under the provisions of the Code. It is also contended that the present application, filed after conclusion of auction proceedings and at the stage when dissolution proceedings are pending, is barred by delay and laches. On the aforesaid grounds, Respondent No.1 prayed for dismissal of the application.

24. Respondent No. 5 in its reply affidavit submitted that the present application is not maintainable against it, as it is neither a necessary nor a proper party to the proceedings, considering the nature of the reliefs sought by the Applicant. Respondent No. 5 stated that the Corporate Debtor had availed various credit facilities from the Respondent Bank and, upon default in repayment, the loan accounts were classified as Non-Performing Assets. Consequently, recovery proceedings were initiated before the Debts Recovery Tribunal, Ernakulam in O.A. No. 418/2012 for recovery of Rs.11,76,15,858.66/- together with interest. The said application was allowed by the DRT vide order dated 13.10.2014 and a recovery certificate was issued for realization of the dues through sale of the secured assets. It is further submitted that thereafter the Respondent Bank assigned the debt

along with the underlying securities in favour of Respondent No. 6. Following such assignment, all further recovery proceedings and related actions were pursued by Respondent No. 6 and the Respondent Bank ceased to have any involvement in the matter.

25. Respondent No. 5 further pointed out that the CIRP against the Corporate Debtor was initiated by Respondent No. 2 by filing CP(IBA)/13/KOB/2020 under Section 7 of the IBC and, upon failure of the resolution process, liquidation proceedings were commenced pursuant to orders passed in IA(IBC)/195/KOB/2021. According to Respondent No. 5, it has no connection with the CIRP or liquidation proceedings, nor does it have any subsisting claim against the Corporate Debtor. It is accordingly contended that no relief has been sought against Respondent No. 5 and its impleadment in the present proceedings is unnecessary. On the above grounds, Respondent No. 5 prayed for dismissal of the application as against it with costs.

26. Respondent No. 6 submitted that the present application filed by the Applicant Society is not maintainable, as a society is not a stakeholder recognised under the Insolvency and Bankruptcy Code, 2016. It is pointed out that the individual members of the society had separately filed claims before the Liquidator, and such claims were admitted as unsecured financial creditors/home buyers. Therefore, the Applicant Society, being distinct from its members, has no independent locus standi to agitate grievances in the liquidation proceedings.

27. Respondent No. 6 further contended that the issue is covered by the judgment of the Hon’ble Supreme Court in Elegna Co-op. Housing and Commercial Society Ltd. v. Edelweiss Asset Reconstruction Company Ltd.

(2026 INSC 58), wherein it was held that a society cannot claim status or rights of a financial creditor unless it has itself advanced funds or entered into transactions with the Corporate Debtor. It is argued that the right to participate in insolvency proceedings is statutory and cannot arise from a representative or associative interest.

28. It is also submitted that the application is belated and infructuous, since the sale proceeds had already been distributed by the Liquidator strictly in accordance with Section 53 of the Code. According to Respondent No. 6, the Applicant and its members were aware of the liquidation proceedings and had already obtained orders admitting the claims of individual home buyers, but no challenge was raised against the distribution process within time.

29. Respondent No. 6 stated that it is the secured financial creditor of the Corporate Debtor, having acquired the debt from the erstwhile bank under an assignment agreement executed under Section 5 of the SARFAESI Act. Its admitted claim amounting to Rs. 34,94,71,727/- was never challenged by the Applicant or the home buyers. Hence, it is entitled to priority in distribution under Section 53 of the Code. Reliance is also placed on the judgment of the Hon'ble Supreme Court in Swiss Ribbons Pvt. Ltd. v. Union of India, upholding the validity of the waterfall mechanism under Section 53.

30. The Respondent denied the contention of the Applicant that it is a secured creditor and submitted that neither the Applicant Society nor its members hold any registered security interest or charge over the assets of the Corporate Debtor. It is argued that no document evidencing the creation of a charge exists as required under Section 100 of the Transfer of Property Act, and therefore, the Applicant cannot claim status as a secured creditor merely on the basis of correspondence addressed to the Liquidator.

31. It is further stated that the Applicant had not pointed out any violation of the provisions of the Code or any procedural irregularity in the liquidation process. Respondent No. 6 also submitted that the home buyers failed to actively participate in the Stakeholders' Consultation Committee meetings despite opportunities provided by the Liquidator and cannot now challenge the process after completion of distribution.

32. Respondent No. 6 additionally clarified that the orders passed by the Hon'ble Madras High Court and the Hon'ble Supreme Court, relied upon by the Applicant, did not grant any substantive relief in favour of the Applicant Society and merely relegated the parties to appropriate remedies under law. Accordingly, Respondent No. 6 prayed for dismissal of the application with costs, contending that the same is devoid of merit, barred by delay, and filed with an intention to obstruct the liquidation process.

33. In reply to the objections of Respondent No. 1, the Applicant, in its rejoinder, submitted that the plea regarding lack of authorization is hyper-technical in nature and intended to defeat substantive rights. The Applicant stated that it is a duly registered society representing around 70 homebuyers who collectively invested substantial amounts in the project and whose claims stand crystallized by virtue of the compromise decree dated 01.03.2014 passed in O.S. No.847/2013 by the II Additional Sub Court, Thrissur.

34. The Applicant further contended that the present application only seeks recognition and implementation of an adjudicated claim within the liquidation process and is therefore maintainable under the provisions of the Code. It is asserted that the compromise decree created a charge over the attached properties and, consequently, the Applicant/homebuyers are entitled to be treated as secured creditors. According to the Applicant, such

security interest arose by operation of law through the decree passed by the competent civil court.

35. The Applicant also disputed the stand of the Liquidator regarding distribution under Section 53 of the Code and alleged that the Liquidator failed to balance the interests of all stakeholders. It is contended that the admitted claim of Phoenix ARC included exorbitant interest and that the entire sale proceeds were distributed in favour of the secured creditor, leaving only the unsold 3.63 acres of disputed land for other creditors. The Applicant alleged that the Liquidator sold the properties without resolving existing attachments and encumbrances, resulting in distress sale of the assets at a substantially lower value.

36. The Applicant denied the allegation of delay and submitted that it had been diligently pursuing remedies before the Hon'ble Madras High Court and the Hon'ble Supreme Court. It was pointed out that the Hon'ble Supreme Court, by order dated 09.02.2024, had granted liberty to pursue appropriate remedies before the competent forum. The Applicant also contended that non-participation of certain homebuyers in the Stakeholders' Consultation Committee meetings would not extinguish their substantive rights and that the Liquidator was duty bound to consider all admitted claims irrespective of participation in SCC meetings.

37. In rejoinder to the reply of Respondent No. 5, the Applicant submitted that Respondent No. 5 was properly impleaded since it was a party in the main proceedings and was the original secured creditor of the Corporate Debtor. The Applicant stated that the transactions relating to the loan facilities, DRT proceedings, and subsequent assignment of debt in favour of Respondent No. 6 form part of the factual background relevant to the present proceedings. It

is further contended that the presence of Respondent No. 5 is necessary for the effective adjudication of issues relating to securities and transfer of claims affecting the rights of the homebuyers.

38. In response to the contentions of Respondent No. 6, the Applicant reiterated that the Society has locus standi to maintain the application as it represents similarly placed homebuyers whose rights were recognized by the compromise decree. The Applicant distinguished the judgment relied upon by Respondent No. 6 in Elegna Co-op. Housing and Commercial Society Ltd. by contending that, unlike in the said case, the Applicant herein is a decree holder with a charge created over the attached properties. The Applicant further asserted that the homebuyers are recognized as financial creditors under the IBC as held in Pioneer Urban Land & Infrastructure Ltd. v. Union of India and collective representation of such stakeholders is permissible in insolvency proceedings.

39. The Applicant also denied the contention that the application is belated and reiterated that it had continuously pursued remedies against the liquidation proceedings. It was further submitted that the Liquidator's reliance on Section 53 of the IBC was selective and that the distribution process must also satisfy principles of fairness and legality.

40. The Applicant maintained that the compromise decree expressly created a charge over the attached properties and therefore the homebuyers are entitled to claim status as secured creditors. It was additionally submitted that mere non-participation in SCC meetings cannot amount to waiver of legal rights nor validate an allegedly flawed distribution process. Denying the allegations of collusion with the suspended directors, the Applicant stated that the allegations were baseless and unsupported by any material

particulars. Accordingly, the Applicant prayed for rejection of the objections raised by Respondent Nos. 1, 5 and 6 and for allowing the application.

FINDINGS:

41. This Adjudicating Authority has heard the learned counsel appearing for the parties and perused the material available on record**.** The following points arise for consideration in the present application: -

    i. The maintainability of the present application in the absence of any valid authorisation or resolution by the Applicant Society empowering its secretary to institute the present proceedings.

    ii. The maintainability of the present application at a belated stage after completion of the liquidation process and distribution of the sale proceeds in accordance with Section 53 of the Insolvency and Bankruptcy Code, 2016.

42. Insofar as the first point for consideration is concerned, this Adjudicating Authority finds that the present application suffers from serious defects going to the root of its maintainability. The application has been instituted in the name of the Applicant Society without placing on record any valid authorisation, resolution, or document evidencing that the deponent/signatory was duly empowered by the governing body of the Society to initiate and prosecute the present proceedings. The objection in this regard was specifically raised by Respondent No.1 in its reply affidavit. However, instead of curing the defect, the Applicant merely sought to characterize the objection as "hyper-technical." Such a contention cannot be accepted. A registered society can act only through duly authorised resolutions and office bearers. In the absence of any valid authorisation

empowering the institution of the present proceedings, the application itself becomes legally unsustainable.

43. At this juncture, this Adjudicating Authority deems it appropriate to refer to the judgment of the Hon'ble Supreme Court in ***State Bank of Travancore v. M/s Kingston Computers (I) Pvt. Ltd.*** **[(2011) 11 SCC 524],** wherein the Hon'ble Apex Court considered the issue relating to institution of proceedings without proper authorisation. The relevant observations are reproduced as under:

> *In the written statement filed on behalf of the appellant, an objection was taken to the maintainability of the suit on the ground that the plaint has not been signed, verified and filed by a competent and authorised representative on behalf of the company and that there is neither any valid Board resolution nor any valid authorisation on behalf of the company nor a copy of the resolution has been filed along with the suit. It was also pleaded that the person who has instituted the suit on behalf of the company is not shown to be a power of attorney holder nor a copy of such power of attorney has been filed with the plaint and the authorisation letter purported to have been given by the so-called Chief Executive Officer is not a valid authorisation.*
> *In the rejoinder filed on behalf of the company, it was reiterated that Shri Ashok K. Shukla, who has signed, verified and filed the plaint was authorised by Shri Raj K.Shukla vide authority letter dated 2.1.2003.*
>
> ****
>
> *In our view, the judgment under challenge is liable to be set aside because the respondent had not produced any evidence to prove that Shri Ashok K. Shukla was appointed as a Director of the company and a resolution was passed by the Board of Directors of the company to file suit against the appellant and authorised Shri Ashok K. Shukla to do so. The letter of authority issued by Shri Raj K. Shukla, who described himself as the Chief Executive Officer of the company, was nothing but scrap of paper because no a resolution was passed by the Board of Directors delegating its powers to Shri Raj K.Shukla to authorise another person to file suit on behalf of the company.*

44. The above judgment clearly lays down that when a specific objection is raised regarding the authority of the person instituting proceedings on behalf of a company or association, the burden lies upon the applicant to produce proper authorisation in the form of a valid resolution or document evidencing delegation of authority. Mere assertion of authorisation without supporting records cannot cure the defect. In the present case also, despite

specific objection regarding maintainability and absence of proper authorisation, no valid resolution or document has been produced by the Applicant to establish that the present proceedings were instituted by a duly authorised person. Hence, the ratio laid down in the aforesaid judgment squarely applies to the facts of the present case.

45. Insofar as the second point for consideration is concerned, this Adjudicating Authority cannot lose sight of the fact that the present proceedings have been initiated at a highly belated stage, after the liquidation process has substantially concluded and the Liquidator had already completed distribution of the sale proceeds in accordance with Section 53 of the Insolvency and Bankruptcy Code, 2016 by 31.03.2025. Further, dissolution proceedings in IA(IBC)(DIS)/1/KOB/2026 are presently pending consideration before this Adjudicating Authority. The prayers sought in the application are, in substance, directed towards reopening the liquidation distribution mechanism already completed under Section 53 of the Insolvency and Bankruptcy Code, 2016. Such an exercise cannot be permitted at this advanced stage of the proceedings. The scheme of the Code is founded upon certainty, finality, and strict adherence to timelines. Any attempt to unsettle concluded distributions after completion of the liquidation process would strike at the very foundation and object of the Code.

46. The primary relief sought by the Applicant is for a direction to the Liquidator to disburse the decree amount allegedly due under the judgment and decree dated 01.03.2014 in O.S. No.847/2013. Such a prayer is wholly misconceived in the context of proceedings under the Code. Once CIRP and thereafter liquidation proceedings commenced against the Corporate Debtor, all

claims, irrespective of their origin or nature, could only be dealt with in accordance with the statutory framework under the Code. A civil court decree, attachment order, or execution proceeding cannot override the waterfall mechanism prescribed under Section 53 of the Code. The Applicant cannot seek enforcement of the decree dehors the insolvency process nor seek preferential treatment contrary to the statutory distribution mechanism.

47. The records reveal that despite the claims having been submitted belatedly, this Adjudicating Authority, taking note of the orders passed by the Hon'ble High Court and the liberty granted by the Hon'ble Supreme Court, had already directed the Liquidator to consider the claims of the homebuyers. Pursuant thereto, the claims of the individual homebuyers were examined and admitted by the Liquidator in the category of unsecured financial creditors/homebuyers. Therefore, the grievance of non-consideration of claims is factually incorrect and contrary to the record.

48. The Applicant has now attempted to indirectly seek reclassification of the homebuyers from unsecured financial creditors to secured creditors on the basis of the compromise decree and attachment orders obtained prior to commencement of CIRP. Such a contention is legally untenable. No registered charge, mortgage, or security interest, as contemplated under the provisions of the Code and the Transfer of Property Act, has been produced before this Adjudicating Authority. Mere attachment before judgment or a compromise decree does not automatically elevate the status of homebuyers into secured creditors within the meaning of the Code. Under the given circumstances, the Liquidator has treated the homebuyers as unsecured financial creditors in accordance with the statutory scheme.

49. The contention of the Applicant that non-participation of certain homebuyers in the meetings of the Stakeholders' Consultation Committee would not extinguish their substantive rights is of no consequence in the facts of the present case. The issue herein is not one of participation or non-participation in the SCC meetings, but the classification and treatment of the claims by the Liquidator during the liquidation process. The record clearly reveals that the claims of the concerned homebuyers were considered and admitted by the Liquidator under the category of unsecured financial creditors/homebuyers. If the Applicant or the concerned stakeholders were aggrieved by such classification or the manner of treatment of their claims, the same ought to have been challenged at the relevant stage during the liquidation proceedings. Having failed to do so at the appropriate time, the Applicant cannot now seek to reopen the issue after completion of the liquidation process and distribution under Section 53 of the Code. The conduct of the Applicant in permitting the liquidation process to attain finality without raising any challenge at the relevant point of time would also attract the principle of acquiescence and estoppel against reopening the issue at this belated stage.

50. This Adjudicating Authority also finds no merit in the Applicant's contention that the Liquidator acted contrary to law while distributing the sale proceeds. The liquidation estate was dealt with strictly in accordance with Section 53 of the Code. The admitted dues towards CIRP costs, liquidation costs, workmen dues, and secured financial creditors admittedly ranked higher in priority than the claims of unsecured financial creditors/homebuyers. The materials on record further indicate that the admitted claim of the secured financial creditor itself far exceeded the realisable value available in the liquidation estate. Therefore, no amount

became payable to the category of unsecured financial creditors under the statutory waterfall mechanism. In such circumstances, this Adjudicating Authority cannot issue directions contrary to Section 53 merely on equitable considerations.

51. The Applicant has placed reliance upon the judgment of the Hon'ble Delhi High Court in ***Kamla Syntex Ltd. v. Official Liquidator*** **(2018 SCC OnLine Del 9396).** This Adjudicating Authority has carefully considered the said judgment and finds that the same does not support the case of the Applicant. In the said case, although the EPFO had approached after distribution of the liquidation proceeds, certain residual amounts still remained with the Official Liquidator and, without disturbing the distributions already effected, the Hon'ble High Court permitted consideration of the claim only to the limited extent of such leftover amounts. In the present case, however, the liquidation proceeds have already been distributed in accordance with Section 53 of the Insolvency and Bankruptcy Code, 2016, and no amount remains with the Liquidator for any further distribution. The undistributed amount of Rs.3,67,891/- pertaining to certain missing or untraceable employees/workmen that too was transferred by the Liquidator to the "IBBI Corporate Liquidation Account" in compliance with Regulation 46(2) of the IBBI (Liquidation Process) Regulations, 2016. Therefore, the said judgment is clearly distinguishable on the facts and does not assist the Applicant.

52. The Applicant has also alleged that the Liquidator sold the assets of the Corporate Debtor without resolving the existing attachments and encumbrances, thereby resulting in a distress sale at a substantially lower value. This contention is devoid of merit. Upon commencement of the CIRP and the consequential liquidation proceedings under the Insolvency and

Bankruptcy Code, 2016, all claims, attachments, and encumbrances pertaining to the assets of the Corporate Debtor are necessarily subject to the statutory framework under the Code. The Liquidator is empowered to realise and deal with the assets of the Corporate Debtor in accordance with the provisions of the Code and the Liquidation Regulations, and prior attachment or execution proceedings cannot operate so as to defeat or obstruct the liquidation process. Therefore, the allegation that the sale could not have been conducted in the presence of such attachments or encumbrances is legally unsustainable.

53. The allegations regarding distress sale, undervaluation of assets, and improper conduct of auction proceedings are also devoid of merit. The record discloses that multiple rounds of auction were conducted by the Liquidator and repeated attempts were made to sell the Corporate Debtor as a going concern. Only after failure of such attempts, the assets were sold in parcels. The reserve prices were fixed based on valuation reports obtained from registered valuers and reduced gradually after repeated failed auctions. Significantly, none of the auction proceedings or sale processes was challenged by the Applicant or any of the homebuyers at the relevant stage. Having remained silent throughout the liquidation process, the Applicant cannot now seek to reopen completed transactions after realisation and distribution of the sale proceeds.

54. The conduct of the Applicant in approaching this Adjudicating Authority at this belated stage, after conclusion of auctions, distribution of proceeds, and during pendency of dissolution proceedings, clearly amounts to an attempt to reopen and unsettle a concluded liquidation process. Such attempts cannot be encouraged, particularly in proceedings under the Code where

expeditious resolution and finality are paramount considerations. Entertaining such grievances after completion of the process would create uncertainty in liquidation proceedings and seriously prejudice rights already crystallised in favour of stakeholders who received distribution in accordance with the law.

55. This Adjudicating Authority is therefore of the considered opinion that none of the reliefs sought in the present application are capable of being granted.

56. Accordingly, this application **IA(IBC)/129/KOB/2026 in IA(IBC)/15/KOB/2026 in IBA/13/KOB/2020 stands dismissed**.

57. The Registry is hereby directed to send e-mail copies of this order forthwith to all the parties and their counsel for information and for taking necessary steps.

58. Let the certified copy of this order be issued upon compliance with requisite formalities.

59. File be consigned to records.

Sd /-	**Sd /-**
RAVICHANDRAN RAMASAMY **MEMBER (TECHNICAL)**	**VINAY GOEL** **MEMBER (JUDICIAL)**

Signed on this the 01st day of June, 2026

A/Steno_A*