

NATIONAL COMPANY LAW TRIBUNAL  
DIVISION BENCH, COURT – II  
CHENNAI

ATTENDANCE CUM ORDER SHEET OF THE HEARING OF NATIONAL  
COMPANY LAW TRIBUNAL, CHENNAI BENCH, HELD ON 19.06.2026 AT  
10.30 A.M. THROUGH VIDEO CONFERENCING:

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CORAM : SHRI. JYOTI KUMAR TRIPATHI, HON'BLE MEMBER (JUDICIAL)  
SHRI. RAVICHANDRAN RAMASAMY, HON'BLE MEMBER (TECHNICAL)  
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APPLICATION NUMBER : IA(IBC)/1139(CHE)2025  
PETITION NUMBER : CP(IB)/1423(CHE)2019  
NAME OF THE APPLICANT : S. Vijayalakshmi  
NAME OF THE RESPONDENT(S) : Ebenezar Inbaraj Liquidator of Land Mark  
Housing Projects Chennai Pvt Ltd  
UNDER SECTION : Sec 42 of IBC,2016  
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**ORDER**

Present : Ld. Counsel Mr.S.Satish for the Applicant.

Ld. Counsel Mr.B.Thilak Narayanan for the Respondent.

Vide separate order pronounced in open court, **IA(IBC)/1139(CHE)2025**

is Dismissed.

Sd/-  
**RAVICHANDRAN RAMASAMY**  
Member (Technical)

Sd/-  
**JYOTI KUMAR TRIPATHI**  
Member (Judicial)

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**IN THE NATIONAL COMPANY LAW TRIBUNAL,  
DIVISION BENCH – II, CHENNAI  
IA (IBC) 1139/ (CHE)/ 2025**

**In**

**CP (IBC) 1423/ (CHE)/ 2019**

*(Under Section 42 of Insolvency and Bankruptcy Code, 2016 Read with Rule 11 of  
the National Company Law Tribunal Rules, 2016)*

In the matter of *Landmark Housing Projects Chennai Private Limited (Under  
Liquidation)*

**S. VIJAYALAKSHMI,**

No. 15, Harrington Road, 6th Avenue Orchid Villa,  
2 E Second Floor Chetpet, Chennai – 600 031.

*... Appellant*

**-vs-**

**EBENEZAR INBARAJ,**

Liquidator of Landmark Housing Projects Chennai  
Private Limited

397, Precision Plaza, No. 23, Third Floor, Anna Salai,  
Teynampet, Chennai – 600 018.

*...Respondent*

*Order pronounced on 19.06.2026*

**CORAM**

**SHRI. JYOTI KUMAR TRIPATHI, MEMBER (JUDICIAL)**

**SHRI. RAVICHANDRAN RAMASAMY, MEMBER (TECHNICAL)**

**Present:**

*For Petitioners: S. Satish and Hariprasad P, Advocates*

*For Respondent: B. Thilak Narayanan and P. Prasanth, Advocates*

**ORDER**

*(Hearing through hybrid mode)*

This Appeal has been filed by **S. Vijayalakshmi**, under Section 42  
of the Insolvency and Bankruptcy Code, 2016 challenging the

communication dated 03.07.2025 issued by the Respondent/ Liquidator rejecting the claim submitted by the Appellant during the liquidation process of **Landmark Housing Projects Chennai Private Limited**, seeking following reliefs:

***“V. PRAYER:***

*It is most respectfully prayed that this Hon'ble NCLT may be pleased:*

- a) To set aside the order of the Respondent/Liquidator sent vide email dated 03.07.2025 rejecting the claim of the Appellant and consequently direct the Liquidator to process the claim of the Appellant in accordance with law*
- b) To pass such further orders as this Hon'ble Tribunal may deem fit and proper in the facts and circumstance of the case. “*

**2. SUBMISSIONS OF THE APPELLANT**

2.1. It is submitted that pursuant to the liquidation order dated 16.04.2025 passed by this Adjudicating Authority, the Respondent issued a public announcement inviting claims from stakeholders. In response thereto, the Appellant submitted a claim in Form-D as a Financial Creditor on 22.05.2025. The total claim amount was Rs.2,55,06,250/-, comprising principal of Rs.70,00,000/- and interest of Rs.1,85,06,250/-.

2.2. It is submitted that the Respondent sought various clarifications regarding the claim through email dated 29.05.2025 and that detailed replies together with supporting documents were furnished by the Appellant through emails dated 05.06.2025, 17.06.2025 and 21.06.2025.

2.3. It is submitted that despite furnishing all requisite clarifications and documents, the Respondent rejected the claim by email dated 03.07.2025 on the grounds that the claim was barred by limitation, that the payments had allegedly been made to the promoter's personal account, and that the Memorandum of Understanding dated 12.02.2020 had not been acted upon and had become time-barred.

2.4. It is further submitted that the rejection of the claim is erroneous, arbitrary and contrary to settled principles of law. According to the Appellant, the Respondent ignored the documentary evidence and records available with the Corporate Debtor while arriving at the impugned decision.

2.5. It is submitted that the liability owed to the Appellant stands reflected in the Balance Sheet of the Corporate Debtor as on 31.03.2023, wherein the name of N. Krishnaveni and the principal amount of Rs.70,00,000/- payable to the Appellant are specifically recorded in the schedules to the financial statements. The Appellant further submits that the transactions between the Appellant, N. Krishnaveni and the Corporate Debtor had already been explained in detail in the reply furnished to the Liquidator.

2.6. Reliance is placed upon the judgment of the Hon'ble Supreme Court in *Asset Reconstruction Company (India) Ltd. v. Bishal Jaiswal & Anr. (Civil Appeal No.323 of 2021)*, wherein it was held that entries made in the balance sheet of a corporate debtor constitute acknowledgment of liability under Section 18 of the Limitation Act, 1963. According to the Appellant, the liability reflected in the books of the Corporate Debtor amounts to a valid acknowledgment extending the period of limitation.

2.7. It is also submitted that the Respondent rejected the claim in complete disregard of the aforesaid settled legal position and failed to appreciate that the Corporate Debtor itself had acknowledged the outstanding liability in its financial statements.

2.8. It is submitted that that the Respondent, being an officer of the Court, was required to act fairly and impartially while verifying claims. However, despite being in possession of the books of account and financial statements of the Corporate Debtor, the Respondent failed to take into consideration the entries acknowledging the liability owed to the Appellant.

2.9. It is further submitted that the Memorandum of Understanding dated 12.02.2020 constitutes acknowledgment of liability by the

Corporate Debtor. It is further contended that CIRP commenced against the Corporate Debtor on 29.04.2021 and the moratorium continued until approval of the Resolution Plan on 27.06.2022. According to the Appellant, reckoning the period excluded during the moratorium, the claim cannot be treated as barred by limitation.

2.10. It is finally submitted that the Respondent has deliberately ignored the financial statements and records of the Corporate Debtor which clearly support the Appellant's claim and therefore the rejection of the claim is unsustainable in law.

### **3. SUBMISSIONS OF THE RESPONDENT**

3.1. The Respondent/ Liquidator submits that the present Appeal is devoid of merits and liable to be dismissed. It is contended that the allegations made in the Appeal are erroneous, misleading and unsupported by cogent evidence.

3.2. It is stated that the Corporate Debtor was admitted into CIRP on 29.04.2021 pursuant to an application filed under Section 9 of the Insolvency and Bankruptcy Code, 2016 by an Operational Creditor. Public announcements were issued inviting claims from stakeholders;

however, the Appellant did not submit any claim during the CIRP despite having knowledge thereof.

3.3. It is stated that a Resolution Plan submitted by the promoters of the Corporate Debtor, being an MSME, was approved by this Adjudicating Authority on 27.06.2022. Subsequently, owing to failure of implementation of the approved Resolution Plan, liquidation of the Corporate Debtor was ordered on 16.04.2025 and the Respondent was appointed as Liquidator.

3.4. It is further stated that pursuant to the public announcement dated 26.04.2025, the Appellant submitted a claim in Form-D as an Unsecured Financial Creditor for a sum of Rs.2,55,06,250/-. Upon receipt of the claim, the Respondent sought detailed clarifications and supporting documents relating to the alleged loan transaction, proof of disbursement, interest calculations, loan agreements, title documents and reasons for non-filing of claim during CIRP.

3.5. It is also stated that the claim is based principally on a Memorandum of Understanding dated 12.02.2020 and entries appearing in the financial statements of the Corporate Debtor. However, the

Appellant failed to furnish satisfactory primary evidence establishing the existence of a legally enforceable financial debt.

3.6. It is stated that the claim is barred by limitation. According to the Respondent, the alleged transaction pertains to a period much prior to commencement of CIRP and the claim was lodged only during liquidation proceedings in the year 2025. Even assuming the MOU dated 12.02.2020 to be genuine, the claim remains unenforceable and time-barred.

3.7. It is contended that the Appellant has not produced any contemporaneous loan agreement, disbursement records, bank transfer documents, repayment schedule or other primary documents evidencing advancement of monies to the Corporate Debtor as a financial debt.

3.8. It is further submitted that the claim is founded solely upon entries reflected in the books of account and balance sheet of the Corporate Debtor. According to the Respondent, mere accounting entries cannot by themselves establish a legally enforceable debt in the absence of independent supporting documentation.

3.9. It is stated that the amount relied upon by the Appellant is reflected in the financial statements under the head "Trade Payables", whereas the

Appellant seeks recognition as a Financial Creditor. This inconsistency, according to the Respondent, casts serious doubt on the nature and genuineness of the alleged claim.

3.10. It is further stated the Appellant never filed any claim before the Resolution Professional during CIRP and did not take any contemporaneous steps for enforcement of the alleged debt. The claim surfaced only during liquidation proceedings, thereby raising serious doubts regarding its genuineness.

3.11. It further stated that several similarly placed claims have been filed by persons represented through Mr. A. Srinivasan, who had earlier acted as Statutory Auditor of the Corporate Debtor. According to the Respondent, the circumstances surrounding the preparation of the financial statements and the appearance of such claims require careful scrutiny and raise concerns regarding the credibility of the supporting documents relied upon by the Appellants.

3.12. It is stated that the legal precedents relied upon by the Appellant, including those relating to acknowledgment of debt through balance sheets, are distinguishable on facts since the very existence and proof of the underlying debt are disputed in the present case.

3.13. It is submitted that the Liquidator afforded adequate opportunity to the Appellant, sought necessary clarifications, examined the documents furnished and thereafter passed a reasoned order rejecting the claim. The decision was taken in accordance with the provisions of the Code and the Liquidation Process Regulations.

#### **4. SUBMISSIONS OF THE APPELLANT IN REJOINDER**

4.1. The Appellant has filed the present Rejoinder denying the averments and contentions raised in the Reply and reiterating the facts stated in the Appeal.

4.2. It is submitted that the allegations levelled against the Power Agent, Mr. A. Srinivasan, are frivolous, vexatious, irrelevant to the present proceedings and intended to divert attention from the merits of the claim. According to the Appellant, the Appeal has been filed by the Power Agent solely in a representative capacity and the claim must be adjudicated on the basis of the underlying transactions and supporting documents.

4.3. It is submitted that the Respondent rejected the claim by email dated 03.07.2025 on the grounds that the claim was barred by limitation, that payments were allegedly made to the promoter's personal account

and that the Memorandum of Understanding dated 12.02.2020 had not been acted upon and had become time-barred. According to the Appellant, the additional grounds now urged in the Reply are entirely new contentions and constitute an impermissible afterthought.

4.4. It is submitted that the Memorandum of Understanding dated 12.02.2020 was fully acted upon by the parties and cannot be treated as having lapsed. It is submitted that the MOU expressly acknowledged and confirmed the liability of the Corporate Debtor, recorded interest payments up to 30.06.2015 and acknowledged the principal amount of Rs.70,00,000/- payable to the Appellant.

4.5. It is further submitted that under the MOU, the Corporate Debtor agreed to repay the outstanding amount within twenty-four months from the date of execution. The parties also agreed that the issue of interest would be discussed and mutually settled at the time of repayment of the principal amount, with the understanding that interest would be determined based on the financial position and cash flows of the Corporate Debtor.

4.6. It is contended that she had agreed not to initiate legal proceedings or issue notices during the repayment period contemplated under the

MOU, considering the financial difficulties faced by the Corporate Debtor.

According to the Appellant, the conduct of both parties demonstrates that the MOU was acted upon and remained valid and binding.

4.7. It is further submitted that the default under the MOU occurred only on 12.02.2022 upon expiry of the stipulated two-year repayment period. Since CIRP was pending against the Corporate Debtor from 29.04.2021 until approval of the Resolution Plan on 27.06.2022, the period spent under moratorium is liable to be excluded. Consequently, according to the Appellant, the limitation period would expire only on 27.06.2025 and the claim filed before the Liquidator is well within limitation under Article 137 of the Limitation Act, 1963.

4.8. It is submitted that non-filing of a claim during CIRP cannot be treated as a circumstance casting doubt on the genuineness of the claim. It is contended that during the CIRP period, the repayment period contemplated under the MOU had not expired and therefore no occasion arose for lodging a claim at that stage.

4.9. The Appellant further relies upon the Memorandum of Association of the Corporate Debtor, which provides that the Corporate Debtor was incorporated to take over all assets and liabilities of M/s.

Landmark Constructions as a going concern. According to the Appellant, the Respondent cannot therefore deny liability on the ground that the Corporate Debtor was incorporated only on 06.05.2013.

4.10. It is submitted that the payments relied upon by the Appellant were made to M/s. Landmark Constructions, being the predecessor concern of the Corporate Debtor, and not to the personal account of Mr. T. Udayakumar as alleged by the Respondent.

4.11. It is submitted that the liability is expressly reflected in the books of account of the Corporate Debtor and that the Balance Sheet as on 31.03.2023 specifically records the name of N. Krishnaveni together with the principal amount of Rs.70,00,000/- payable. Reliance is placed upon the judgment of the Hon'ble Supreme Court in *Asset Reconstruction Company (India) Ltd. v. Bishal Jaiswal & Anr.*, wherein it was held that entries in the balance sheet constitute acknowledgment of liability under Section 18 of the Limitation Act, 1963.

4.12. It is further submitted that the financial statements relied upon by the Appellant have been signed by the Directors and Statutory Auditors of the Corporate Debtor and therefore cannot be disowned by the Corporate Debtor or the Liquidator. According to the Appellant, while

several liabilities were allegedly written off in the past, the liability owed to the Appellant continued to remain reflected in the books of account. The MOU dated 12.02.2020 also records reconciliation of accounts and acknowledgment of the outstanding liability.

4.13. It is submitted that all clarifications sought by the Liquidator through email dated 29.05.2025 were duly furnished through emails dated 05.06.2025, 17.06.2025 and 21.06.2025 together with supporting documents. It is therefore contended that the Respondent was in possession of all relevant records while considering the claim.

#### **5. SUBMISSIONS OF THE RESPONDENT IN SUR-REJOINDER**

5.1. The Respondent reiterates the averments contained in the Reply and denies the allegations made in the Rejoinder except those specifically admitted. It is submitted that the Appellant has not produced any new material capable of dislodging the findings recorded by the Liquidator while rejecting the claim.

5.2. It is stated that the burden of establishing the existence of a legally enforceable financial debt lies upon the Appellant and that such burden has not been discharged through cogent documentary evidence.

5.3. It is contended that the Appellant's reliance on the Memorandum of Understanding dated 12.02.2020 and entries in the financial statements is insufficient to establish the underlying debt in the absence of contemporaneous loan agreements, disbursement records and other primary evidence evidencing advancement of funds.

5.4. The Respondent disputes the contention that the claim stands validated merely because the amount is reflected in the books of account of the Corporate Debtor. According to the Respondent, accounting entries by themselves cannot constitute proof of a legally enforceable financial debt unless supported by independent evidence of the underlying transaction.

5.5. It is further stated that the audited financial statements of the Corporate Debtor for FY 2013-14 merely disclose that the Corporate Debtor had taken over the assets less liabilities of M/s. Landmark Constructions pursuant to a Business Agreement dated 16.05.2013 and that certain formalities relating to transfer of assets and loan arrangements were yet to be completed. The said disclosure does not establish that the specific liability claimed by the Appellant was validly assumed by the Corporate Debtor.

5.6. It is submitted that the financial statements relied upon by the Appellant only record the business takeover arrangement and allotment of shares in consideration thereof and cannot be construed as conclusive proof that every alleged liability of Landmark Constructions became an admitted liability of the Corporate Debtor.

5.7. It is reiterated that the Appellant has filed the claim as a Financial Creditor whereas the amount relied upon is reflected, if at all, under the head "Trade Payables", thereby creating a fundamental inconsistency regarding the nature of the claim.

5.8. It is further submitted that the Appellant failed to produce satisfactory material demonstrating actual disbursement of money to the Corporate Debtor as a financial debt and therefore the requirements of Section 5(8) of the Insolvency and Bankruptcy Code, 2016 are not satisfied.

5.9. The Respondent denies that the rejection of the claim was arbitrary or mechanical and submits that adequate opportunities were afforded to the Appellant to furnish clarifications and supporting documents before the claim was rejected.

5.10. It is reiterated that the Appellant's claim is barred by limitation and that neither the MOU dated 12.02.2020 nor the balance sheet entries relied

upon by the Appellant can cure the fundamental deficiencies in proving the existence and enforceability of the alleged debt.

## **6. WRITTEN SUBMISSIONS OF THE APPELLANT**

6.1. The Appellant submits that it filed its claim before the Liquidator as a Financial Creditor in Form-D dated 07.05.2025 and submitted the same on 22.05.2025 claiming a total sum of Rs.2,55,06,250/-, comprising principal of Rs.70,00,000/- and interest of Rs.1,85,06,250/-.

6.2. It is submitted that the liability owed to the Appellant is expressly reflected in the Balance Sheet of the Corporate Debtor as on 31.03.2023, wherein the name of N. Krishnaveni along with the principal amount of Rs.70,00,000/- payable is specifically recorded in the schedule to the financial statements. The Appellant further relies upon the explanations furnished to the Liquidator regarding the transactions between the Appellant, N. Krishnaveni and the Corporate Debtor.

6.3. It is submitted that proof of payment of the principal amount of Rs.70,00,000/- has been produced and that the amount was paid to M/s. Landmark Constructions on 19.01.2013. It is contended that the Memorandum of Association of the Corporate Debtor specifically provides that the Corporate Debtor was incorporated to take over all

assets and liabilities of M/s. Landmark Constructions as a going concern and, therefore, the Respondent cannot deny liability merely because the payment was originally made to Landmark Constructions.

6.4. It is further submitted that the liability continues to be reflected in the Balance Sheet of the Corporate Debtor as on 31.03.2023, thereby evidencing acknowledgment of the debt by the Corporate Debtor.

6.5. Reliance is placed upon the judgment of the Hon'ble Supreme Court in *Asset Reconstruction Company (India) Ltd. v. Bishal Jaiswal & Anr. (Civil Appeal No.323 of 2021)*, wherein it was held that entries made in the balance sheet of a corporate debtor constitute acknowledgment of liability under Section 18 of the Limitation Act, 1963. According to the Appellant, the balance sheet entries amount to a valid acknowledgment extending the period of limitation.

6.6. It is submitted that the Memorandum of Understanding dated 12.02.2020 executed between the Corporate Debtor and the Appellant expressly acknowledged the liability of the Corporate Debtor and provided for repayment of the principal amount together with interest on or before 12.02.2022.

6.7. It is further submitted that CIRP was initiated against the Corporate Debtor on 29.04.2021 and a moratorium came into force, thereby suspending initiation or continuation of recovery proceedings against the Corporate Debtor. According to the Appellant, the limitation period remained suspended during the moratorium and recommenced only upon cessation thereof.

6.8. It is submitted that the Resolution Plan approved by this Adjudicating Authority on 27.06.2022 was subsequently not implemented by the promoters, resulting in liquidation of the Corporate Debtor by order dated 16.04.2025. Pursuant to the public announcement dated 26.04.2025 inviting claims from stakeholders, the Appellant submitted its claim on 23.05.2025 within the stipulated time. It is contended that reckoning limitation from 27.06.2022, the claim is well within the period prescribed under Article 137 of the Limitation Act and is therefore legally enforceable.

6.9. It is further submitted that the Resolution Plan itself earmarked approximately Rs.67.70 crores towards financial and operational creditors who had not submitted claims before the Resolution

Professional and therefore the Respondent cannot deny knowledge of liabilities payable to creditors such as the Appellant.

### **7. WRITTEN SUBMISSIONS OF THE RESPONDENT**

7.1. The Respondent/ Liquidator stated that the claims of the Appellants originate from an alleged Memorandum of Understanding dated 26.08.2010 entered into between S. Shriram and Landmark Constructions, a proprietary concern of Mr. T. Udayakumar, prior to incorporation of the Corporate Debtor. It is contended that the said document is in the nature of a facility agreement and does not refer to the Appellants as parties thereto.

7.2. It is stated that although Landmark Constructions was taken over by the Corporate Debtor on 06.05.2013, the Appellants have failed to establish that the alleged advances were ever received by the Corporate Debtor. The books of account of the Corporate Debtor do not reflect receipt of funds from the Appellants or SBR Enterprises and no corresponding ledger entries exist in support of the alleged loans. Further, the first balance sheet of the Corporate Debtor after incorporation does not disclose the alleged claims either under long-term or short-term borrowings.

7.3. It is contended that even assuming the alleged transactions to be genuine, the claims are hopelessly barred by limitation. According to the Appellants' own case, interest payments were serviced only up to 30.06.2015. Any acknowledgment relied upon by the Appellants ought to have been made within three years therefrom. Since the claims were filed only during liquidation in the year 2025, the same are ex facie time-barred.

7.4. It is stated that the balance sheets relied upon by the Appellants are not trustworthy and cannot be treated as valid acknowledgments of debt. The first balance sheet of the Corporate Debtor did not reflect any of the alleged claims. The subsequent balance sheet as on 31.03.2023, relied upon by the Appellants, was prepared after approval of the Resolution Plan and was certified by M/s. N. Balasubramanian & Associates through Mr. A. Srinivasan, who is stated to be closely related to certain claimants. The Respondent alleges that the said balance sheet is not binding on the Liquidator and is tainted by fraud.

7.5. It is further stated that the amounts reflected in the balance sheet are shown under the head "Trade Payables", whereas the Appellants claim to be Financial Creditors and have filed their claims in Form-D.

This inconsistency, according to the Respondent, casts serious doubt on the nature and genuineness of the alleged debt.

7.6. With specific reference to the present Appellant, it is stated that reliance is placed on an alleged Memorandum of Understanding dated 12.02.2020 executed between SBR Enterprises and the Corporate Debtor. The MOU records that SBR Enterprises had allegedly lent Rs.3.20 crores to Landmark Constructions and that interest had been serviced up to 30.06.2015. It further records that two apartments valued at Rs.80 lakhs each were allegedly handed over in partial settlement, leaving an outstanding amount of Rs.1.06 crores. The Respondent disputes the evidentiary value and enforceability of the said document.

7.7. It is stated that Clause 3(g) of the MOU dated 26.08.2010 specifically contemplated execution of separate loan agreements in respect of such transactions. No such loan agreements have been produced by the Appellant. In the absence of the primary contractual documents, the alleged debt remains unsubstantiated.

7.8. It is further stated that the names of the Appellants appear only once in the financial records of the Corporate Debtor, namely in the balance sheet for FY 2022-23 prepared after approval of the Resolution

Plan. Since the alleged amounts are reflected as trade payables and not as borrowings, and since the Appellants have not produced any invoices or trade-related documents, the entries cannot support either a financial debt or an operational debt claim.

7.9. It is contended that the Appellants never issued any demand, never filed claims during the CIRP, and surfaced only during liquidation proceedings. Such prolonged inaction, coupled with the sudden appearance of their names in the balance sheet after approval of the Resolution Plan, strongly indicates that the alleged transactions are sham and that the accounting entries were created subsequently to support non-existent claims.

7.10. It is further stated that the Appellant's assertion regarding possession of two flats is unsupported by any title document or independent evidence. Apart from a recital in the MOU dated 12.02.2020, no material has been produced to establish any legal right over the said flats. Consequently, the Respondent contends that the flats form part of the assets of the Corporate Debtor and are liable to be handed over to the Liquidator.

## **8. FINDINGS OF THE TRIBUNAL**

8.1. We have heard the Learned Counsel appearing for the Appellant and the Learned Counsel appearing for the Respondent/Liquidator. We have also perused the pleadings, documents placed on record and the written submissions filed by the parties.

8.2. The present Appeal has been preferred under Section 42 of the Insolvency and Bankruptcy Code, 2016 challenging the decision of the Respondent/Liquidator rejecting the claim submitted by the Appellant during the liquidation process of the Corporate Debtor.

8.3. The case of the Appellant is that a sum of Rs.70,00,000/- was advanced to M/s. Landmark Constructions, whose assets and liabilities were subsequently taken over by the Corporate Debtor as a going concern. According to the Appellant, the liability was thereafter acknowledged by the Corporate Debtor under the Memorandum of Understanding dated 12.02.2020 and further reflected in the audited financial statements of the Corporate Debtor for the financial year 2022-23.

8.4. The Appellant further contends that the liability reflected in the Balance Sheet constitutes acknowledgment under Section 18 of the Limitation Act, 1963 in view of the judgment of the Hon'ble Supreme

Court in *Asset Reconstruction Company (India) Limited v. Bishal Jaiswal & Anr.* and that the claim cannot be treated as barred by limitation.

8.5. Per contra, the Respondent/ Liquidator submits that the Appellant has failed to establish the existence of a legally enforceable financial debt against the Corporate Debtor. It is further contended that the claim is unsupported by primary evidence establishing creation of a financial debt and that the Liquidator, after seeking clarifications and examining the documents produced, rightly rejected the claim.

8.6. At the outset, it is necessary to note that the scope of interference under Section 42 of the Code is limited. This Adjudicating Authority is not required to undertake a full-fledged adjudication of disputed civil claims but is required to examine whether the decision of the Liquidator suffers from illegality, arbitrariness, perversity or material irregularity.

8.7. The foundation of the Appellant's claim rests upon the alleged advancement of monies to M/s. Landmark Constructions, the Memorandum of Understanding dated 12.02.2020 and entries appearing in the books of account of the Corporate Debtor. However, apart from the said documents, no contemporaneous loan agreement, repayment

schedule or other primary contractual document evidencing creation of a financial debt has been placed before this Adjudicating Authority.

8.8. The Appellant has relied upon the Memorandum of Association and certain disclosures contained in the financial statements of the Corporate Debtor to contend that all liabilities of Landmark Constructions stood transferred to and assumed by the Corporate Debtor. While the documents relied upon indicate that the Corporate Debtor had taken over the business of Landmark Constructions, they do not, by themselves, conclusively establish that the specific liability now claimed by the Appellant stood admitted and assumed by the Corporate Debtor in the manner asserted.

8.9. The Appellant has also placed reliance upon the Memorandum of Understanding dated 12.02.2020. Even assuming that the said document records an acknowledgment of liability, the same cannot dispense with the requirement of establishing the underlying debt itself. An acknowledgment may extend limitation in respect of an otherwise established liability but cannot by itself constitute proof of the foundational transaction.

8.10. The Appellant has further relied upon the entries appearing in the Balance Sheet of the Corporate Debtor and the judgment of the Hon'ble Supreme Court in *Asset Reconstruction Company (India) Limited v. Bishal Jaiswal & Anr.* There is no dispute regarding the legal proposition that an acknowledgment in a balance sheet may constitute acknowledgment under Section 18 of the Limitation Act. However, the principal issue in the present case is not merely one of limitation but whether the Appellant has satisfactorily established the existence and nature of the underlying debt.

8.11. We also find that the amount relied upon by the Appellant is reflected in the books of account under the head "Trade Payables", whereas the Appellant seeks recognition as a Financial Creditor. No satisfactory explanation supported by contemporaneous records has been furnished to establish how the transaction falls within the ambit of a financial debt as defined under Section 5(8) of the Code.

8.12. It is further not in dispute that no claim was lodged by the Appellant during the Corporate Insolvency Resolution Process. Though such omission may not by itself extinguish a valid claim, the same

assumes significance when the debt itself is disputed and requires independent proof.

8.13. The material on record discloses that the Liquidator called upon the Appellant to furnish clarifications and supporting documents, examined the documents produced and thereafter passed a reasoned decision rejecting the claim. We do not find any material indicating that the Liquidator acted arbitrarily or in disregard of the provisions of the Code and the Liquidation Process Regulations.

8.14. Upon a cumulative consideration of the pleadings and documents placed on record, we are of the considered view that the Appellant has failed to demonstrate that the decision of the Liquidator rejecting the claim suffers from perversity, illegality or material irregularity warranting interference under Section 42 of the Insolvency and Bankruptcy Code, 2016.

8.15. Accordingly, **IA(IBC)/1139/(CHE)2025** stands **dismissed**.

-Sd-

**RAVICHANDRAN RAMASAMY**  
MEMBER (TECHNICAL)

-Sd-

**JYOTI KUMAR TRIPATHI**  
MEMBER (JUDICIAL)