

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:

CORAM : SHRI. JYOTI KUMAR TRIPATHI, HON'BLE MEMBER (JUDICIAL)
SHRI. RAVICHANDRAN RAMASAMY, HON'BLE MEMBER (TECHNICAL)

APPLICATION NUMBER : IA(IBC)/1134(CHE)2025
PETITION NUMBER : CP(IB)/1423(CHE)2019
NAME OF THE APPLICANT : Bhama Bhaskaran
NAME OF THE RESPONDENT(S) : Ebenezar Inbaraj Liquidator of Landmark
Housing Projects Chennai Private Limited
UNDER SECTION : Sec 42 of IBC,2016

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)/1134(CHE)2025
is Dismissed.

Sd/-
RAVICHANDRAN RAMASAMY
Member (Technical)

Sd/-
JYOTI KUMAR TRIPATHI
Member (Judicial)

jp

**IN THE NATIONAL COMPANY LAW TRIBUNAL,
DIVISION BENCH – II, CHENNAI
IA (IBC) 1134/ (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)*

BHAMA BHASKARAN,

Proprietrix — SBR Enterprises
Plot No.2, S 1, Balasubramaian Street,
Saptgiri Nagar - Porur, Chennai – 600 116.

... 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 **Bhama Bhaskaran**, 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 passed by this Adjudicating Authority, the Respondent was appointed as Liquidator and a public announcement was issued inviting claims from stakeholders. In response thereto, the Appellant submitted its claim in Form-D as a Financial Creditor within the prescribed period.

2.2. It is submitted that it had advanced substantial sums to Landmark Constructions, the proprietary concern of Mr. T. Udayakumar, which was subsequently taken over by the Corporate Debtor along with its assets and liabilities as a going concern. According to the Appellant, the liability

arising from such transactions consequently became the liability of the Corporate Debtor.

2.3. It is submitted that the transactions between the parties were subsequently acknowledged and crystallized through a Memorandum of Understanding entered into between the Appellant and the Corporate Debtor. The said Memorandum records the amounts advanced, the outstanding liability and the understanding reached between the parties regarding repayment of the dues.

2.4. It is further submitted that the Corporate Debtor had consistently acknowledged the outstanding liability in its books of account and audited financial statements. Reliance is placed upon the Balance Sheet of the Corporate Debtor for the financial year 2022-23, wherein the amount payable to the Appellant is reflected under the schedule of trade payables.

2.5. It is submitted that the entries appearing in the Balance Sheet constitute acknowledgment of debt within the meaning of Section 18 of the Limitation Act, 1963. Reliance is placed on the judgment of the Hon'ble Supreme Court in *Asset Reconstruction Company (India) Ltd. v.*

Bishal Jaiswal & Anr., wherein it was held that acknowledgment in a balance sheet can extend the period of limitation.

2.6. It is further submitted that the audited financial statements for FY 2022-23 disclose that the Corporate Debtor had not provided interest payable to financial creditors owing to the ongoing insolvency proceedings and had recognized substantial liabilities towards creditors. According to the Appellant, the said disclosures reinforce the existence of acknowledged liabilities in the books of the Corporate Debtor.

2.7. It is also submitted that the Respondent erred in rejecting the claim on the ground that the payments were allegedly made to the personal account of the promoter. According to the Appellant, the amounts were advanced to Landmark Constructions whose business, assets and liabilities were subsequently taken over by the Corporate Debtor, and therefore the liability is enforceable against the Corporate Debtor.

2.8. It is submitted that the Respondent also erred in treating the claim as barred by limitation. The Appellant contends that the liability stood repeatedly acknowledged through the Memorandum of Understanding and the financial statements of the Corporate Debtor and, therefore, the claim remains legally enforceable.

2.9. It is further submitted that the Liquidator failed to appreciate the documentary evidence produced in support of the claim, including the Memorandum of Understanding, confirmations of account, financial statements and other supporting records evidencing acknowledgment of liability by the Corporate Debtor.

2.10. It is finally submitted that the rejection of the claim is contrary to the provisions of the Code and the settled principles governing verification of claims during liquidation. It is contended that the Respondent failed to properly consider the material placed on record and mechanically rejected the claim.

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 sufficient material particulars.

3.2. It is stated that the Corporate Debtor was admitted into CIRP pursuant to an application filed under Section 9 of the Code by M/s. Jindal Steels and the Corporate Debtor was admitted into insolvency on 29.04.2021. Thereafter, a Resolution Professional was appointed and

public announcements were issued inviting claims from stakeholders. However, the Applicant 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, upon failure of the promoters to implement 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 Applicant submitted a claim in Form-D as an Unsecured Financial Creditor for a sum of Rs.3,75,46,875/-. The claim was submitted through Mr. A. Srinivasan, Chartered Accountant, and was primarily based on a Memorandum of Understanding dated 26.08.2010 allegedly executed between Mr. T. Udayakumar, Proprietor of Landmark Construction, and Mr. Shriram Srinivasan. According to the Respondent, neither the Applicant nor the Corporate Debtor was a party to the said document.

3.5. It is also stated that upon receipt of the claim, detailed clarifications and supporting documents were sought from the Applicant under Section 39(2) of the Code read with Regulation 23 of the IBBI (Liquidation Process) Regulations, including proof of disbursement of loan, bank transfer records, documents relating to the alleged flats, valuation records, basis for interest claimed, loan agreements, compliance with money lending laws, reasons for non-filing of claim during CIRP and details of interest payments allegedly received.

3.6. It is stated that the explanations and documents subsequently furnished by the Applicant were incomplete and unconvincing. The Applicant relied upon an alleged Memorandum of Understanding dated 12.02.2020 purportedly executed between the Applicant and the Corporate Debtor; however, the Respondent found that the documents produced did not satisfactorily establish the existence of a legally enforceable financial debt.

3.7. It is contended that the claim is barred by limitation. According to the Applicant's own documents, the original transaction traces back to the year 2010 and the claim was lodged only during liquidation

proceedings in 2025. Even assuming the MOU dated 12.02.2020 to be genuine, the claim remains time-barred and unenforceable.

3.8. It is further stated that the claim is founded solely upon entries appearing in the audited financial statements of the Corporate Debtor. The Applicant has failed to produce any loan agreement, disbursement records, bank transfer documents or any primary evidence establishing advancement of monies to the Corporate Debtor.

3.9. It is stated that the Corporate Debtor was incorporated only on 06.05.2013, whereas the original MOU relied upon by the Applicant is dated 26.08.2010. Therefore, according to the Respondent, the Corporate Debtor could not have been a party to or bound by the alleged transaction relied upon by the Applicant.

3.10. It is further stated that pursuant to the MOU dated 12.02.2020, the Corporate Debtor had allegedly handed over possession of Apartment No.202 in the "SAHANA" project to the Applicant. According to the Respondent, the Applicant has remained in possession of the said flat and has commercially exploited the same through rental arrangements. The Respondent contends that after accounting for the value of the flat, the

alleged liability stood substantially reduced and the Applicant is not entitled to claim the entire amount now sought.

3.11. It further stated that the said flat forms part of the liquidation estate of the Corporate Debtor and the Applicant has not handed over possession thereof to the Liquidator.

3.12. It is stated that the Applicant has filed the claim as a Financial Creditor whereas the amount relied upon by him appears in the books of account under the head "Trade Payables". The Respondent contends that this inconsistency itself demonstrates that the claim does not satisfy the requirements of a financial debt.

3.13. It is alleged that the balance sheet entries relied upon by the Applicant cannot constitute valid acknowledgment of debt in the absence of proof of actual disbursement. It is contended that mere inclusion of a name in the financial statements does not establish a legally enforceable debt, particularly when no supporting documentation exists.

3.14. It is further stated that several similarly placed claims were filed by persons represented by Mr. A. Srinivasan, who was formerly the Statutory Auditor of the Corporate Debtor. According to the Respondent, many such claims lacked proof of disbursement, loan agreements, bank

records or other supporting evidence and were based solely on entries appearing in the financial statements.

3.15. It is contended that Mr. A. Srinivasan, while acting as Statutory Auditor of the Corporate Debtor, had access to the books and financial records and subsequently appeared as authorised representative for multiple claimants. The Respondent alleges that there exists a conflict of interest and raises serious doubts regarding the genuineness of the entries reflected in the financial statements relied upon by the Applicant.

3.16. It is stated that the Applicant has failed to answer the crucial queries raised during claim verification and has not produced any loan agreement or contemporaneous document establishing the alleged financial debt. The claim is therefore unsupported by cogent evidence and was rightly rejected by the Liquidator.

3.17. It is further contended that the legal precedents relied upon by the Applicant are distinguishable on facts, particularly when the very existence and genuineness of the underlying debt is disputed.

3.18. It is also submitted that where liquidation has been ordered for non-implementation of an approved Resolution Plan, serious questions arise as to whether creditors whose claims stood extinguished upon

approval of the Resolution Plan can subsequently revive and pursue such claims in liquidation proceedings. Though the Respondent does not press this issue as the principal ground of rejection, it is stated to be a relevant consideration.

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 entire principal amount of Rs.1,25,00,000/- was directly paid to the Corporate Debtor through banking channels, as evidenced by the Appellant's bank account statements, copies of which were furnished to the Liquidator on 18.06.2025. It is stated that the reference in the claim form to payment having been made to Landmark Constructions was an inadvertent error.

4.3. The Appellant denies the allegations made by the Respondent against the Power Agent, Mr. A. Srinivasan, contending that such allegations are frivolous, vexatious, irrelevant to the present proceedings and intended to divert attention from the merits of the claim.

4.4. It is submitted that the Respondent has sought to justify the rejection of the claim on grounds not contained in the rejection communication. According to the Appellant, the validity of the rejection must be examined only on the grounds stated in the rejection email and the Respondent cannot improve his case by introducing fresh contentions in the Reply. The Appellant further submits that all clarifications sought by the Respondent were duly furnished through emails dated 05.06.2025 and 17.06.2025 along with supporting documents.

4.5. It is further submitted that the claim was rejected solely on the ground that it was barred by limitation, with the Respondent observing that the last acknowledgment of debt was the MOU dated 12.02.2020. According to the Appellant, the additional objections raised in the Reply constitute an impermissible afterthought.

4.6. It is contended that the liability is admittedly reflected in the books of the Corporate Debtor and that the Balance Sheet as on 31.03.2023 specifically records the Appellant's name and the principal amount of Rs.1,25,00,000/- as 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.

4.7. It is further submitted that the MOU dated 12.02.2020 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. However, before expiry of the said period, CIRP was initiated against the Corporate Debtor on 29.04.2021 and a moratorium came into effect. It is contended that the limitation period stood suspended during the moratorium and recommenced only after cessation of the moratorium.

4.8. It is submitted that the Resolution Plan was approved by this Adjudicating Authority on 27.06.2022, but the promoters failed to implement the same, resulting in liquidation of the Corporate Debtor by order dated 16.04.2025. Pursuant to the public announcement dated 26.04.2025, the Appellant filed the claim on 23.05.2025 within the prescribed period. According to the Appellant, reckoning limitation from the date of approval of the Resolution Plan, the claim is well within the period prescribed under Article 137 of the Limitation Act.

4.9. It is submitted that the claim is not founded solely upon audited financial statements but is independently supported by authenticated banking transactions evidencing payment of monies to the Corporate Debtor.

4.10. It is submitted that with regard to the MOU dated 12.02.2020, the said document was fully acted upon by the parties. It is stated that the MOU affirmed the liability of the Corporate Debtor, contemplated adjustment of Rs.80,00,000/- towards principal, and provided for registration of a flat in the "SAHANA" project in favour of the Appellant. A registered sale agreement was executed, possession of the flat was handed over on 01.04.2019, and only registration of the final sale deed remained pending due to non-availability of original title documents.

4.11. It is further submitted that under the MOU, the Corporate Debtor agreed to repay the balance outstanding amount within twenty-four months and that the issue of interest was left to be mutually settled at the time of repayment. It is contended that the parties had understood that interest would be calculated at 2.25% per month as contemplated under the earlier arrangement. According to the Appellant, these facts establish that the MOU was acted upon and remains binding on the parties.

4.12. It is submitted that the claim amount of Rs.3,75,46,875/-, comprising principal of Rs.1,25,00,000/- and interest of Rs.2,50,46,875/-, was arrived at after several discussions and reconciliations between the Appellant and the Corporate Debtor, during which concessions and partial waivers of interest were granted by the Appellant.

4.13. The Appellant disputes the Respondent's contention that the amount reflected under the head "Trade Payables" cannot support the claim. It is submitted that the crucial fact is that the liability itself stands reflected in the books of the Corporate Debtor and is further corroborated by banking transactions evidencing payment of monies.

4.14. It is submitted that the financial statements relied upon 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. It is further contended that while certain creditor balances 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 liability by the Corporate Debtor.

4.15. The Appellant disputes the Respondent's contention that only creditors recognised under the Resolution Plan are entitled to lodge claims in liquidation proceedings. According to the Appellant, where liquidation is ordered due to non-implementation of an approved Resolution Plan, claims of eligible creditors revive and such creditors are entitled to submit claims before the Liquidator in accordance with the provisions of the Code.

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 sought to introduce new facts and explanations which do not form part of the original claim documents and therefore cannot cure the deficiencies in the claim.

5.2. It is stated that the Appellant has failed to establish the existence of a legally enforceable financial debt against the Corporate Debtor. According to the Respondent, the burden of proving the debt lies entirely upon the claimant and the documents produced by the Appellant do not satisfy such burden.

5.3. It is contended that the Appellant's attempt to explain the discrepancy regarding payment to Landmark Constructions and payment to the Corporate Debtor is an afterthought. The Respondent submits that the original claim documents themselves disclosed that the alleged transactions related to Landmark Constructions and not to the Corporate Debtor.

5.4. The Respondent disputes the Appellant's reliance upon the Memorandum of Understanding dated 12.02.2020 and submits that the said document does not by itself establish actual disbursement of funds or creation of a financial debt enforceable against the Corporate Debtor.

5.5. It is further stated that no contemporaneous loan agreements, disbursement records, banking documents evidencing advancement of loans on the terms alleged, or other primary records have been produced to substantiate the claim. In the absence of such evidence, the claim was rightly rejected.

5.6. It is contended that the Appellant cannot rely solely upon entries in the balance sheet and financial statements to establish the debt. According to the Respondent, accounting entries must be supported by

independent documentary evidence demonstrating the underlying transaction and liability.

5.7. The Respondent specifically relies upon the audited financial statements of the Corporate Debtor for the financial year 2013-14 to demonstrate the nature of the business takeover transaction involving Landmark Constructions and the Corporate Debtor. It is submitted that the financial statements merely record that the Corporate Debtor had taken over the assets less liabilities of Landmark Constructions pursuant to a Business Agreement dated 16.05.2013 and that several formalities relating to transfer of assets and loan arrangements remained incomplete.

5.8. It is further stated that Note No.14 forming part of the audited financial statements only records the factum of business takeover and allotment of shares in consideration thereof. The said disclosure does not establish that the specific liability claimed by the Appellant stood validly assumed, acknowledged or admitted by the Corporate Debtor.

5.9. It is pointed out that the first audited balance sheet of the Corporate Debtor for FY 2013-14 contains detailed disclosures relating to borrowings, trade payables and other liabilities; however, the Appellant's alleged debt does not find place therein as a borrowing or financial

liability. This, according to the Respondent, casts serious doubt on the existence of the alleged debt.

5.10. It is reiterated that the Appellant has filed the claim as a Financial Creditor, whereas the amounts relied upon by the Appellant are reflected, if at all, only under the head "Trade Payables". According to the Respondent, this inconsistency remains unexplained and undermines the claim of a financial debt.

5.11. It is stated that the allegations made by the Appellant against the Liquidator are unfounded. The Liquidator had sought detailed clarifications, afforded adequate opportunity to furnish supporting documents and examined the claim in accordance with the provisions of the Code and the Liquidation Process Regulations before arriving at the decision to reject the claim.

5.12. It is further stated that the role of Mr. A. Srinivasan and the circumstances surrounding the preparation and certification of the financial statements relied upon by the Appellant are relevant factors for evaluating the evidentiary value and credibility of the documents produced in support of the claim.

6. WRITTEN SUBMISSIONS OF THE APPELLANT

6.1. The Appellant reiterates that it filed its claim before the Liquidator as a Financial Creditor in Form-D for a total sum of Rs.3,75,46,875/-, comprising a principal amount of Rs.1,25,00,000/- and interest of Rs.2,50,46,875/-.

6.2. It is submitted that the entire principal amount of Rs.1,25,00,000/- was paid by the Appellant directly to the Corporate Debtor after its incorporation and the said transactions are evidenced by the Appellant's bank account statements already furnished before the Liquidator.

6.3. It is submitted that the liability owed to the Appellant stands specifically reflected in the Balance Sheet of the Corporate Debtor as on 31.03.2023, wherein the Appellant's name and the principal amount of Rs.1,25,00,000/- are expressly recorded as payable.

6.4. Reliance is placed upon the judgment of the Hon'ble Supreme Court in *Asset Reconstruction Company (India) Limited 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 limitation.

6.5. It is submitted that the Respondent rejected the claim through communication dated 01.07.2025 solely on the ground that the claim was barred by limitation and that the last acknowledgment of debt produced was the Memorandum of Understanding dated 12.02.2020.

6.6. It is further submitted that the Memorandum of Understanding dated 12.02.2020 executed between the Appellant and the Corporate Debtor 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. However, before expiry of the said period, CIRP was initiated against the Corporate Debtor on 29.04.2021 and a moratorium came into force. According to the Appellant, the limitation period remained suspended during the moratorium and recommenced only upon cessation thereof.

6.7. 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 prescribed period. It is contended that, reckoning limitation from the date of approval of the Resolution Plan, the claim is well within the period prescribed under Article 137 of the Limitation Act and is legally enforceable.

6.8. 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. Therefore, according to the Appellant, 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 principal contention of the Appellant is that a sum of Rs.2,66,00,000/- was due and payable by the Corporate Debtor and that the said liability stood acknowledged under the Memorandum of Understanding dated 12.02.2020. It is further contended that the liability is reflected in the books of account of the Corporate Debtor and, therefore, the Liquidator was not justified in rejecting the claim.

8.3. 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. According to the Respondent, the alleged transactions originated with Landmark Constructions, a proprietary concern, prior to incorporation of the Corporate Debtor and no satisfactory material has been produced to demonstrate that the alleged liability became a liability of the Corporate Debtor. It is further contended that the claim is barred by limitation and that the documents relied upon by the Appellant do not conclusively establish the debt claimed.

8.4. At the outset, it is necessary to note that proceedings under Section 42 of the Code are not intended to substitute a full-fledged civil adjudication regarding disputed contractual rights. The scope of examination by this Adjudicating Authority is confined to determining whether the Liquidator acted in accordance with law while admitting or rejecting a claim and whether the decision suffers from arbitrariness, perversity or material irregularity.

8.5. The foundation of the Appellant's claim rests upon transactions allegedly entered into with Landmark Constructions and the subsequent Memorandum of Understanding dated 12.02.2020. However, apart from

the said Memorandum of Understanding and certain entries relied upon from the financial statements, no contemporaneous loan agreements, disbursement records establishing advancement of monies to the Corporate Debtor, or other primary documents evidencing creation of a financial debt have been placed before this Adjudicating Authority.

8.6. Though the Appellant has relied upon the Memorandum of Understanding dated 12.02.2020 as an acknowledgment of liability, it is settled that an acknowledgment can extend limitation only in respect of an otherwise established liability. The primary burden still lies upon the claimant to demonstrate the existence and nature of the underlying debt. Mere reliance upon a subsequent document, without satisfactory proof of the original transaction, cannot by itself compel admission of a claim in liquidation proceedings.

8.7. The Appellant has also placed considerable reliance on entries appearing in the balance sheet of the Corporate Debtor and has invoked the judgment of the Hon'ble Supreme Court in *Asset Reconstruction Company (India) Limited v. Bishal Jaiswal & Anr.* to contend that such entries constitute acknowledgment under Section 18 of the Limitation Act, 1963. There can be no quarrel with the legal proposition laid down

therein. However, in the facts of the present case, the issue is not merely one of acknowledgment but whether the debt itself stands satisfactorily established against the Corporate Debtor.

8.8. We find force in the contention of the Respondent that the alleged claim does not find place in the earlier financial records of the Corporate Debtor as a borrowing. Further, the amount relied upon by the Appellant is reflected in the balance sheet under the head "Trade Payables", whereas the Appellant claims the status of a Financial Creditor. No satisfactory explanation supported by contemporaneous records has been furnished to reconcile this inconsistency.

8.9. It is also pertinent to note that the Appellant admittedly did not submit any claim during the Corporate Insolvency Resolution Process. No material has been placed before us to demonstrate that any legal proceedings, demand notices, recovery actions or other contemporaneous steps were initiated by the Appellant for enforcement of the alleged debt for a considerable period of time. While such circumstance may not by itself extinguish a valid claim, it nevertheless assumes significance when the very existence and nature of the debt are under dispute.

8.10. The records further disclose that the Liquidator called upon the Appellant to furnish clarifications and supporting documents before taking a decision on the claim. The rejection was preceded by scrutiny of the documents furnished by the Appellant and was not a mechanical exercise. This Tribunal does not find any material to conclude that the Liquidator acted arbitrarily, capriciously or in violation of the provisions of the Code or the Liquidation Process Regulations.

8.11. Upon a cumulative consideration of the pleadings and materials placed before us, we are of the considered view that the Appellant has not been able to establish, by cogent and satisfactory evidence, the existence of a legally enforceable financial debt against the Corporate Debtor warranting interference with the decision of the Liquidator. Consequently, the rejection of the claim cannot be said to suffer from any illegality or perversity requiring exercise of appellate jurisdiction under Section 42 of the Insolvency and Bankruptcy Code, 2016.

8.12. Accordingly, **IA(IBC)/1134/(CHE)2025** stands **dismissed**.

-Sd-

RAVICHANDRAN RAMASAMY
MEMBER (TECHNICAL)

-Sd-

JYOTI KUMAR TRIPATHI
MEMBER (JUDICIAL)