IN THE NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH – I

IA (IBC) No. 1177 of 2026 &
IA (IBC) No. 1178 of 2026 in
CP (IB) No. 205/7/HDB/2021

In the mater of

STATE BANK OF INDIA, FINANCIAL CREDITOR
vs
INDIA POWER CORPORATION LIMITED, CORPORATE DEBTOR

Between:

Saranyu Power Trading Pvt Ltd,
EN-46, 3rd Floor,
Salt Lake City, Sector-V,
Kolkata – 700 091.

….Applicant

And

Smt M S Mano Ranjani,
Resolution Professional of
India Power Corporation Limited,
MetLaws, Unit 208, Fairmount Fortune,
Near Erragadda Metro Station,
Czech Colony, Sanathnagar,
Hyderabad – 500 018.

Respondent

Date of order : 27.10.2026

CORAM:

Sri Rajeev Bhardwaj, Hon'ble Member (Judicial)

Sri Sanjay Puri, Hon'ble Member (Technical)

Counsel present:

Mr VVSN Raju, Ld Senior Counsel for Ld Counsel Mr P Pavan Kumar Rao and Ms Neha Bhupathiraju & Mr P Somashekar Reddy, Ld Counsels for the Applicant.

Mr Anoop Rawat, Mr Sagar Dhawan, Mr Ahkam Khan, Ms Niranjana Pandian & Mr Madhura Srinivasa, Ld Counsels for the Respondent along with Ms Mano Ranjani, Respondent RP.

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IA No. 1177 of 2026

The Application

1. This application has been filed during the CIRP[1] of M/s India Power Corporation Ltd (**IPCL**), the Corporate Debtor (**CD**) where the insolvency resolution was ordered on 15.05.2026. The Applicant, Saranyu Power Trading Private Limited (**SPTPL/Applicant**), challenges the Resolution Professional's (**IRP**) communication[2] dated 19.07.2026 insofar as it classifies the Applicant as a "related party" under Section 5(24) of IBC[3], and excludes it from the Committee of Creditors (**CoC**). The Applicant seeks a declaration that it is not a related party, expunction of the said categorisation from the list of creditors and all records, reports and filings in the CIRP, and consequential directions to revise the list of creditors and reconstitute the Committee of Creditors ("CoC") by including the Applicant with its lawful voting share.

2. The Applicant submits that its shareholding is held by Power Trust, an "independent and irrevocable trust" constituted pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Court at Calcutta on 17.04.2013. Under the Scheme, the Investment Division of the erstwhile India Power Corporation Limited was transferred to and vested in Power Trust, to be held and managed by an independent Board of Trustees. According to the Applicant, the Scheme recognised the Trustees as members of the "public" under the Securities Contracts (Regulation) Rules, 1957, and Power Trust has continuously been disclosed as a "Public Shareholder" of the Corporate Debtor in its stock-exchange filings since 2013.

[1] Corporate Insolvency Resolution Process
[2] Page 36-40 of the Application
[3] Insolvency and Bankruptcy Code, 2016

3. It is submitted that the commercial relationship between the parties commenced under a Memorandum of Understanding (**MoU**) dated 31.08.2016 for arranging and supplying power to the Corporate Debtor and continued under subsequent arrangements, including the MoUs dated 27.04.2017, 01.04.2018 and 01.04.2023. The Applicant characterises these dealings as transactions undertaken on an "arm's-length basis". Under the MoU and Member-Client Agreement dated 01.03.2025, the Applicant was to manage the Corporate Debtor's power requirement and surplus power, including through bilateral, swapping and power banking arrangements, and act as its agent for trading electricity on IEX. The Applicant also refers to a refundable security deposit of Rs 1 crore continuing with the Corporate Debtor.

4. The Applicant further refers to three Inter-Corporate Loan/Deposit (ICD) Agreements to claim its status as a financial creditor, the issue which is a subject matter of another IA No. 1175 of 2026, and is being dealt with separately. The present Application concerns the Applicant's related-party status.

5. The Applicant submits that the first list of creditors dated 06.06.2026 did not classify it as a related party. However, the first CoC meeting was held on 12.06.2026, followed by e-voting from 15.06.2026 to 18.06.2026, without verification of its claim or participation by the Applicant. In the updated list circulated on 26.06.2026, the Applicant was shown with a NIL admitted claim and NIL voting share, its entire claim remained "under verification", and it was categorised for the first time as a "Related Party", without reasons. According to the Applicant, reasons were furnished for the first time in the communication dated 19.07.2026, on the eve of the second CoC meeting, and the classification was deployed to "pre-emptively neutralise" its voting rights.

6. According to the Applicant, Section 5(24) contains an exhaustive "means" definition, requiring the relationship to fall within one or more of the specified clauses. Relying upon *P. Kasilingam v. P.S.G. College of Technology*, 1995 Supp (2) SCC 348, it contends that no residual category of "nexus", "association", "entanglement" or "integration" can be added to the statutory definition. It alleges that the impugned communication does not identify any particular clause attracted to the Applicant and that a "cumulative consideration" of circumstances, none of which satisfies a statutory category, cannot establish related-party status.

7. The Applicant maintains that the definition is "vertical and person-specific" and contains no general concept of a "related party of a related party". It submits that the Corporate Debtor neither holds shares in, controls nor manages the Applicant, and that the Applicant likewise neither holds shares in, controls nor manages the Corporate Debtor. The Trustees of Power Trust are stated to be independent persons, and neither the Corporate Debtor nor its promoters or management is said to possess the power to appoint, remove, direct or control them or dictate the exercise of the Trust's voting rights. Common ownership through such an independent trust, according to the Applicant, does not attract Section 5(24).

8. The Applicant further disputes the reliance on historical management and personnel associations, including the former associations of Mr. Ashok Kumar Goswami and Mr. Saikat Bardhan. It submits that the relevant relationship must subsist "in praesenti". Shared premises, rent arrangements, administrative services and access to an HRMS attendance application are stated not to constitute statutory grounds of relatedness; in particular, an HRMS is said not to amount to "essential technical information" under Section 5(24)(m)(iv). Any alleged absence of arm's-length dealing, according to the Applicant, concerns the

scrutiny of transactions under Sections 43 to 51 and cannot substitute for the determination of status under Section 5(24).

9. The Applicant alleges that the classification was made without prior notice, disclosure of the material relied upon or an opportunity of hearing, notwithstanding its serious civil consequences. Relying upon ***Mohinder Singh Gill***[4], it submits that an administrative determination must stand or fall by its contemporaneously recorded reasons and cannot be supplemented subsequently. It also relies upon ***Phoenix ARC***[5], to submit that the exclusion of related parties is intended to prevent conflicts of interest and cannot be used to disenfranchise a genuine arm's-length financial creditor. The Applicant confines the present challenge to related-party classification and reserves its remedies concerning the other findings and actions of the Respondent.

Respondent's Counter

10. The Respondent denies the allegations and submits, at the outset, that setting aside the related-party classification would not, by itself, entitle the Applicant to membership of the CoC. Such relief would require an independent determination that the Applicant is a financial creditor, which is the subject matter of I.A. No. 1175 of 2026. The Respondent maintains that the verification and classification of the claim as operational debt are distinct from the determination of the Applicant's related-party status.

11. According to the Respondent, the Applicant is a related party by reason of "common ownership", "systematic interchange of managerial personnel", operational interdependence and shared infrastructure. The Reply invokes Sections 5(24)(f), (h) and (m)(iii) and (iv), and also relies upon clause (i) in its concluding submissions. The Respondent

[4] Mohinder Singh Gill v. Chief Election Commissioner, (1978) 1 SCC 405
[5] Phoenix ARC (P) Ltd. v. Spade Financial Services Ltd., (2021) 3 SCC 475

submits that these relationships must be examined in their totality, together with the corporate history and continuing commercial dealings between the entities.

12. The Respondent states that Power Trust holds approximately 99.99% of the Applicant's equity share capital and approximately 33.25% of the equity share capital and voting rights in the Corporate Debtor. The Applicant was formerly a subsidiary of the Corporate Debtor, which divested its shareholding in favour of Power Trust with effect from 17.09.2018 for a consideration of Rs. 589.16 lakh. The Respondent also traces the Applicant's incorporation under the name India Power Corporation (Gujarat) Private Limited, its subsequent name IPCL Power Trading Private Limited, and its renaming as Saranyu Power Trading Private Limited on 22.02.2019. These circumstances, according to the Respondent, demonstrate its origin within and continuing association with the Corporate Debtor's group.

13. The Respondent disputes the description of Power Trust as an independent third party. Referring to the Scheme and the Trust Deed dated 10.05.2013, she submits that the Trust was established by the erstwhile IPCL to hold its Investment Division exclusively for the benefit of the settlor and its successors and assigns. The trustees' rights and powers over the trust property were to be exercised exclusively for the beneficiary's benefit. The Corporate Debtor was the beneficiary, and its beneficial interest was subsequently sought to be transferred to IPCL Power Limited, its wholly owned subsidiary, under a Business Transfer Agreement dated 02.06.2025. The Respondent contends that the structure establishes an ownership and control linkage rather than independence.

14. The Respondent places substantial reliance on the proceedings initiated by SEBI before the Hon'ble High Court at Calcutta concerning minimum

public shareholding requirements. Referring to the orders dated 20.02.2015, 27.01.2017, 07.02.2023 and 10.04.2025, she submits that the treatment of Power Trust as a public shareholder was challenged, directions for divestment were issued, and the bona fides of the attempts at compliance were questioned. According to the Respondent, Power Trust remained part of the promoter group and constituted an "instrumentality" through which promoter control continued. She alleges that the Applicant suppressed these proceedings while relying on the original Scheme and continued stock-exchange disclosures, and therefore approached the Tribunal with "unclean hands".

15. The Respondent contends that the Corporate Debtor and the Applicant share a common promoter through Power Trust and that there is an "unbroken chain of promoter control" linking them. She relies upon ***Hari Vitthal Mission***[6] to submit that a trust or foundation can, in an appropriate ownership structure, be equated with a holding company for the purposes of Section 5(24). She urges that the Tribunal should look beyond the form of the arrangement and examine its substance, including historical connections and other circumstances evidencing interlinkages.

16. In support of "interchange of managerial personnel", the Respondent relies upon the functions performed by Mr. Arunendu Basu. She states that, while employed by the Corporate Debtor as Vice President and Head–Human Resources under an employment contract dated 05.11.2025, he also served in a corresponding managerial capacity for the Applicant. His functions are stated to have included approving salary payments, issuing increment letters and signing employees' Form 16, thereby giving him access to confidential information of both

[6] In her Reply, the RP has referred to 'Hari Vitthal Mission vs Ravi Sethia & Ors, Company Appeal (AT) (Ins) No. 04 & 05 of 2024 & I.A. No. 26 of 2024'. However, during the oral arguments, the Ld. Counsel referred to order dated 05.11.2024 reported in "Hari Vitthal Mission v. Ravi Sethia, 2024 SCC OnLine NCLAT 1296". We have considered both judgment for the purposes of this order.

entities. The Respondent refers to the documents collected in Annexure C in support of this contention.

17. The Respondent also relies upon the involvement of Mr. Prakash Sethia, stated to be a director of the Applicant. Although he was not an employee of the Corporate Debtor, he was allegedly provided with its email ID and authorised by a committee of its Board, by resolution dated 16.08.2023, to represent it in coal procurement from Coal India Limited and its subsidiaries. The Respondent describes coal procurement as a "core operational function" of the Corporate Debtor and relies upon Annexure D.

18. The Respondent further submits that Mr. Raghav Kanoria, Managing Director of the Corporate Debtor, was the "decision-making authority" for key actions concerning the Applicant's power trading operations. According to her, the correspondence in Annexure E shows that Mr. Suvro Barua, described as the Applicant's Manager–Power Trading, regularly submitted power-purchase and banking proposals, pricing, quantum, funding requirements and trading strategies to Mr. Kanoria for review, advice and approval. Mr. Kanoria allegedly prescribed purchase ceilings and funding limits, directed revisions to strategies and proposals, modified commercial terms and approved transactions, following which the Applicant revised its proposals and acted upon his directions.

19. As further circumstances, the Respondent states that the Applicant routinely prepared the Corporate Debtor's regulatory applications, power-purchase strategies, banking arrangements and trading decisions. She alleges that the Applicant operated from the Corporate Debtor's premises without payment of rent and that its personnel used the Corporate Debtor's internal HRMS infrastructure for attendance and administrative functions. These circumstances, together with the

power trading arrangements extending over a decade, are relied upon as evidence of continuing operational interdependence and a relationship extending beyond ordinary commercial dealings.

20. The Respondent also relies upon ***Phoenix ARC*** to contend that the inquiry is not confined to the parties' present formal legal relationship and may take account of historical relationships, common management and overlapping positions. She submits that the Applicant continues to possess the character of a related party notwithstanding the changes in its formal shareholding. Referring additionally to the connected applications arising from the same communication and underlying facts, she alleges overlapping reliefs and seeks dismissal of the present Application with costs.

Applicant's Rejoinder

21. In rejoinder, the Applicant denies the Respondent's characterisation of its ownership, management and commercial dealings. It admits, as matters of record and to the extent of their contents, the Scheme, Trust Deed and the Calcutta High Court orders referred to in the Reply, the Corporate Debtor's divestment of its shareholding with effect from 17.09.2018, and the existence and dates of the commercial agreements. It disputes the inferences of continuing control and relatedness drawn from those matters and denies the allegations of suppression and approaching the Tribunal with unclean hands.

22. Relying upon *Phoenix ARC*, the Applicant reiterates that the definition in Section 5(24) is exhaustive and that the relevant relationship must exist between the creditor and the Corporate Debtor. It submits that "nexus", "linkage", "integration", "association" and "totality of circumstances" do not constitute additional statutory categories. By reference to the United States Bankruptcy Code and the United Kingdom Insolvency Act, it argues that legislatures expressly provide

for common-control or affiliate relationships where intended, whereas Section 5(24) contains no general "common holder" or "fellow associate" category. It also refers to *In re The Village at Lakeridge, LLC*, *U.S. Bank N.A. v. Village at Lakeridge, LLC* and *Pepper v. Litton* in support of its submissions concerning insider relationships and arm's-length dealings.

23. Addressing clause (f), the Applicant submits that the correspondence between Mr. Kanoria and Mr. Barua concerned the ordinary incidents of a principal-agent relationship under the MoU and Member-Client Agreement. Directions concerning the Corporate Debtor's own power business do not, according to the Applicant, establish that the Applicant's Board, managing director or manager acted on such directions in the conduct of its own affairs. It further disputes that Mr. Barua was a "manager" within Section 2(53) of the Companies Act, 2013, referring to his description as "Officer (Trading)" in the documents relied upon by the Respondent. Reliance is placed on *Re Hydrodam (Corby) Ltd.*, *Secretary of State for Trade and Industry v. Deverell*, *Ultraframe (UK) Ltd. v. Fielding* and ***ArcelorMittal***[7], to distinguish commercial influence from the requisite control over corporate affairs.

24. As regards clause (h), the Applicant submits that no case is made out that the Corporate Debtor's directors or managers were accustomed to act on the Applicant's advice or instructions. It contends that Mr. Sethia's authorisation to represent the Corporate Debtor in coal procurement, taken at its highest, made him an agent acting on the Corporate Debtor's directions. According to the Applicant, the correspondence relied upon shows the Corporate Debtor's whole-time director and officers giving instructions, rather than receiving them.

[7] ArcelorMittal India Pvt. Ltd. v. Satish Kumar Gupta, (2019) 2 SCC 1

25. Addressing clauses (i) and (j), the Applicant submits that neither company holds shares in the other and neither is the other's holding, subsidiary or associate company. Power Trust is not a company, holds only 33.25% of the Corporate Debtor's voting share capital, and is not alleged to control the composition of its Board. Even if clause (j) applies to Power Trust, the Applicant submits that such status cannot be transmitted to it as a "related party of a related party". It distinguishes ***Hari Vitthal Mission*** as a case involving a chain of majority holdings, board-nomination rights and actual control, rather than common minority shareholding without control.

26. In response to clauses (m)(iii) and (iv), the Applicant disputes that Mr. Basu's functions amounted to an "interchange of managerial personnel". It submits that an HR functionary rendering administrative support is not, for that reason alone, a manager or key managerial person and that its Board, contracts, finance and trading decisions are not alleged to have been in his hands. Mr. Sethia was admittedly never an employee of the Corporate Debtor, while Mr. Kanoria was never a director, officer or employee of the Applicant. The Applicant further contends that the exchange of commercial information between a principal and its trading agent is not the provision of "essential technical information", which it submits concerns technology, know-how, design or process.

27. The Applicant denies the allegations of shared infrastructure and rent-free occupation, pointing to its separately recorded registered office. It submits that "operational inter-dependence" merely describes the services for which the Corporate Debtor engaged it and does not render a service provider related to its client. Its former subsidiary status and earlier corporate names are also said to be insufficient, particularly when the Respondent's own documents record that the subsidiary relationship ceased in September 2018.

28. On the Trust structure, the Applicant submits that "ownership is not control" and "a beneficiary is not an owner". Relying upon *W.O. Holdsworth v. State of Uttar Pradesh*, AIR 1957 SC 887, it contends that trust property vests in the trustees, while a beneficiary has rights against them. It emphasises that no power of the Corporate Debtor, IPCL Power Limited or the promoters to appoint, remove, direct or control the Trustees has been established. It further relies upon the Respondent's pleading concerning transfer of the beneficial interest to IPCL Power Limited to dispute the attribution of such interest to the Corporate Debtor.

29. The Applicant submits that Section 5(24) does not establish an "ultimate beneficial ownership" or general "look-through" regime. Referring to *Balwant Rai Saluja v. Air India Ltd.*, (2014) 9 SCC 407, and *Vodafone International Holdings B.V. v. Union of India*, it argues that ownership alone does not justify disregarding separate legal identities or piercing successive corporate veils. It also points out that the complete Trust Deed and the alleged Business Transfer Agreement dated 02.06.2025 have not been produced, although the Respondent relies upon them to establish ownership and control.

30. On the relevant date, the Applicant reiterates that the disqualification operates "in praesenti". It submits that the exception recognised in *Phoenix ARC* concerns a creditor which ceases to be related with the sole intention of participating in the CoC and sabotaging the CIRP. Its subsidiary relationship ended in September 2018, before the ICD Agreements of 2021–2022 and the commencement of CIRP in May 2026, and no collusive severance of that relationship has been pleaded. It also reiterates its objections concerning belated reasons, absence of notice and disclosure, and the timing of the classification following its disputes with the Respondent.

31. Finally, the Applicant submits that its financial-creditor status and related-party classification are interdependent questions requiring determination before consideration of any resolution plan. It relies upon the Hon'ble NCLAT's orders dated 25.08.2026 and 28.09.2026, as referred to in the Rejoinder, directing early determination of the connected applications and restraining consideration of any resolution plan pending such determination.

Applicant's Written Submissions

32. In the written submissions, in addition to the submissions already recorded, the Applicant has emphasised that the Respondent's own communication describes the sale proceeds as having been collected "on behalf of the Corporate Debtor", which, according to the Applicant, is consistent with the agency relationship under the Member–Client Agreement and does not show that the Applicant's Board, managing director or manager acted on the Corporate Debtor's directions within clause (f). Relying upon ***Re Hydrodam (Corby)***[8] and ***Arcelor Mittal***, it submits that the correspondence does not establish that the Applicant's management lacked independent discretion or that the Corporate Debtor's Managing Director was the driving force behind the Applicant. The Applicant further submits that the Calcutta High Court proceedings concerned compliance with minimum public-shareholding requirements under securities law; the description of Power Trust as part of a promoter group, it argues, is not itself a category of related-party status under Section 5(24).

RP's Written Submissions

33. In the written submissions dated 21.10.2026, the RP reiterates that the relationship between the Applicant and the Corporate Debtor must be examined in the "totality of circumstances" by adopting a purposive

[8] Re Hydrodam (Corby) Ltd.,[1994] 2 BCLC 180

interpretation of Section 5(24) of the Code. In further elaboration of the contention under clause (f), the RP specifically asserts that Mr. Suvro Barua, Manager–Power Trading of the Applicant, is an employee of both the Applicant and the Corporate Debtor. Referring to the correspondence forming part of Annexure E to the counter-reply, the RP submits that Mr. Barua routinely placed the Applicant's power purchase, banking, pricing and funding proposals before Mr. Raghav Kanoria, Managing Director of the Corporate Debtor, for approval, and that the Applicant acted upon his directions, ceilings and modifications. According to the RP, this demonstrates that the Applicant's management acted on the advice and instructions of the Corporate Debtor's Managing Director in the ordinary course of business. The RP accordingly seeks dismissal of the Application and affirmation of the impugned classification.

34. The arguments concerning Power Trust, common ownership, interchange of managerial personnel, shared infrastructure, historical connections, and reliance on ***Hari Vitthal Mission*** and ***Phoenix ARC*** are already covered in the counter-reply and are not being reproduced here.

Findings & Decision

35. We have considered the pleadings, the documents placed on record and the submissions of Learned counsels for the parties. Upon consideration of the rival pleadings, the principal issue arising for determination is whether the Applicant's classification as a "related party" of the Corporate Debtor in the Respondent's communication dated 19.07.2026 is sustainable under Section 5(24) of the Code. This requires examination of whether the ownership and control linkages through Power Trust, the alleged interchange of managerial personnel, the directions concerning power trading operations and the operational arrangements relied upon by the Respondent establish a relationship

falling within any of the statutory clauses invoked, at the relevant time, warranting such classification.

Power Trust

36. The Respondent's contention concerning ownership and control rests principally upon Power Trust's holding of substantially the entire share capital of the Applicant and approximately 33.25% of the share capital of the Corporate Debtor. The Applicant does not accept that this common shareholding establishes a relationship within Section 5(24) of the Code. It relies upon the constitution of Power Trust as an irrevocable trust under a court-sanctioned Scheme, the independence of its Trustees and its disclosure as a public shareholder. We have examined these contentions in light of the records placed before us, together with the judgments relied upon by the parties.

37. The first document to be considered is the Trust Deed[9] dated 10.05.2013, through which Power Trust was constituted to hold and administer the Investment Division of the erstwhile India Power Corporation Limited. The definition of "Beneficiary" includes its successors and assigns and identifies DPSC Limited[10] as its successor upon effectiveness of the Scheme. Under that Scheme, the erstwhile IPCL amalgamated into DPSC Limited, which survived the amalgamation and subsequently adopted the name India Power Corporation Limited. Thus, Power Trust was settled by the erstwhile IPCL for its sole benefit, with the present IPCL, the Corporate Debtor, succeeding to that beneficial interest upon the Scheme becoming effective.

[9] Page 25-53 of the RP's Counter
[10] **DPSC Limited**: Under the 2013 Scheme, the erstwhile India Power Corporation Limited amalgamated into DPSC Limited. DPSC Limited was the surviving—or amalgamated—company and subsequently adopted the name India Power Corporation Limited, which is the Corporate Debtor in the present matter.

38. Clauses 2.6 and 3.2 of the trust deed provide for administration of the trust property exclusively for the beneficiary's benefit, payment of realisation proceeds to the beneficiary and application of the rights and entitlements attached to the trust property for that purpose. Clause 6.3 further provides for vesting of the remaining trust property in the beneficiary upon expiry of the Trust's term, subject to settlement of its outstanding obligations. These provisions establish a substantial economic connection between the Trust and the Corporate Debtor as the successor contemplated by the Scheme. The Trust cannot, therefore, be regarded as an unrelated investment vehicle merely because legal title to its assets vests in the Trustees.

39. Equally, the Trust Deed must be read as a whole. Clause 4.1.1 vests ownership of the trust property and the general superintendence, direction and management of the Trust in the Trustees, subject to the Deed. Clause 4.1.4 requires the Trustees to exercise their discretion in dealing with the trust securities and prohibits voting or shareholders' agreements with any person. Clause 6.4 provides for appointment of replacement trustees by the remaining trustees. At the same time, Clause 2.6(iv) contemplates the creation of an encumbrance over such part of the trust property **as may be determined by the settlor**. The arrangement thus contains both trustee discretion and rights connected with the settlor and beneficiary. Neither the existence of a beneficial interest nor the description of the Trustees as independent can, in isolation, determine the statutory question. The relevant inquiry concerns the ownership, voting and managerial powers actually arising from the arrangement.

40. The Applicant's reliance upon the original Scheme[11] and the continued description of Power Trust as a "Public Shareholder" must also be

[11] Scheme of Amalgamation of IPCL with DPSC Ltd as approved by the High Court on 17.04.2013, with the effective date of 01.10.2011: Pages 54-104 of RP's Counter

considered against the subsequent orders of the Hon'ble High Court at Calcutta. By order[12] dated 27.01.2017, the High Court directed the sale of the specified shares to the public to achieve minimum public shareholding and the transfer of the balance shares so that the Trust would cease to own or control shares in the amalgamated company. Thereafter, in paragraph 8 of the order[13] dated 07.02.2023, the High Court expressly held that classification of the Trust as a public shareholder was contrary to law and constituted an attempt to circumvent mandatory compliance. The Division Bench, by its judgment[14] dated 10.04.2025, declined to interfere and recorded that the attempts at compliance with the minimum public shareholding requirement had not been bona fide. Consequently, the Applicant cannot rely upon the original Scheme or subsequent disclosure practices to assert that Power Trust's holding represents an independent public investment unconnected with the promoter structure.

41. The asserted independence of the Trustees also cannot be accepted merely on the basis that legal title and discretionary powers formally vest in them. The original Trustees were appointed by the erstwhile IPCL, and the Corporate Debtor succeeded to its position as both settlor and beneficiary. The Trustees' powers are subject to the Trust Deed, which requires all rights and privileges attached to the trust property to be exercised exclusively for the beneficiary's benefit and reserves specified rights to the settlor concerning encumbrances over that property. These provisions must be considered together with Power Trust's ownership of substantially the entire share capital of the

[12] Pages 107-112 of the RP's Counter
[13] Pages 113-119 of the RP's Counter: @p.116-117
[14] Pages 120-125 of the RP's Counter

Applicant and the High Court's findings rejecting its classification as a public shareholder.

42. Such examination of the arrangement as a whole does not, as the Applicant contends, enlarge the statutory definition of "related party". The word "means" in Section 5(24) makes the enumerated categories exhaustive, while the opening words "unless the context otherwise requires" preserve their contextual interpretation within the scheme and purpose of the Code. The inquiry remains whether the ownership and voting-rights structure satisfies clause (j), rather than whether a general association or nexus exists between the entities. It is in this context that the decision of the Hon'ble NCLAT in ***Hari Vitthal Mission***[15], concerning a common holding structure, assumes significance.

43. In ***Hari Vitthal Mission*** decided on 05.11.2024, Hon'ble NCLAT rejected the contention that interposition of a trust necessarily breaks the relationship contemplated by Section 5(24). Referring to the inclusion of a trust within the definition of "person" under the Code, the Appellate Tribunal held that a trust exercising the control specified in clauses (h) and (j) can fall within the definition of a related party. It further examined Kanoria Foundation's ownership of 99.9% of Hari Vitthal Mission and its control over the corporate debtor through the intervening entities. In paragraphs 43 to 51, the Appellate Tribunal sustained the classification by reference to the common holding structure, the influence over management and the contractual powers concerning voting and nomination of directors.

44. Paragraph 48 of that judgment is particularly material, as extracted below:

[15] Hari Vitthal Mission v. Ravi Sethia, 2024 SCC OnLine NCLAT 1296

> **48.** We now examine as to how Section 5(24)(j) is attracted in the instant matter. This Section defines a related party as any person or entity that controls more than 20% of the voting rights in the Corporate Debtor. As we have seen earlier the Kanoria Foundation holds 99.9% in the appellant which is the Financial Creditor. On the other side the Kanoria Foundation through a series of entities holds a 31% stake in CD. The control of Kanoria Foundation on CD is through several intermediary entities including Adisri, SIFL, TAIML, SAIT, SIPL and PCPL. This layered ownership has been clearly shown in the organogram and even though there may be intermediary entities between Kanoria Foundation and the Corporate Debtor the overall control through shareholding and appointment of Directors through the clauses of trust deed and investment agreement is real and substantial. Hari Vitthal Mission which is 99.9% owned by Kanoria Foundation is a subsidiary company of Kanoria Foundation. The holding entity Kanoria Foundation in this case holds more than 20% in both CD and appellant and appellant therefore squarely falls in the definition of related party of CD.

Thus, in applying Section 5(24)(j)[16], the Hon'ble NCLAT held that the common holding structure—under which Kanoria Foundation held 99.9% in the creditor and an indirect 31% stake in the corporate debtor — brought the creditor within the definition of a related party. The absence of direct cross-shareholding between the creditor and the corporate debtor was therefore not determinative. Accordingly, the Applicant's contention that the absence of such cross-shareholding necessarily excludes related-party status cannot be accepted. Nor does Power Trust's constitution as a trust, rather than an incorporated company, by itself preclude application of that reasoning to the present ownership and voting-rights structure.

45. In the present case, Power Trust holds 99.99% of the Applicant's equity and 33.25% of the Corporate Debtor's equity and voting rights. It thus holds more than 20% of the voting rights in the Corporate Debtor and

[16] **Section 5:** In this Part, unless the context otherwise requires,—
(24) "related party", in relation to a corporate debtor, means—
(j) any person who controls more than twenty per cent. of voting rights in the corporate debtor on account of ownership or a voting agreement;

controls the Applicant through its near-total shareholding. Applying the reasoning in paragraph 48 of *Hari Vitthal Mission*, the absence of direct cross-shareholding between the Applicant and the Corporate Debtor does not, by itself, preclude the Applicant's classification as a related party under clause (j)..

46. For the purposes of Section 5(24)(j), the relevant control concerns more than 20% of the voting rights in the Corporate Debtor on account of ownership or a voting agreement. The clause does not additionally require control over its management or the composition of its Board. Consequently, the absence of director-appointment or management powers comparable to those considered in *Hari Vitthal Mission* does not, by itself, distinguish the present case.

47. The independence asserted for the Trustees and the restrictions governing their discretion do not, by themselves, negate the voting rights attached to Power Trust's shareholding or sever the common ownership relationship. Nor does the reported transfer under a Business Transfer Agreement dated 02.06.2025 of the Corporate Debtor's beneficial interest in Power Trust to its wholly owned subsidiary, IPCL Power Limited, establish a corresponding transfer of the underlying shares or voting rights.

48. Annexure A to the RP's Counter also contains the SEBI order[17] dated 04.06.2013, paragraph 17(a) of which directs freezing of voting rights and corporate benefits attached to excess proportionate promoter/promoter-group shareholding until compliance with the minimum public shareholding requirement. The subsequent High Court proceedings record continuing non-compliance. The Division Bench judgment[18] dated 10.04.2025 also refers to the pledge of

[17] Pages 85-97 of RP's Counter
[18] Page 120-125 of RP's Counter

32,37,45,165 shares and proceedings concerning their sale through a Receiver. The restriction on exercise therefore did not alter the identity of the person to whom those rights attached or sever the common ownership structure. It does not displace the conclusion under clause (j).

49. We accordingly reject the Applicant's contention that the irrevocable character of Power Trust, the independence asserted for its Trustees or its description as a public shareholder excludes the relationship contemplated by Section 5(24)(j). The High Court orders undermine the reliance placed upon the public-shareholder description, while the admitted common shareholding attracts the reasoning in paragraph 48 of ***Hari Vitthal Mission***. For the reasons recorded above, we hold that the Applicant is a related party of the Corporate Debtor under Section 5(24)(j) of the Code.

Managerial & Functional Considerations

50. The Respondent has also invoked clauses (f), (h) and (m), relying upon alleged managerial directions, interchange of managerial personnel and other functional relationships. Although our finding under clause (j) independently sustains the related-party classification, we proceed to examine these additional grounds by considering the documents in Annexures C to F alongside the Applicant's objections, to determine whether the requirements of those clauses are satisfied.

Mr Arunendu Basu

51. Annexure C to Respondent's Counter contains a copy of the Corporate Debtor's employment contract dated 05.11.2025 appointing Mr Arunendu Basu as "Vice President & Head–HR", recording his joining date as 05.09.2025.[19] His position in the Corporate Debtor is therefore established by an employment document and does not rest merely upon

[19] Page 131 to 137 of the RP's Counter

an email designation or use of a common office address. The question is whether, while occupying that position, he also discharged managerial functions for the Applicant.

52. The contemporaneous documents support an affirmative answer. The letter dated 30.03.2026, issued on the Applicant's letterhead to National Insurance Company Limited, is signed by Mr. Basu "For and on behalf of Saranyu Power", with his designation stated as "Vice President HR".[20] It communicates the Applicant's decision concerning placement of the Group Mediclaim Policy for its management employees. Further, the salary-revision communication dated 31.12.2025 addressed to the Applicant's employee, Mr. Ayan Sen, and its accompanying remuneration statement bear Mr. Basu's name as "Head–HR".[21] These documents show him acting in a representative and managerial HR capacity for the Applicant while employed as the Corporate Debtor's Head of HR. This is materially different from the Applicant merely accessing a common attendance or leave application.

53. This conclusion is reinforced by the Applicant's HR-related payment-advice forms, which identify Mr. Basu as "Vice President & Head–HR" within the certification structure, and by the correspondence concerning its Group Mediclaim premium.[22] In the latter correspondence, the Corporate Debtor's HR personnel coordinated processing of the Applicant's insurance payment, and the Applicant subsequently confirmed payment. These records demonstrate an established arrangement for administering the Applicant's employee-related affairs through personnel functioning within the Corporate Debtor's HR structure.

[20] Page 138 of the RP's Counter
[21] Pages 173-174 of the RP's Counter
[22] Pages 155-170 of the RP's Counter

54. The Applicant's objection that Mr. Basu did not control its Board, trading business, contracts or overall finances does not answer the requirement of section 5(24)(m)(iii).[23] The expression employed there is "managerial personnel"; it is not confined to the statutory office of "manager" or to "key managerial personnel".

55. During oral submissions, the Applicant relied upon the Member–Client Agreement dated 01.03.2025 to explain Mr. Basu's involvement. That agreement concerns the execution of power-trading transactions through IEX on behalf of the Corporate Debtor. It does not provide for the Corporate Debtor's HR personnel to administer the Applicant's employees, and the Applicant has identified no term connecting Mr. Basu's remuneration and employee-insurance functions with the trading agency. The agreement therefore does not explain the representative HR functions established by Annexure C.

56. Mr. Basu was employed as the Corporate Debtor's Vice President and Head–Human Resources and, during the same period, acted on behalf of the Applicant in matters concerning employee remuneration and management-employee insurance. Taken together, these representative acts establish the performance of substantive HR responsibilities for the Applicant, rather than merely the provision of clerical assistance. Clause (m)(iii) does not prescribe a particular instrument of secondment or require proof of a reciprocal exchange of employees. On these facts, the concurrent deployment of the Corporate Debtor's head of a management function in the Applicant's internal personnel administration constitutes interchange of managerial personnel

[23] **Section 5**. In this Part, unless the context otherwise requires,—
(24) "related party", in relation to a corporate debtor, means—
(m) any person who is associated with the corporate debtor on account of—;
(iii) interchange of **managerial personnel** between the corporate debtor and such person;

between the two entities within that clause. We accordingly find that the association falls within Section 5(24)(m)(iii).

57. The concurrent performance by Mr. Basu of substantive HR functions for both entities also supports the conclusion that the common ownership structure identified above was accompanied by an actual managerial relationship. This evidence reinforces the finding under clause (j), while independently satisfying clause (m)(iii).

Prakash Chand Sethia

58. Prakash Chand Sethia (DIN: 08160378), referred to as "Prakash Sethia" in the correspondence, has been a director of the Applicant since 2019. The Respondent relies upon his authorisation to represent the Corporate Debtor in coal procurement and the correspondence in Annexure D. The Applicant contends that he was never employed by the Corporate Debtor and that such authorisation constituted an agency, under which he acted upon the Corporate Debtor's instructions. It further submits that the correspondence shows the Corporate Debtor's whole-time director and officers giving directions, rather than being accustomed to act upon directions issued by the Applicant.

59. Annexure D establishes Mr. Sethia's sustained and substantive involvement in the Corporate Debtor's coal-procurement functions. On 19.06.2024, he sought confirmation of coal suitability, received laboratory results and raised further queries concerning blending quantities, mechanism and output.[24] His involvement continued into 2026: on 05.05.2026, the Corporate Debtor's whole-time director instructed the plant team to remain in contact with him for assistance concerning coal procurement, followed by further requests for coal

[24] Annexure D to the Respondent's Reply, pp. 196–197.

arrangements.[25] These communications concern an essential input for power generation and demonstrate continuing functional responsibility beyond an isolated introduction or occasional assistance.

60. Nevertheless, the statutory inquiry concerns interchange of managerial personnel between the Applicant and the Corporate Debtor. The absence of an employment relationship with the Corporate Debtor is not, by itself, conclusive; the capacity in which Mr. Sethia actually discharged the functions must also be considered. Here, however, several communications identify him as "President–Natural Resources" of Hiranmaye Energy Limited. His concurrent directorship in the Applicant does not, without further evidence, establish that his procurement functions for the Corporate Debtor represented deployment of the Applicant's managerial personnel. The correspondence therefore establishes an operational connection, but does not sufficiently establish an independent ground of relatedness under Section 5(24)(m)(iii).

61. Nor does this material establish clause (h): the authorisation to represent the Corporate Debtor and the allocation of procurement responsibilities do not demonstrate that its directors or manager were accustomed to act upon the Applicant's advice or instructions. Although the laboratory results and blending-related communications contain technical information, their receipt by Mr. Sethia in the course of the procurement assignment does not, without establishing his representative capacity for the Applicant, prove provision of essential technical information to the Applicant under clause (m)(iv). We accordingly do not sustain a separate finding under those clauses on the basis of Mr. Sethia's involvement alone.

[25] Ibid., pp. 177–178.

Suvro Barua

62. The Respondent relies upon the correspondence in Annexures D and E concerning Mr. Suvro Barua to establish the Applicant's involvement in the Corporate Debtor's affairs. The Applicant submits that the correspondence arose from its role as the Corporate Debtor's trading member and agent under the MoU and Member-Client Agreement. In paragraph 10 of the rejoinder, it further contends that Mr. Barua was an "Officer (Trading)" and not a "manager" within Section 2(53) of the Companies Act, 2013. These objections require consideration with reference to the functions actually disclosed by the documents and the requirements of the respective clauses of Section 5(24).

63. During the oral hearing also, the Applicant relied upon the Member–Client Agreement[26] dated 01.03.2025 to explain the involvement of Mr. Suvro Barua in the Corporate Debtor's power-trading activities. The agreement expressly appoints the Applicant as the Corporate Debtor's agent for transactions through IEX and reserves responsibility for purchase and sale decisions to the Corporate Debtor. It requires the Applicant to execute transactions according to the Corporate Debtor's instructions concerning volume, price and period, and provides for advance funding, scheduling, reporting and settlement. The correspondence relied upon by the Respondent must therefore be assessed against this contractual allocation of functions.

64. In this context, Mr. Barua's requests for funds, receipt of instructions and communications concerning trading schedules and transaction execution do not, by themselves, establish participation by the Applicant in the Corporate Debtor's policy-making processes. Nor does compliance with a client's instructions in performing the agency agreement, without further evidence satisfying the statutory

[26] Pages 95-103 of the Application

requirements, establish a relationship under clause (f). The Applicant's explanation cannot accordingly be rejected merely because its response concerning Mr. Barua in paragraph 10 of the rejoinder is brief.

65. Certain communications nevertheless require separate consideration, particularly those concerning annual power-allocation projections, the proposed reduction of contracted DVC capacity and generation planning. These subjects extend beyond the express provisions governing execution of IEX transactions. However, the fact that a communication falls outside the express scope of this agreement does not, by itself, establish participation in policy-making. Its substance does not demonstrate that the Applicant, through Mr. Barua, participated in formulating the Corporate Debtor's policies, rather than supplying commercial information, preparing proposals or implementing decisions taken by the Corporate Debtor.

66. The correspondence relied upon does not sufficiently establish that the Applicant's Board, managing director or manager acted on Mr. Kanoria's directions in the conduct of the Applicant's own affairs, as required by clause (f). Nor does it establish that a director, partner or manager of the Corporate Debtor was accustomed to act upon the Applicant's directions within clause (h). Mr. Barua's appointment with the Applicant under its former name does not establish employment by the Corporate Debtor, and the asserted dual employment is not otherwise substantiated by the material identified. The correspondence also does not establish a separate deployment of managerial personnel or provision of essential technical information sufficient to attract clauses (m)(iii) or (m)(iv). We accordingly find no additional independent ground of relatedness through Mr. Barua on this material.

67. The Applicant's former subsidiary status, earlier corporate names, alleged occupation of common premises and use of shared attendance

or administrative infrastructure provide background to the parties' relationship. They do not, by themselves, independently establish related-party status. Our finding under clause 5(24)(m)(iii) rests upon the demonstrated concurrent performance of substantive managerial functions and not merely upon those historical or infrastructural circumstances.

Procedural objections

68. The Applicant's procedural objections require separate consideration. It contends that its classification as a related party was recorded without adequate reasons, disclosure of the material relied upon or an opportunity to respond. These objections must be distinguished from the substantive question of related-party status, which we have independently examined on the basis of the pleadings, contemporaneous documents and submissions of both parties.

69. The RP's communication dated 19.07.2026 disclosed the factual grounds for the classification, including ownership links, historical personnel associations and shared infrastructure. The omission to identify a particular sub-clause of Section 5(24) does not, by itself, invalidate the classification where its factual basis is sufficiently disclosed. The Reply placed additional material concerning Mr. Basu, Mr. Sethia and Mr. Kanoria before this Tribunal. The Applicant was afforded an opportunity to respond to that material, and we have assessed it alongside the Applicant's objections to determine whether the ingredients of the statutory provisions invoked are established.

70. In ***Mohinder Singh Gill***[27] the Hon'ble Supreme Court held that the validity of an order must be judged by the reasons recorded therein and cannot be sustained by subsequently supplied grounds. The Reply cannot, therefore, retrospectively supply reasons for the earlier creditor-

[27] Supra note 4

list entry. That principle does not, however, preclude this Tribunal from independently determining the Applicant's prayer under Section 60(5) for a declaration that it is not a related party. The material relied upon having been placed before the Applicant and an effective opportunity to answer it having been afforded, our findings rest upon an independent adjudication of that substantive question, rather than retrospective supplementation of the RP's reasons. The procedural objections accordingly do not warrant any consequential relief.

Conclusions

71. For the reasons recorded above, we hold that the Applicant is a related party of the Corporate Debtor on the grounds that Power Trust which holds 99.99% of the Applicant's equity, also holds 33.25% of the Corporate Debtor's equity and voting rights. Applying paragraph 48 of *Hari Vitthal Mission*, the common ownership structure brings the Applicant within clause (j) of Section 5(24) of the Code.

72. Separately, Mr. Arunendu Basu, while employed as the Corporate Debtor's Vice President and Head–Human Resources, concurrently discharged substantive HR responsibilities for the Applicant. That arrangement constitutes interchange of managerial personnel under clause (m)(iii). The Basu finding also corroborates the substantive relationship between the entities, but is not relied upon to replace the voting-rights requirement under clause (j).

73. The Applicant is consequently not entitled to the declaration that it is not a related party or to the consequential directions for expunction of that classification and reconstitution of the Committee of Creditors. The present determination concerns related-party status alone. The nature and classification of the Applicant's debt, and the other questions arising in I.A. No. 1175 of 2026, are dealt with separately.

Accordingly, I.A. No. 1177 of 2026 is dismissed.

IA No. 1178 of 2026

I.A. No. 1178 of 2026, in which the Applicant seeks a direction restraining the Respondent from taking further steps in the CIRP of the Corporate Debtor pending adjudication of I.A. No. 1177 of 2026, is dismissed in view of the dismissal of I.A. No. 1177 of 2026.

Sd/-

(SANJAY PURI)
MEMBER (TECHNICAL)

Sd/-

(RAJEEV BHARDWAJ)
MEMBER (JUDICIAL)

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