SAGUS SPEAKS

This Newsletter covers key Regulatory & Policy Updates, Government Notifications and Judicial Pronouncements.

REGULATORY AND POLICY UPDATES

SEBI notifies SEBI (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2025.

The Securities and Exchange Board of India ("SEBI") by notification dated 03.12.2025, issued the SEBI (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2025[1] ("SAST Amendment Regulations") to amend the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SAST Principal Regulations"). The SAST Amendment Regulations shall come into force on the thirtieth day from the date of their publication in the Official Gazette, i.e., 02.01.2026.

The SAST Amendment Regulations introduces the following amendments:

(a) Regulation 8(2)(e) of the SAST Principal Regulations which deals with valuation when shares are not frequently traded has been amended. Earlier, when shares were infrequently traded, the acquirer and the manager to the open offer determined the price using account valuation parameters including book value and comparable trading multiples. Pursuant to the SAST Amendment Regulations, the valuation must be carried out by an independent registered valuer. Definition of "valuer" shall have the same meaning

[1] Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2025

as assigned to it under section 247 of the Companies Act, 2013 ("Companies Act").

(b) Regulation 8(4) of the SAST Principal Regulations which applies where the offer price cannot be determined using the parameters in Regulation 8(3) of the SAST Principal Regulations, has been amended on similar lines. Earlier, if parameters under Regulation 8(3) of the SAST Principal Regulations were incapable of determining the offer price, the acquirer and manager derived the price using account valuation parameters, including book value and comparable trading multiples. The new position is that the price must be determined by an independent registered valuer, with the same nine-month transitional window for ongoing valuation assignments.

(c) Regulation 8(16) of the SAST Principal Regulations deals with SEBI's power to mandate valuation. The earlier position was that SEBI could require valuation by an independent merchant banker (other than the manager) or an independent chartered accountant with ten years' experience. Pursuant to the SAST Amendment Regulations, SEBI may now require valuation only by an independent registered valuer.

(d) Regulation 9(5)(c) of the Principal Regulations deals with value of listed securities offered as consideration. Earlier, the pricing was to be duly certified by an independent merchant banker (other than the manager) or an independent chartered accountant having a minimum experience of ten years. Pursuant to the SAST Amendment Regulations, the certification must be done by a registered valuer.

SEBI introduces single window gateway for low-risk foreign investors.

SEBI by notifications dated 01.12.2025, introduced the SEBI (Foreign Portfolio Investors) (Second Amendment) Regulations, 2025[2] ("FPI Amendment Regulations") and SEBI (Foreign Venture Capital Investors) (Amendment) Regulations, 2025[3] ("FVCI Amendment Regulations"), respectively. The amendments shall come into force 180 days from December 1, 2025 (i.e., May 30, 2026).

The FPI Amendment Regulations and PVCI Amendment Regulations bring amendments to the Foreign Portfolio Investors ("FPI") and Foreign Venture Capital Investors ("FVCI") regulatory framework by introducing the Single Window Automatic and Generalised Access for Trusted Foreign Investor ("SWAGAT-FI") regime.

The key highlights of the SWAGAT-FI regime introduced under the FPI Amendment Regulations and PVCI Amendment Regulations respectively are:

i. Definition of SWAGAT-FI: SWAGAT-FI is defined to include: (a) government and government-related investors, and (b) public retail funds, subject to conditions as may be specified by SEBI from time to time.

ii. Exemption from "Fit and Proper" Criteria: SWAGAT-FIs are exempt from compliance with the "fit and proper" person requirements under Regulation 3(2) of both the SEBI (Foreign Portfolio Investors) Regulations, 2019 ("FPI Regulations") and SEBI (Foreign Venture Capital Investors) Regulations, 2000 ("FVCI Regulations").

iii. Investment Limit Exemptions: The investment concentration limits of 66.67% and 33.33% specified under Regulation 11(c) of the FVCI Regulations shall not apply to SWAGAT-FIs, providing greater investment flexibility.

iv. Simplified Due Diligence: The broad-based criteria and investor protection requirements under Regulation 4(c)(ii) of the FPI Regulations shall not apply to SWAGAT-FIs.

v. Extended Registration Validity Period: SWAGAT-FIs shall pay registration and renewal fees for every block of ten years, as opposed to the existing shorter renewal cycles for regular FPIs/FVCIs. Renewal fees shall be payable in advance from the beginning of the eleventh year from the date of grant of registration certificate and subsequently for every ten-year block thereafter.

vi. Expansion of Eligible Constituents for FPIs: Mutual funds registered under SEBI (Mutual Funds) Regulations, 1996 may now be constituents of FPI applicants, subject to conditions specified by SEBI from time to time.

vii. Revised Investment Limits for Fund Management Entities: For alternative investment funds ("AIF"s), the investment limit by fund management entities or their associates has been increased to 10% of the corpus (previously 2.5% or USD 750,000 for Category I/II AIFs, and 5% or USD 1.5 million for Category III AIFs). Further, for Retail Schemes, the investment limit has been set at 10% of Assets Under

[2] SEBI (Foreign Portfolio Investors) (Second Amendment) Regulations, 2025

[3] SEBI (Foreign Venture Capital Investors) (Amendment) Regulations, 2025

Management (AUM). The terminology has been updated to replace "Sponsor" or "Manager" with "fund management entity or its associate", aligning with the International Financial Services Centres Authority (Fund Management) Regulations, 2025.

viii. AIFs in International Financial Services Centres: The provisions now explicitly cover AIFs set up in International Financial Services Centres as well as retail schemes, providing clarity on their eligibility and investment parameters.

SEBI notifies SEBI (Intermediaries) (Third Amendment) Regulations, 2025.

SEBI by notification dated 03.12.2025, issued the SEBI (Intermediaries) (Third Amendment) Regulations, 2025[4] ("Intermediaries Amendment Regulations") to amend the SEBI (Intermediaries) Regulations, 2008 ("Principal Regulations"). The Intermediaries Amendment Regulations shall come into force on the thirtieth day from the date of their publication in the Official Gazette, i.e., 02.01.2026.

A key change is the insertion of a new clause (da) under Regulation 30A(1) of the Principal Regulations, which deals with summary proceedings. This addition widens the grounds on which summary proceedings against a person may be initiated. Under the new clause, a person may fall within this category if they fail to:

(a) meet the specified criteria of minimum net worth or minimum liquid net worth requirements

(b) meet the minimum revenue generation from permitted activities, subject to exemptions that SEBI may notify

(c) transfer specified activities to a separate business unit, as may be specified by SEBI

SEBI notifies SEBI (Share Based Employee Benefits and Sweat Equity) (Second Amendment) Regulations, 2025.

SEBI by notification dated 03.12.2025, has issued the SEBI (Share Based Employee Benefits and Sweat Equity) (Second Amendment) Regulations, 2025[5] ("Sweat Equity Amendment Regulations") to amend the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("Sweat Equity Principal Regulations"). The Sweat Equity Amendment Regulations shall come into force on the thirtieth day from the date of their publication in the Official Gazette, i.e., 02.01.2026.

The key changes introduced under the Sweat Equity Amendment Regulations are as follows:

(a) It Substitutes the existing clause (ww) of Regulation 2(1) of the Sweat Equity Principal Regulations which deals with the definition of valuer, and shall have the same meaning as assigned to it under section 247 of the Companies Act.

(b) It amends Regulation 34(1) of the Sweat Equity Principal Regulations which earlier required the valuation of know-how or intellectual property rights or value addition to be undertaken by a merchant bank. Post amendment, such valuation shall be carried out by an independent registered valuer. A proviso has also been added which grants a transition period and merchant banker has to complete the ongoing valuation assignment which has been undertaken prior to the coming into force of the Amendment Regulations within a period of nine months from the date of coming into force of the said regulations.

(c) It omits Regulation 34 (2) and (3) of the Sweat Equity Principal Regulations. The earlier provisions that allowed merchant bankers to consult experts or valuers and required them to obtain a certificate from an independent chartered accountant confirming compliance with accounting standards, have been removed.

Reserve Bank of India issues Consolidated Master Directions.

The Reserve Bank of India ("RBI") by press release dated 28.11.2025[6] consolidated regulatory instructions administered by its Department of Regulation into comprehensive function-wise Master Directions ("Consolidated Master Directions"). This consolidation exercise involved categorising all regulatory instructions based on the type of regulated entity and regulatory area. RBI consolidated instructions contained in more than 9000 circulars and guidelines into 244 Consolidated Master Directions.

Instructions contained in approximately 3500 directions, circulars, and guidelines, were consolidated into 238 Consolidated Master Directions, across 11 types of regulated entities, namely: (a) Commercial Banks; (b) Small Finance Banks; (c) Payments Banks; (d) Local

[4] SEBI (Intermediaries) (Third Amendment) Regulations, 2025
[5] SEBI (Share Based Employee Benefits and Sweat Equity) (Second Amendment) Regulations, 2025

[6] Reserve Bank of India issues Consolidated Master Directions

Area Banks; (e) Regional Rural Banks; (f) Urban Co-operative Banks; (g) Rural Co-operative Banks; (h) All India Financial Institutions; (i) Non-Banking Financial Companies; (j) Asset Reconstruction Companies; and (k) Credit Information Companies.

RBI issues Amendment Directions to amend Credit Information Reporting Directions, 2025.

RBI by notification dated 04.12.2025 notified the RBI (Credit Information Companies) Amendment Directions, 2025[7] ("CIC Amendment Directions") to amend the existing RBI (Credit Information Companies) Directions, 2025 ("CIC Directions"). The CIC Amendment Directions shall come into force from 01.07.2026.

The key amendments are as follows:

(i) Revised credit information reporting framework:

(a) Credit institutions ("CIs") are required to submit credit information to credit information companies ("CICs") as on the 9th, 16th, 23rd and the last day of each month (each, a "Reference Date").

(b) A full file containing credit information records as on the last day of the month must be submitted by the CI to the CIC by the 5th day of the following month. Such full file must include all active accounts and accounts where the borrower–CI relationship has ended since the previous Reference Date.

(c) For other submissions during the month, that is, as on the 9th, 16th and 23rd of the month, a CI must submit incremental accounts only to the CICs within four calendar days of the last reporting Reference Date.

RBI issues RBI (Commercial Banks – Undertaking of Financial Services) (Amendment) Directions.

RBI by notification dated 05.12.25 has notified the RBI (Commercial Banks – Undertaking of Financial Services) (Amendment) Directions, 2025[8] ("UFS Amendment Directions"). The Amendment Directions amend the RBI (Commercial Banks – Undertaking of Financial Services) Directions, 2025 and have come into force with effect from 05.12.25.

One of the key changes under the UFS Amendment Directions is that it further revises the framework for bank and bank-group investments in AIFs, real estate investment trusts ("REITs") and infrastructure investment trusts ("InvITs"). A bank is prohibited from contributing more than 10% of the corpus of any Category I or Category II AIF scheme. At the group level, investments of less than 20% of the corpus of a Category I or II AIF scheme may be made without prior RBI approval, subject to satisfaction of prescribed prudential conditions, while investments of 20% or more but not exceeding 30% require prior approval from RBI.

Banks are expressly prohibited from investing in Category III AIF schemes, and investments by bank subsidiaries in such schemes are restricted to the regulatory minima prescribed by SEBI.

Banks must ensure that exposures to investee companies through AIF investments do not result in circumvention of applicable banking regulations. Investments in REITs and InvITs are capped at 10% of the unit capital of any such trust within the overall ceiling of 20% of the bank's net worth applicable to specified investment exposures.

Further, risks arising from AIF investments, whether made directly or through group entities, and group-wide capital and risk management policies must be factored into the bank's internal capital adequacy assessment process and are subject to supervisory review. Any breach of the prescribed limits must be reported on the PRAVAAH portal within 15 days and banks not in conformity with the revised investment provisions are required to submit an action plan by 31.03.2026 to achieve compliance no later than 31.03.2028.

Reserve Bank of India (Commercial Banks – Credit Risk Management) – Amendment Directions, 2025.

RBI by notification dated 11.12.2025 notified the Reserve Bank of India (Commercial Banks – Credit Risk Management) – Amendment Directions, 2025[9] ("CRM Amendment Directions") to amend the Reserve Bank of India (Commercial Banks – Credit Risk Management) Directions, 2025 ("CRM Directions"). The CRM Amendment Directions shall come into force from 01.04.2026. Banks may, however, decide to implement the amendments in entirety from an earlier date.

The CRM Amendment Directions delete Chapter XI of the CRM Directions and substitute it with a new Chapter

[7] Reserve Bank of India (Credit Information Companies) Amendment Directions, 2025
[8] Reserve Bank of India (Commercial Banks – Undertaking of Financial Services) (Amendment) Directions, 2025
[9] Reserve Bank of India (Commercial Banks – Credit Risk Management) – Amendment Directions, 2025

XIA, titled Maintenance of Cash Credit Accounts, Current Accounts and Overdraft Accounts by Banks.

The salient features of the CRM Amendment Directions are as follows:

i. Cash Credit Accounts: A Cash Credit ("CC") account, being a working capital facility linked to the borrower's current assets, is operationally distinct from Current or Overdraft ("OD") accounts. Banks may provide CC facilities as per customer requirements without any restriction under the new Chapter.

ii. Current and OD Accounts:

(a) With exposure below INR 10 crore: Banks may maintain current or OD accounts without any restriction where the aggregate exposure of the banking system to the customer is less than INR 10 crore.

(b) With exposure of INR 10 crore or more: (i) A bank may maintain a current or OD account if it has at least 10 per cent share in the banking system's aggregate exposure or aggregate fund-based exposure to the borrower; (ii) Where no bank or only one bank meets the above criteria, two banks having the largest exposure may maintain such accounts; (iii) Where only one bank has exposure, one additional bank chosen by the borrower may maintain a current account subject to a no-objection certificate from the lending bank; or (iv) Where no Scheduled Commercial Bank meets the criteria, borrowers may maintain a current account with one Scheduled Commercial Bank of their choice subject to furnishing no-objection certificates from all lending banks.

iii. Collection accounts: A collection account is primarily used for receipt of funds, with restricted payments. Banks not meeting the eligibility criteria to maintain current or OD accounts may maintain only collection accounts. Funds credited into a collection account shall be remitted within two working days to a CC account, current account, or OD account designated by the borrower. Statutory dues and dues payable to the bank maintaining the collection account may be debited before remittance.

iv. Exemptions: Restrictions relating to maintenance of current or OD accounts where exposure is of INR 10 crore or more shall not apply to:

(a) Accounts opened under the Foreign Exchange Management Act, 1999 and notifications issued thereunder;
(b) Accounts or transactions mandated under a statute or instructions of a financial sector regulator or the Central Government or State Government; and

(c) Accounts of entities regulated by a financial sector regulator for carrying out regulated activities, subject to usage only for permitted purposes.

v. Accounts required for specific bank products or services: Banks may maintain current accounts for products or services requiring routing of transactions through such accounts, subject to a board-approved policy, restricted usage, prohibition on cash transactions and customer-initiated debits, and safeguards against misuse.

vi. Compliance monitoring: Banks shall monitor such accounts on a regular basis and at least once every half-year. Where a bank becomes ineligible to maintain a current or OD account, it shall notify the customer within one month and complete conversion to a collection account or closure of such accounts shall happen within three months.

vii. Other Provisions: Accounts opened under the new Chapter shall be appropriately flagged in the core banking system. Banks shall monitor accounts at both borrower and account levels. Banks shall ensure that accounts are used only for authorised business activities and not as pass-through channels for third-party transactions, except where expressly authorised by a financial sector regulator. Banks shall ensure that accountholders not authorised by RBI do not accept deposits or provide payment services through such accounts. Term loans shall preferably be remitted directly to the intended beneficiary or for the specified end-use, where identifiable, instead of routing funds through the borrower's account.

GOVERNMENT NOTIFICATIONS

MCA revises thresholds for "Small Company".

The Ministry of Corporate Affairs by notification dated 01.12.2025 has issued the Companies (Specification of definition details) Amendment Rules, 2025[10] ("Small Company Amendment Rules") to amend the Companies

[10] Companies (Specification of definition details) Amendment Rules, 2025

(Specification of Definition Details) Rules, 2014 ("Companies Principal Rules"). The Small Companies Amendment Rules have been issued under sub-sections (1) and (2) of Section 469 of the Companies Act. They shall come into force on the date of their publication in the Official Gazette i.e. 01.12.2025.

The Small Company Amendment Rules substitutes clause (t) in Rule 2(1) of the Companies Principal Rules, increasing the financial criteria that determines whether a company qualifies as a "small company" under Section 2(85) of the Companies Act.

As per the Small Companies Amendment Rules, the paid-up capital threshold for a small company has been raised from existing INR 4 Crore to INR 10 Crores. The turnover limit has increased from existing INR 40 Crores to INR 100 Crores.

JUDICIAL PRONOUNCEMENTS

Supreme Court held that power of arbitral tribunal to terminate the proceedings lies only under Section 32(2) of A&C Act

The Supreme Court through its judgement dated 08.12.2025 in *Harshbir Singh Pannu v. Jaswinder Singh*[11] held that Section 32 of Arbitration and Conciliation Act, 1996 ("A&C Act") is exhaustive and covers all cases of termination of arbitral proceedings under A&C Act. The power of the arbitral tribunal to pass an order to terminate the proceedings under A&C Act lies only in Section 32(2) of the A&C Act.

Further, the Supreme Court held that use of the expression "the mandate of the Arbitral Tribunal shall terminate" in Section 32 of the A&C Act and its omission in Sections 25, 30 and 38, cannot be construed to mean that the nature of termination under Section 32(2) of A&C Act is distinct from termination under the aforesaid provisions of A&C Act.

The Supreme Court also held that when an arbitral tribunal passes an order terminating the proceedings under A&C Act, the appropriate remedy available to the parties would be to first file an application for recall of order before the tribunal itself. If the favourable order is passed for recommencing the arbitration proceedings, the only option available to a party arrived therefrom, would be to participate in the proceedings and thereafter challenge the final award under Section 34 of A&C Act. However, if the recall application is dismissed, the aggrieved party would be empowered to approach the court under Section 14(2) of A&C Act and the court will examine whether the mandate of the arbitrator stood legally terminated or not.

Supreme Court held that a non-signatory cannot invoke arbitration unless it is a veritable-party

The Supreme Court through its judgement dated 09.12.2025 in *Hindustan Petroleum Corporation Ltd. v. BCL Secure Premises Pvt. Ltd.*[12] held that a non-signatory cannot invoke arbitration unless it establishes *prima facie* that it is a veritable party to the underlying contract.

In the present case, Hindustan Petroleum Corporation Ltd ("HPCL") awarded a purchase order to AGC Networks Ltd. ("AGC") prohibiting subletting, subcontracting, or assignment without HPCL's prior written approval. AGC subsequently sub-contracted the work to BCL Secure Premises Pvt. Ltd. ("BCL") for supply and installation of the tank-truck locking system. BCL informed HPCL that it was engaged as a sub-vendor of AGC and was entitled to receive the payments due. Thereafter, HPCL informed AGC that since it could not complete the project and HPCL did not enter into any contract with BCL, no payments were due to it. Being aggrieved, BCL issued notice invoking arbitration against HPCL and thereafter filed a Petition under Section 11 of A&C Act for appointment of arbitrator before the Bombay High Court. Bombay High Court through its judgment dated 07.04.2025 allowed the Petition.

The Supreme Court relying on the judgment of *Cox and Kings Limited v Sap India Private Limited and Anr.*[13] further held that mere legal or commercial connection is insufficient and in the absence of any indication of an intention to bind the non-signatory, the referral Court must decline reference under Section 11 of the A&C Act.

Supreme Court held substitution of arbitrator is warranted when his mandate ceases to exist, to effectuate the object of A&C Act.

The Supreme Court through its judgement dated 10.12.2025 in *Mohan Lal Fatehpuriae v. M/s Bharat Textiles and Ors.*[14] held that on expiry of the initial period of six months and an extended period of another six months as provided under Section 29A of A&C Act, the arbitral tribunal becomes *functus officio* but not in absolute terms, the termination of arbitral mandate is conditional upon filing of an application for extension and cannot be treated termination in *stricto sensu*. Upon expiry of the initial period or the extended period, the arbitrator cannot proceed with the arbitration proceedings and his mandate terminates, subject to an order which

[11] Civil Appeal No. 14630 of 2025.
[12] Civil Appeal No.14647 Of 2025.
[13] (2024) 4 SCC 1.
[14] Civil Appeal No.14681 Of 2025.

may be passed by the Court in proceedings under Section 29A(4) of the A&C Act.

The Supreme Court also held that if the order extending the mandate has not been passed by the court under Section 29A of the A&C Act, the court may substitute one or all of the arbitrators and if one or all of the arbitrators are substituted, the arbitral proceeding shall continue from the stage already reached.

Supreme Court holds that the NCLT may order forfeiture of the entire amount if the purchaser defaults in payments.

The Supreme Court through its order dated 10.12.2025 in *M/s Shri Karshni Alloys Private Limited v Ramakrishnan Sadasivan*[15] held that the National Company Law Tribunal ("NCLT") can order the forfeiture of entire amount deposited by the purchaser of the liquidation assets, if the purchaser defaults in payments.

Further, the Supreme Court relying on its judgement in *Kridhan Infrastructure Private limited v Venkatesan Sankaranaryana & Ors*[16] held that time is a crucial facet of the scheme under the Insolvency and Bankruptcy Code, 2016 ("IBC") and allowing proceedings to lapse into indefinite delay defeats the very purpose.

High Court of Bombay held that a transfer under the SARFAESI Act remains incomplete unless a sale certificate is issued before the commencement of the IBC moratorium.

The High Court of Bombay through its judgement dated 10.12.2025 in *Arrow Business Development Consultants Pvt Ltd vs Union Bank of India & Ors*[17] held that in case of a sale governed by Section 13(8) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act") read with Rules 8 and 9 of the SARFAESI Rules, the transfer of ownership of the secured asset is complete only upon the issuance of the sale certificate and not at any time prior to that.

In the present matter, the issue before the Court was whether, after the amendment to Section 13(8) of the SARFAESI Act, the borrower's ownership rights in the secured asset stand extinguished upon issuance of a sale notice under Rule 8(6) of the SARFAESI Rules.

The High Court further held that 2016 amendment to Section 13(8) of SARFAESI Act does not alter this position. Its effect is only to extinguish the right of redemption of the borrower, upon the publication of the sale notice and not the entire ownership right of the borrower in the secured asset. The High Court further held that a sale certificate can be issued only upon receipt of the entire sale consideration by the secured creditor. Consequently, where no sale certificate is issued prior to the commencement of the moratorium, the sale cannot be treated as complete.

Further, the High Court held that if the interim moratorium under Section 96 of IBC kicks in post confirmation of the sale but before the balance payment is made, the consequence is that no transfer of ownership of the secured asset takes place in favour of the successful purchaser.

NCLT Mumbai held that under Section 60(5) of the IBC, Adjudicating Authority does not have the jurisdiction on issues that are dehors the insolvency.

The NCLT Mumbai, through its judgment dated 04.12.2025 in *Fabtech Sugar Limited vs. Maharashtra State Electricity Transmission Company Limited & Anr.*[18] held that jurisdiction conferred under Section 60(5)(c) of the IBC is of wide import and empowers the Adjudicating Authority to consider questions of law or fact "arising out of" or "in relation to" the insolvency resolution proceedings, but NCLT does not have jurisdiction on the issues which are dehors the insolvency.

In the present case, Fabtech Sugar Limited ("Fabtech") filed an application seeking quashing of the Grid Connectivity cancellation letter issued by the Maharashtra State Electricity Transmission Company Limited ("MSETCL"), contending that the cancellation occurred during the subsistence of the moratorium and without any default on the Fabtech's part.

The NCLT Mumbai relying on the judgment of the Supreme Court in *Gujarat Urja Vikas Nigam Limited v Amit Gupta & Ors*[19] held that the jurisdiction of Adjudicating Authority under Section 60(5) of IBC can be invoked and the power to restrain or set aside termination is confined to cases where (a) the termination is solely on account of insolvency and (b) such termination would inevitably result in the corporate death of the corporate debtor by depriving it of its sole or central contract essential for the success of the Corporate Insolvency Resolution Process ("CIRP").

[15] Civil Appeal Nos. 3625-3628 Of 2025.
[16] (2021) 6 SCC 94.
[17] Writ Petition No.11132 Of 2025.
[18] IA/4622/2024 in C.P. (IB)/1398(MB)2020.
[19] (2021) 7 SCC 209.

NCLT Mumbai held that once the bank accepted full consideration under the resolution plan it is estopped from asserting any independent right over additional money belonging to corporate debtor.

The NCLT Mumbai, through its order dated 05.12.2025 in *J Kumar Infraprojects Limited & Ors. v. Bank of India and Ors.*[20] held that once bank accepts full consideration under a resolution plan and issues a No-Dues Certificate, the bank is estopped from asserting any independent rights over any additional amount belonging to the corporate debtor.

NCLT Mumbai relying on the judgment of the Supreme Court in *CoC of Essar Steel India Limited v Satish Kumar Gupta*[21] reiterated that after the approval, resolution plan becomes final and binding on all stakeholders, including guarantors, banks, statutory authorities and government bodies and no person can assert any residual or past financial claims once the plan is approved.

NCLT Jaipur holds that the Resolution Plan cannot provide for extinguishment of liabilities of third parties who were never associated with the corporate debtor in any capacity.

The NCLT Jaipur, through its judgment dated 02.12.2025 in *Union Bank of India vs. Goenka Diamond and Jewels Limited*[22] held that the guarantees and securities provided by third parties constitute independent contracts and do not stand discharged merely upon approval of a resolution plan.

In the present case, Union Bank of India ("UBI") initiated the CIRP against Goenka Diamond and Jewels Limited ("Goenka Ltd") under Section 7 of the IBC, which was admitted by NCLT Jaipur. The resolution plan provided for an upfront payment of INR 10 crores and a deferred payment of INR 26 crores to secured financial creditors. The resolution plan further proposed extinguishment of all personal and corporate guarantees relating to Goenka Ltd's financial debts, release of third-party securities including mortgages created by family members, and return of title deeds. UBI, as a dissenting financial creditor, challenged the resolution plan on the ground that it seeks to discharge liabilities of personal guarantors and other third parties securing UBI's loans and that too without conducting any valuation of such third-party securities.

NCLT Jaipur also held that the intent of IBC is revival of corporate debtor as a going concern with objective of maximising the value of its assets, ensuring equitable treatment of stakeholders and promoting credit discipline. However, the IBC never intended to be a tool in the arsenal of the suspended management for discharging or extinguishing the liabilities of persons which have no connections with the operations of Corporate Debtor.

[20] IA. 2747 of 2025 in CP. (IB)/ 3923 (MB) 2019.
[21] (2020) 8 SCC 531.
[22] CP No. (IB) 114/7/JPR/2019.

ABOUT SAGUS LEGAL

Sagus Legal is a full-service law firm that provides comprehensive legal advisory and advocacy services across multiple practice areas. We are skilled in assisting businesses spanning from start-ups to large business conglomerates including Navratna PSUs, in successfully navigating the complex legal and regulatory landscape of India. Our corporate and M&A, dispute resolution, energy, infrastructure, banking & finance, and insolvency & restructuring practices are ranked by several domestic and international publications. We also have an emerging privacy and technology law practice.

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