
(2026) 06 NCLAT CK 0766

In the National Company Law Appellate Tribunal, Pricipal Bench, New Delhi, CHENNAI Bench

Case No : Company Appeal (AT) (CH) (Ins) No.457/2025

Mr. A. Joseb Raj

APPELLANT

Vs

Mr. P.R. Raman

RESPONDENT

Date of Decision : 25-06-2026

Acts Referred:

Insolvency and Bankruptcy Code, 2016 — Section 121 & 123, 35(2), 53, 60(5), 121 and 123, 7, 29A
IBBI (Bankruptcy Process for Personal Guarantors to Corporate Debtors) Regulations, 2019
Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 — Regulation 2(k), Clause 4A and 4B of Schedule 1, 33 and 42, 12(3), 12, Schedule 1
Companies Act — Section 230

Citation : (2026) 06 NCLAT CK 0766

Hon'ble Judges : Justice Sharad Kumar Sharma, Member (Judicial);Jatindranath Swain, Member (Technical)

Bench : Division Bench

Advocate : For Appellant : Mr. J. Manivannan, Advocate; For Respondents : Mr. P. Elayarajkumar, Advocate for R1, Mr. Sriram Shankar, PCS for R2

Final Decision : Dismissed

Judgement

(Hybrid Mode)

[Per: Justice Sharad Kumar Sharma, Member (Judicial)]

At the outset, it has to be noted that the circumstances of the instant Appeal has changed due to subsequent events, arising out of an order passed in CP(IB)/169(CHE)/2025 in the matter of Central Bank of India vs A. Joseb Raj, which was rendered on 01.10.2025 in relation to the proceedings held under Section 121 & 123 of the I & B Code, to be read with IBBI (Bankruptcy Process for Personal Guarantors to Corporate Debtors) Regulations, 2019.

2. The effect of the order dated 31.10.2025 had been that, the Appellant herein,

who was the Respondent to the said proceedings in the capacity of Personal Guarantor, had been declared to be a bankrupt, and consequent to it, the Bankruptcy Trustee has been appointed.

3. It is argued by the Practicing Chartered Accountant, Mr. Sriram Shankar, appearing for the 2nd Respondent, M/s. Casurina Bays Private Limited, the Successful Auction Purchaser that as a consequence of the order of 31.10.2025, holding the Appellant as to be bankrupt in the capacity of the Personal Guarantor, the challenge given by the Appellant in the present company appeal, for all practical purposes, has been rendered infructuous, and no adjudication is required to be made on its merits.

4. The instant company appeal has been preferred by the Appellant, while describing himself as the shareholder and Personal Guarantor of M/s. Oceanic Edibles International Limited, wherein the Appellant challenges the impugned order, as rendered in IA No.777(CHE)/2024, being the IA preferred under Section 35(2) and Section 53 of Insolvency and Bankruptcy Code, 2016 to be read with Regulation 2(k) & Clause 4A and 4B of Schedule 1 under Regulation 33 and 42 of Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016.

5. In the same impugned order, Ld. NCLT has decided the application IA/283(CHE)/2025, preferred by the Applicant / Appellant, by invoking the provisions contained under Section 60(5) of the Code, too, dismissing the same by refusing to grant an interim injunction against the Respondents, prohibiting them from dealing with or alienating, transferring, dismantling, or encumbering the disputed assets of the Corporate Debtor associated with auction ID 285001 until adjudication of the IA No.777(CHE) /2024, preferred in CP(IB)/563 (CHE)/2017. Further, an ancillary relief was sought in the said IA to direct the Insolvency and Bankruptcy Board of India, to investigate into the very process of conducting of the e-auction of the impugned assets and issuance of multiple sales certificates in respect of the said auction which was also denied.

6. Since the relief sought in IA/283(CHE)/2025, was interlocutory in nature and was sought to be sustained during the pendency of IA No.777(CHE) /2024, which has been decided by the impugned order, we need not venture on merits of the said application IA/283(CHE)/2025, as the very purpose of the relief sought in IA/283(CHE)/2025 has lost its judicial relevance on account of the order rendered in IA/777(CHE)/2024. In the proceedings in question, the Appellant has also questioned the rejection of IA(IBC)/1045(CHE)/2025, wherein the appellant had sought for permission to place on record the refusal order dated 21.05.2025 issued by the Sub-Registrar's office annexed thereto as Annexure-A/2 and such other orders.

7. It is a composite order by virtue of which Ld. Tribunal has rejected the three applications, which is being challenged by the Appellant in the instant Appeal. According to the Appellant's case himself, the Appellant is a shareholder and a

Personal Guarantor of the corporate debtor. If that be the situation, in the light of the larger bench judgement rendered by this Appellate Tribunal in the matters of **Park Energy Private Limited**, he doesn't have any locus as such to put a challenge to the impugned order in relation to the orders passed in the respective IAs, which has been discussed above.

8. So far his status, as that of a Personal Guarantor of Oceanic Edibles International Limited, is concerned, we are of the opinion that his status as a Personal Guarantor, has yet again lost its significance due to the decision rendered by the Ld. NCLT on 31.10.2025 in CP(IB)169/(CHE)/2025, wherein the Appellant as a Personal Guarantor, had been directed to face the bankruptcy proceedings, having been declared so, in the light of the provisions contained under Sections 121 and 123 of the Code.

9. The Appellant in the instant company appeal has come up with the case that while Ld. NCLT dismissed his application IA/283(CHE)/2025, in which he questioned the Liquidator's conduct in the sale of the valuable assets of the Corporate Debtor and prayed for a reference to IBBI to take action against the Liquidator, it had observed that the actions taken by the Liquidator have become non-est, but at the same time, it proceeded to legalize and uphold the auction by dismissing IA/777(CHE)/2024, thus rendering contradictory finding which needs to be set aside.

10. Primarily, the concern expressed by the Appellant in the proceedings drawn before the Ld. NCLT was that, the sale of the assets that was conducted by the Liquidator, was in blatant disregard to the IBBI (Liquidation Process) Regulations of 2016, thereby undermining the sanctity of the liquidation processes and defeating the very objective of maximisation of value of the CD and its stakeholders. He had contended that there had been a massive irregularity in the auction process, the details of which he had narrated in the Applications preferred before the Ld. Adjudicating Authority.

11. The Ld. Adjudicating Authority, in the impugned order, has recorded the facts of the case in an elaborate manner, which are that an application under Section 7 of the Code, was filed by the ICICI Bank Limited initiating the CIRP as against the Corporate Debtor, i.e., Oceanic Edibles International Limited and that, it was directed to be admitted to CIRP by an order passed on 12.09.2017, resulting into appointment of the Resolution Professional by an order passed on 02.01.2018, who was later replaced by yet another Resolution Professional, by an order passed on 06.03.2018.

12. After various stages of CIRP, it was ultimately resolved by the CoC in its meeting held on 08.10.2018, that the Corporate Debtor was required to be liquidated. Consequentially, in MA/546/2018, the Ld. Tribunal passed an order on 10.12.2018, directing to liquidate the Corporate Debtor and appointed the Resolution Professional as the Liquidator.

13. Liquidator invited claims from the stakeholders, which included the claim of

the Appellant too, and carried out publication on 21.08.2020, on a Pan-India basis, for the sale of the assets of the Corporate Debtor as a going concern. However, during the intervening period, the Applicant / Appellant herein is said to have submitted a scheme of compromise under Section 230 of the Companies Act, which was placed by the Liquidator, before the Stakeholders consultation committee, and in the meeting that was held on 14.11.2019, the scheme as submitted by the Applicant / Appellant under Section 230 of the Companies Act was rejected, on the ground that the stakeholders were not willing to hand over the operation back to the erstwhile management. Pursuant to the same, the Liquidator has filed MA/34/2020 for appropriate instructions in the matter for rejecting the scheme of compromise. Besides that, the Suspended Directors and the Applicant was found to be disqualified in the light of the provisions contained under Section 29A of the Code. Therefore, Ld. NCLT directed the liquidator to formally communicate the decision of SCC rejecting the scheme of compromise to the applicant/suspended Director.

14. The Liquidator then proceeded to prepare the process memorandum for the purposes of carrying out the e-auction process as scheduled on 18.09.2021, and got the valuation done for the corporate debtor. As per the report of the valuer, the average liquidation value of the corporate debtor was assessed as Rs.24,84,33,000/-. Accordingly, in the auction that was scheduled for 04.10.2021, the reserve price was fixed to be Rs.28,50,00,000/-, and the EMD to be submitted with the bid was fixed as Rs.7,00,00,000/-. The auction was to be proceeded on the principles of 'as is where is', 'as is what is' 'whatever there is', 'no complaint', and 'without the recourse available', and was proposed to be conducted by the Liquidator.

15. In the said e-auction held on 04.10.2021, no bid was submitted. Consequently, a fresh auction notice was published on 31.08.2023 fixing the reserve price as Rs.25,65,00,000/- with an EMD of 5,00,00,000/- and the date of auction as 23.11.2022. Even in the 2nd e-auction, no bid was received.

16. Consequent to this, the Liquidator conducted 2 more rounds of e-auction, on 15.09.2023, and 11.10.2023, but failed to attract any bid. Finally in the 5th e-auction held on 24.11.2023, which was held with the reserve price of Rs. 20,77,65,000/- and EMD of Rs. 2,07,76,500/-, a bidder named M/s. Casurina Bay Farms Private Limited, submitted its bid for Rs.20,79,65,000/- and was declared as to be a Successful Bidder. The said auction notice had been published on 06.11.2023 in the newspapers, 'Trinity Mirror' (English) and 'Dinaboomi' (Tamil) and also on the website of IBBI. The successful auction purchaser deposited the entire sale amount along with applicable interest and was issued the sale certificate and the possession of the assets of the Corporate Debtor as per the details mentioned in the e-auction notice.

17. After the finalization of the auction process, the Appellant filed the interlocutory applications for the reliefs, as it has been already discussed above, pointing out that there had been certain anomalies in the e-auction, which was

decided in favour M/s. Casurina Bay Farms Private Limited on 24.11.2023, and sought to set aside the e-auction. He also filed a number of miscellaneous applications, which were in the nature of the interim reliefs to be maintained till the challenge put by him to the e-auction of 24.11.2023 is adjudicated.

18. The Appellant had contended in his applications before Ld. NCLT that the newspapers in which the advertisement of e-auction was carried out did not have wide circulation, that the liquidator reduced the reserve price without sufficient reason, thereby causing loss to the stakeholders, that no place was given to the equity shareholders/their representatives in the SCC, that the liquidator caused pecuniary loss to the tune of Rs. 7.72 crore and that there was collusion between the successful purchaser and the liquidator, and that the sale certificate was issued without registering the same in the office of sub-registrar and hence because of such irregularities, the auction and the sale certificate issued should be set aside. This was countered by the liquidator stating that the Appellant did not cooperate in the entire process, that because of his indifferent attitude, he was made to sit outside during CoC meetings during the CIRP period, that he created constant trouble often requiring the request to the police to intervene, and that he remained silent for three years and has filed the objections only after the auction was successfully completed, and therefore his only intention is to derail the liquidation process.

19. The Ld. Tribunal, after considering the rival contentions and particularly the ratios as propounded, came to a conclusion that the so-called plea of fraud as raised by the Appellant, will be a factual plea that is required to be substantiated by the Appellant itself, which he has failed to establish in accordance with law. Hence, as the plea of fraud was held to be not established, it was declined to be accepted by Ld. NCLT and consequently, it went on to hold that the auction conducted on 24.11.2023 cannot be held to be in the eyes of law, with the observation that the auction cannot be reversed on the ground of a non-substantiated plea.

20. The Ld. Tribunal, after considering the entirety of the records and the plea taken by the Appellant with regard to the publication of auction notice, vis-à-vis the provisions of Regulation 12(3) of IBBI Regulations., has recorded that the publications were carried in newspapers having wide circulation and that "Dinaboomi" is a newspaper having wide circulation in Tamil Nadu, and is enlisted by the Bar Council of Tamil Nadu, as well as Bar Council of Puducherry, and hence the notice published in these newspapers would be deemed to be a public notice at large.

21. While considering each and every objection taken by the Appellant to the auction and particularly taking into consideration the objections of the Appellant that the sale certificate, which had already been issued, should have been registered, the Ld. Tribunal took a view that in accordance with the ratio laid down by the Hon'ble Apex Court, in the matter of M/s. Esjaypee V. Canara Bank (2021) 11 SCC 537 that a sale certificate in itself, exclusively under registration

law, does not require registration, and that the only aspect which was required to be fulfilled, was to inform the Sub-Registrar office about the auction that had taken place.

22. The Ld. Tribunal, while considering the effect of the scheme submitted by the Appellant under Section 230 of the Companies Act, and while considering various other contentions, particularly so far it relates to the principal plea raised by the Appellant for the purposes of putting a challenge to the auction of 24.11.2023 as challenged in IA No.777(CHE) /2024, has held that the stages of e-auction processes, that was adopted by the Liquidator was strictly in consonance to the law, that after four unsuccessful attempts, the e-auction was successfully concluded on the 5th attempt, where M/s. Casurina Bay Farms Private Limited was declared as to be a Successful Bidder and it was upon the satisfaction being recorded by the Stakeholders Consultation Committee, about the confirmation of the auction and consequential issuance of the sale certificate, the Ld. Tribunal observed that the very fact that there has been a confirmation of sale and issuance of a sale certificate, will, in accordance with Clause 12, Schedule 1 of IBBI Regulations, amount to be a closure of the auction process, since having been affirmed in favour of the highest bidder, and besides that since no balance amount was left due to be paid, the auction could not be subjected to challenge or put to a judicial scrutiny merely on the basis of whims and fancies of the Appellant.

23. It's on those grounds that the Ld. Tribunal, after considering the entire arguments in its entirety, has rejected the application, particularly the application which we would be concerned, i.e., IA No.777(CHE) /2024, where the auction of 24.11.2023 was put to challenge. It is a settled principle that when an auction proceeding is conducted as per the regulations and a material right has been created in favour of the Successful Auction Purchaser, after acceptance of the bid with a fall of hammer, and a sale certificate is issued, and when amount has been deposited, the same cannot be permitted to be disturbed on the basis of the allegation levelled by the Appellant in his IA No.777(CHE) /2024, which was not sustainable at all in the eyes of law.

24. Having considered the arguments and having perused the records submitted by the Ld. Counsel for the Parties, we find that the logic, which has been assigned by the Ld. Tribunal by splitting the issues and making a specific determination on each of these issues, do not call for any interference by the Appellate Tribunal in the impugned order of 23.07.2025.

25. More particularly, the challenge given to the auction proceedings in itself at this stage, at the behest of the Appellant, either in the status of being the shareholder or in the status of being Personal Guarantor of the Corporate Debtor, loses its relevance because of the fact that the Appellant has already been declared as bankrupt, in the light of the judgment rendered by the Ld. Tribunal, in the proceedings under Sections 121 and 123 of the Code as rendered on 31.10.2025 in CP(IBC)169(CHE)/2025.

26. Owing to the subsequent development and besides that, there is nothing on merits in the company appeal, the 'company appeal' would stand 'dismissed'. All interlocutory applications would stand rejected.