

NEWSLETTER



Allahabad High Court Stays NCLT Principal Bench Order Requiring Joint Scrutiny of Local Filings

The Allahabad High Court has issued an interim stay on a controversial administrative order passed by the NCLT Principal Bench that mandated a "joint scrutiny" of filings by the Principal Bench in New Delhi for cases falling under the jurisdiction of the NCLT Allahabad Bench. In the case of "NCLT Bar Association, Allahabad v. Union of India and Others", a Division Bench comprising Justice Manoj Kumar Gupta and Justice Kshitij Shailendra passed the order on May 1, 2026, questioning the jurisdictional authority behind such a procedural change.

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Key Points

- The primary objective of the news is the High Court's prima facie observation that there is no legal justification for the Principal Bench (New Delhi) to interfere in the day-to-day administrative scrutiny of petitions filed at a regional bench.
- The Court emphasized that each NCLT bench operates within its defined territorial jurisdiction. Requiring filings in Allahabad to be scrutinized or "vetted" by the Principal Bench in Delhi was seen as an unnecessary hurdle that undermines the autonomy of the regional registry.
- The news highlights the grievances of the NCLT Bar Association, which argued that this "joint scrutiny" process caused significant delays in the admission of cases and placed an undue burden on local practitioners.
- The High Court noted that such centralized scrutiny contradicts the objective of the IBC to ensure "speedy disposal" of cases, as it adds an extra layer of bureaucracy to the filing process.
- The Court has stayed the operation of the impugned order dated April 5, 2026, issued by the NCLT President, effectively restoring the independent scrutiny powers of the Allahabad Bench registry until further notice.
- The Court has directed the Union of India and the NCLT Registry to file their counter-affidavits within four weeks to explain the rationale behind the centralized scrutiny mechanism.

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Insolvency Bankruptcy Code



NEWS UPDATES FOR APRIL, 2026

Supreme Court Defers Hearing on PIL Alleging ₹40,000 Crore Banking Fraud by Anil Ambani's ADAG

The Supreme Court of India has adjourned the hearing of a Public Interest Litigation (PIL) seeking a court-monitored probe into alleged large-scale financial irregularities by the Anil Dhirubhai Ambani Group (ADAG). The case, titled "E.A.S. Sarma v. Union of India & Ors.", involves allegations of loan frauds and diversion of public funds exceeding ₹40,000 crore. The matter was heard by a Bench comprising Chief Justice Surya Kant and Justice Joymalya Bagchi on April 30, 2026, where the court reviewed the latest progress of the investigation.

Key Points

- The Court has rescheduled the next hearing for May 8, 2026, to allow for a thorough review of the fresh status reports submitted in sealed covers by the Central Bureau of Investigation and the Enforcement Directorate .
- While the PIL initially flagged a ₹40,000 crore fraud, recent findings discussed in court suggest the total amount under investigation across various group entities could be as high as ₹73,000 crore.
- The Bench expressed previous displeasure over the "perceivable reluctance" of central agencies to act against high-profile individuals. It reiterated the need for a "fair, dispassionate, transparent, and time-bound" investigation.
- During the proceedings, the petitioner (represented by Advocate Prashant Bhushan) questioned why only subordinate officials had been arrested while the "kingpin" remained free. Solicitor General Tushar Mehta maintained that the agencies are following due process based on emerging evidence.
- The Bench highlighted a specific instance where a loan of over ₹3,000 crore was settled for a mere ₹26 crore through insolvency proceedings, raising concerns about the misuse of the IBC framework.
- The Court was informed that an SIT comprising senior ED officers and financial experts has been constituted to unearth the "large-scale diversion of public funds" and fabrication of financial statements.

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Renault India Moves NCLT for Strategic Restructuring of Domestic Operations

French automaker Renault Group India has approached the National Company Law Tribunal (NCLT) seeking approval for a major structural realignment of its business operations in the country. The petition, filed with the NCLT Chennai Bench, was announced on April 30, 2026. The move is part of the company's global "futuREady" strategy, aimed at optimizing its manufacturing capabilities and positioning India as a critical global export hub.

NEWS UPDATES FOR APRIL, 2026

Key Points

- A primary objective of the restructuring is to separate "powertrain manufacturing" into a dedicated, standalone entity within the group. This allows the company to focus on the distinct industrial requirements of engine and transmission production.
- Conversely, the plan seeks to bring vehicle manufacturing and sales operations together under a single, integrated operating structure to improve market responsiveness and synergy.
- The rejig supports Renault's goal to boost exports from India to €2 billion annually by 2030. This follows Renault's recent move to take full control of its Chennai plant from former partner Nissan.
- The company has officially clarified that the NCLT process will have zero impact on employees, customers, dealers, or suppliers. All existing employment terms, service commitments, and manufacturing schedules will remain unchanged.
- By streamlining these structures, Renault aims to sharpen its focus on the Indian market, targeting a 5% market share through the launch of seven new models, including multi-fuel and EV platforms.
- India is no longer just a domestic sales destination for Renault, but a "strategic asset" for global technology development and parts exports.

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NEWS UPDATES FOR APRIL, 2026

NCLT Sanctions Suzlon Energy's Scheme for Reorganisation and Reclassification of Reserves

The National Company Law Tribunal (NCLT) has formally approved a strategic Scheme of Arrangement aimed at restructuring the financial reserves of renewable energy giant Suzlon Energy Limited. In the matter of "Suzlon Energy Limited," the NCLT Ahmedabad Bench delivered its final order on April 29, 2026, sanctioning the proposal to clean up the company's balance sheet by adjusting accumulated losses against existing capital reserves.

Key Points

- While the order was sanctioned in April 2026, the scheme becomes effective retrospectively from September 30, 2024 (the Appointed Date), once filed with the Registrar of Companies, Gujarat.
- A primary objective is to adjust the company's negative balance in "Retained Earnings" (accumulated past losses) against various reserve accounts, including Capital Reserve, Securities Premium, and General Reserve.
- The reorganisation aims to ensure the balance sheet accurately reflects Suzlon's current profitable status and operational strength, removing the "historical drag" of past financial distress.
- This is a purely accounting reclassification; it does not involve any reduction in the issued or paid-up share capital, nor does it result in any change to the shareholding pattern.
- By wiping out the debit balance in retained earnings, the company creates the legal and financial headroom to explore future "shareholder-friendly" actions, such as the potential declaration of dividends.
- The order follows overwhelming support from stakeholders; notably, unsecured creditors had approved the scheme with a 98.16% majority in an NCLT-convened meeting held in December 2025.
- The complete accounting impact of this reorganisation will be reflected in the audited financial statements for the year ended March 31, 2026.

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INSOLVENCY AND BANKRUPTCY CODE

NCLAT Directs Expedited Bidding Process in Jaiprakash Associates Insolvency Dispute

The National Company Law Appellate Tribunal (NCLAT) has intervened in the high-stakes insolvency proceedings of Jaiprakash Associates Limited (JAL) following a competitive standoff between major industrial conglomerates. In the case titled "Vedanta Limited vs. State Bank of India & Ors.", a three-member Bench of the NCLAT issued a significant order on April 28, 2026, addressing the procedural roadmap for the company's resolution. The matter stems from the corporate insolvency resolution process (CIRP) originally initiated at the NCLT Allahabad Bench.

NEWS UPDATES FOR APRIL, 2026

Key Points

- An intense bidding war, with the Adani Group and Vedanta Limited emerging as the primary contenders to acquire the debt-ridden infrastructure and cement major.
- A central objective of NCLAT's intervention is to ensure that the Committee of Creditors explores all competitive bids to achieve the highest possible recovery for lenders, rather than settling for early.
- The Tribunal has directed the Resolution Professional (RP) to invite fresh expressions of interest or allow for the revision of existing plans within a strict 21-day window to prevent further depletion of the company's assets.
- The order clarifies the rights of dissenting financial creditors, emphasizing that any resolution plan must strictly adhere to Section 30(2) of the IBC regarding the priority of payments.
- The complexity of the JAL insolvency, which has been delayed for years due to various litigations. The NCLAT's current directive aims to bypass previous procedural bottlenecks to reach a final vote by the CoC by the end of the current quarter.

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Lavasa Homebuyers Challenge "Discriminatory" Resolution Plan in NCLAT

A group of thousands of aggrieved homebuyers has moved the National Company Law Appellate Tribunal (NCLAT) against the resolution plan approved for the debt-ridden hill city project, Lavasa Corporation. In the appeal titled "Mukesh Mangale vs. Udayraj Patwardhan (RP) and Ors.", the appellants have challenged the order of the NCLT Mumbai Bench, which recently cleared a takeover by a consortium comprising Welspun Group and Ashdan Properties. The NCLAT Principal Bench, chaired by Justice Ashok Bhushan, heard the preliminary challenge on April 24, 2026.

NEWS UPDATES FOR APRIL, 2026

Key Points

- Homebuyers allege "gross violation of the principles of natural justice," claiming the NCLT Mumbai Bench concluded arguments on the resolution plan in just ten minutes without adequately hearing the dissenting homebuyers.
- The primary objective of the appeal is to highlight that the approved plan imposes arbitrary financial burdens and discriminatory conditions on retail buyers compared to institutional financial creditors.
- The 99-page appeal flags several pending applications regarding material irregularities in the management of the insolvency process that were allegedly ignored by the NCLT before passing the final approval.
- While the NCLAT declined to stay the process immediately on April 24, it has permitted the homebuyers to file detailed written notes and has directed the matter to be listed for further orders on May 8, 2026.
- The Committee of Creditors (CoC), led by Union Bank of India and Phoenix ARC, had approved the Welspun-Ashdan plan with a 92.21% majority, despite the vocal dissent of the homebuyer class.

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