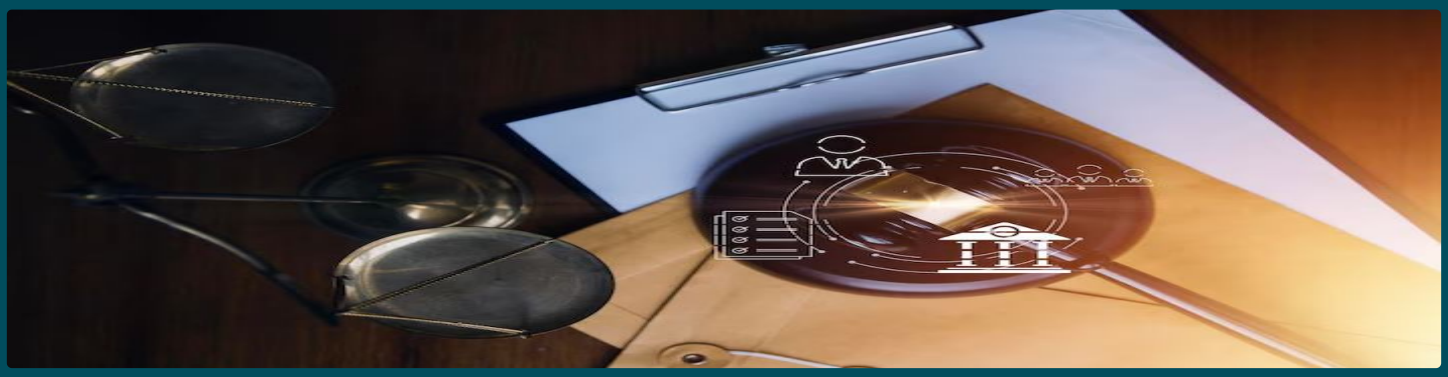
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Strict Compliance with Timelines: The Supreme Court’s Stance on Insolvency Appeals

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In a recent judgment, the Supreme Court of India has reaffirmed the importance of strict adherence to timelines in insolvency appeals, setting aside an order passed by the National Company Law Appellate Tribunal (NCLAT). The case, *Tata Steel Ltd. v. Raj Kumar Banerjee & Ors.* (Civil Appeal No. 408 of 2023), highlights the legal complexities surrounding the filing of appeals under the Insolvency and Bankruptcy Code (IBC) and the limitations imposed by the Limitation Act, 1963.

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Background of the Case

The case involves Tata Steel Ltd., a leading steel manufacturer in India, which emerged as the successful resolution applicant for Rohit Ferro-Tech Limited (the Corporate Debtor). Tata Steel's resolution plan was approved by the Committee of Creditors and subsequently by the National Company Law Tribunal (NCLT) in Kolkata on April 7, 2022. Raj Kumar Banerjee, a former minority shareholder of the Corporate Debtor, challenged this approval by filing an appeal under Section 61 of the IBC. He also sought condonation of delay for filing the appeal, which was allowed by the NCLAT. Tata Steel Ltd. then appealed to the Supreme Court against the NCLAT's order.

Legal Dispute and Rival Contentions

The crux of the legal dispute centred on whether the appeal filed by Raj Kumar Banerjee was within the prescribed limitation period of 30 days, extendable by an additional 15 days under Section 61(2) of the IBC. Tata Steel argued that the appeal was filed beyond the permissible period of 45 days and that the NCLAT erred in applying Section 4 of the Limitation Act, 1963. The appellant contended that the last day for filing, May 7, 2022, was a working Saturday for the NCLAT registry, and thus, the benefit of Section 4 did not apply. Tata Steel relied on several Supreme Court judgments, including *V. Nagarajan v. SKS Ispat Powers Limited* and *Kalpraj Dharamshi v. Kotak Investment Advisors Limited*, which emphasized the strict timelines under the IBC.

On the other hand, Raj Kumar Banerjee argued that the appeal was filed within the permissible period, considering the extension under Section 4 of the Limitation Act, 1963. He contended that the limitation period should commence from April 8, 2022, when the Corporate Debtor informed the stock exchanges about the approval of the resolution plan, not from April 7, 2022, the date of the NCLT order. The respondent also argued that the delay was due to practical constraints, including the failure of the Resolution Professional to comply with SEBI disclosure obligations, which impacted his right to timely information.

Supreme Court's Analysis and Decision

The Supreme Court analysed the provisions of the IBC,2016 and the Limitation Act, 1963, along with relevant case law. The court held that the limitation period for filing an appeal under Section 61(2) IBC starts from the date of the NCLT order, not from the date of disclosure to the stock exchanges. The court also held that the benefit of Section 4 of the Limitation Act, 1963, does not apply when the last day for filing falls on a working Saturday. The court emphasized the strict timelines under the IBC and the limited scope for condonation of delay.

In its judgment, the Supreme Court set aside the NCLAT order condoning the delay in filing the appeal. The court held that the appeal was filed beyond the permissible period of 45 days and that the NCLAT had no power to condone the delay beyond the statutory limit. The appeal was allowed, and the NCLAT order was declared ultra vires. The court emphasised the importance of strict adherence to timelines in statutory appeals to ensure the efficacy and finality of the appellate mechanism.

Conclusion

The Supreme Court's decision in *Tata Steel Ltd. v. Raj Kumar Banerjee & Ors.* reaffirms the importance of strict compliance with timelines in insolvency proceedings. The judgment highlights the court's commitment to upholding the legislative intent behind the IBC, which aims to ensure timely resolution of insolvency cases. This case is a reminder to all stakeholders in insolvency

proceedings of the critical need to adhere to prescribed timelines and the limited scope for condonation of delay.

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