



INSOLVENCY & BANKRUPTCY

NCLAT Slams ICBC's Lien: No Dues, No Hold on R-Com Infra's ₹27.6 cr FD—Moratorium Wins”

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Introduction

When the Corporate-Insolvency-Resolution-Process (CIRP) of Reliance Communications Infrastructure Limited began in September 2019, few would have guessed that a quiet ₹27.60 crore fixed deposit placed with the Mumbai branch of Industrial & Commercial Bank of China Limited (ICBC) would become the centre-piece of a precedent-setting battle on the outer edge of a banker's lien. Yet on 25 September 2025 the National Company Law Appellate Tribunal (NCLAT) Principal Bench delivered a crisp reminder that neither mercantile custom nor creative contract reading can override the plain language of Section 171 of the Indian Contract Act, 1872 or the asset-pooling philosophy of the Insolvency and Bankruptcy Code, 2016. The judgment in Company Appeal (AT)(Ins.) No. 69 of 2024, Industrial and Commercial Bank of China Limited v. Anish Niranjana Nanavaty & Ors. now joins the short list of authorities that tell lenders: if the corporate debtor itself owes nothing, the FD must be released, group exposure notwithstanding.

The back-story

On 27 March 2017 the CD parked the sizable deposit with ICBC and simultaneously executed a standard-form “letter of lien and set-off”. The same bank had, months earlier, extended foreign-currency facilities to Reliance Infrastructure Limited (RITL), an affiliate in the Anil Ambani constellation. When RITL later defaulted, ICBC treated the CD's fixed deposit as a convenient security cushion, marking a lien and refusing repeated instructions from the interim-resolution-professional (IRP) to hand over the money after the CIRP commencement order dated 25 September 2019. The IRP's plea that the CD had never taken a rupee of credit from ICBC fell on deaf ears; the bank insisted that phrases such as “due from us jointly with another” in the lien letter allowed it to retain the receipt until every group company paid up. The stand-off culminated in I.A. No. 1943 of 2020 before NCLT Mumbai Bench-I.

NCLT's short order of 2 January 2024 was unambiguous: lift the lien and release the principal plus interest. ICBC, still convinced that its general lien was bullet-proof, carried the matter to the appellate tribunal.

Rival scripts inside the courtroom

ICBC argued that bankers have, by mercantile custom, a general lien on all securities in their possession; Section 171 merely codifies that right. He read Clause (1) of the 27 March 2017 letter expansively, submitting that the expression “us” must embrace the entire Reliance family and that the deposit was obviously intended to mitigate cross-default risk. *Syndicate Bank v. Vijay Kumar* (1992) 2 SCC 330 and the Supreme Court's Article 142 directions in *Vistra ITCL (India) Ltd. v. Dinkar Venkatasubramanian* (2023) 7 SCC 324 were pressed into service to show that courts protect a secured creditor's grip on collateral.

The Resolution-professional countered that Section 171 is available only when the very customer who placed the goods owes a balance. Here, the CD's account was unambiguously in credit; therefore the statutory spring-board for a general lien never arose. He demonstrated that every reference in the letter to “our liabilities” pointed solely to the CD, a juristic person distinct from RITL. The jurisdictional bar was equally star once the CIRP begins, an asset of the CD falls under the custodial umbrella of Section 17(1)(d) and any enforcement without a pending claim is impermissible. Finally, the resolution plan sanctioned on 19 December 2023 approved by ICBC itself expressly channelled the FD proceeds to financial creditors; the bank could not resile from that accord.

Statute-map and precedents weighed

The tribunal began with the text of Section 171 and the consistent line of authority—*Vijaya Bank v. Naveen Mechanised* (Karnataka HC), *PNB v. Vesper Life Sciences* (Kerala HC) and *Alekha Sahoo v. Puri Urban Co-op Bank* (Orissa HC)—that a banker may retain only for the “general balance of that customer's account”. It noticed that neither Clause (1) nor Clause (10) of the lien letter named RITL or any other group entity as a co-obligor; the singular “us” could not be stretched by interpretative yoga. *Vistra* was distinguished as an Article 142 exercise confined to the peculiar facts of pledged shares and a refused claim form; it could not be mined for a proposition of law under Article 141.

On the IBC plane, the bench reminded ICBC that by abstaining from filing a claim in the CD's CIRP it had chosen to stay outside the collective forum; that election did not confer a parallel right to appropriate estate property. The moment the resolution plan, binding on all creditors including dissentients under Section 31 ear-marked the FD for distribution, the bank's contractual or statutory lien, even if it had existed, would have to yield to the statutory waterfall.

The final curtain

After a careful clause-by-clause reading of the 27 March 2017 document and a survey of the jurisprudence, the NCLAT found “no infirmity” in the NCLT’s direction. The appeal was dismissed with a crisp directive: ICBC must forthwith lift the lien and transfer the entire ₹27.60 crore together with accumulated interest to the account maintained by the resolution professional for implementation of the plan. There was no order as to costs.

The judgment re-states two elementary but often forgotten pillars of Indian insolvency practice: first, a banker’s general lien is strictly parasitic on a debt actually owed by the depositor; second, once the IBC gate closes around a corporate debtor, isolated self-help remedies give way to the collective. For lenders the takeaway is blunt paper your security with explicit cross-default language and, once CIRP knocks, file your claim and join the queue; otherwise the money you are holding may have to be handed over, moratorium intact, to the resolution process you ignored.

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