



GRC BULLETIN

JULY - 2025, VOLUME: I

Case Law

Supreme Court Orders Liquidation of BPSL: JSW Steel's ₹19,300 Cr Acquisition Nullified

Click Here to Read Full Bulletin

#

JUDICIAL INSIGHT

Case Title

[Kalyani Transco Ltd. v. Bhushan Power & Steel Ltd]

SUPREME COURT ORDERS LIQUIDATION OF BPSL: JSW STEEL'S ₹19,300 CR ACQUISITION NULLIFIED

Facts of the Case:

Bhushan Power & Steel Ltd. (BPSL) underwent a Corporate Insolvency Resolution Process (CIRP) under the **Insolvency and Bankruptcy Code** (IBC), 2016.

In 2019, JSW Steel Ltd. submitted a resolution plan worth ₹19,300 crore, which was approved by the Committee of Creditors (CoC) and subsequently by the National Company Law Tribunal (NCLT).

However, **Kalyani Transco Ltd.**, an operational creditor, challenged the process, alleging **procedural irregularities** during the CIRP. The matter reached the Supreme Court.

In **May 2025**, the Supreme Court set aside the approved resolution plan and ordered **liquidation of BPSL**, citing substantial procedural lapses.

Issues for Consideration:

- **1. Procedural Lapses**: Whether the procedural deviations during BPSL's insolvency resolution were significant enough to nullify the resolution plan.
- **2. Finality of Resolution Plans**: How the invalidation of an approved plan affects the **certainty and finality** of CIRP under IBC.
- **3. Investor Confidence**: The potential impact on investor confidence and the predictability of India's insolvency framework.

Judgment:

The Supreme Court held that the resolution plan submitted by JSW Steel was non-compliant with the IBC due to procedural lapses, particularly related to stakeholder consultation and valuation treatment.

The Court ruled that **procedural compliance is not merely technical**, but **foundational to the legitimacy** of the resolution process.

It therefore:

- Quashed the resolution plan
- Ordered liquidation of BPSL
- Directed JSW Steel to reverse payments made to creditors and equity contributions within two months

JUDICIAL INSIGHT

Case Title

[Kalyani Transco Ltd. v. Bhushan Power & Steel Ltd]

Conclusion:

This case highlights the **critical importance of procedural adherence** in CIRP under IBC. The judgment may have **chilling effects on investor confidence** and raises concerns regarding the **stability of concluded resolutions**. It underscores the need for **robust procedural checks** and **timely judicial review** to prevent uncertainty in large-scale insolvency cases.

CASE TITLE:

[Kalyani Transco Ltd. v. Bhushan Power & Steel Ltd]

Citation: 2025 INSC 621

Date of Judgment: May 2, 2025

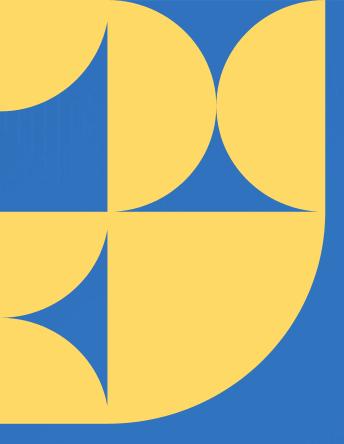
Supreme Court Bench: Justice Bela M. Trivedi and Justice Satish

Chandra Sharma

Official Judgment Link: Kalyani Transco Ltd. v. Bhushan Power & Steel

<u>Ltd. – Supreme Court Judgment</u>







Head Quarters:

Vasudha, 2nd Floor, No. 2, 38th Main Rd, Rose Garden, JP Nagar Phase 6, J. P. Nagar, Bengaluru, Karnataka 560078

Ph: 080 41673023

Email: info@ricago.com

Website: www.ricago.com

Subscribe to the Newsletter:

Subscribe

Disclaimer: This newsletter is prepared by Clonect Solutions Pvt. Ltd. and contains information about the statutory compliance updates for general information only. No claim is made as to warrant or represent that the information contained in this document is correct. Also, it should not be considered as legal or financial advice and under no circumstances Clonect Solutions Pvt. Ltd. shall be held responsible for any kind of damages arising there to.