

GRC BULLETIN

JULY - 2025, VOLUME: I

Case Law

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

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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**



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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 Ltd. – Supreme Court Judgment](#)



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