



2026:AHC:92069-DB

AFR

Reserved on 11.02.2026

Delivered on 24.04.2026

**HIGH COURT OF JUDICATURE AT ALLAHABAD**

**WRIT - C No. - 19391 of 2023**

South East U.P. Power Transmission Company Limited

.....Petitioner(s)

Versus

Prescribed Authority and 4 others

.....Respondent(s)

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Counsel for Petitioner(s)	:	Shubham Agarwal, Varad Nath
Counsel for Respondent(s)	:	CSC, Krishna Agarawal, Narendra Kumar Tiwari

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**Along with**

**WRIT - C No. - 17846 of 2025**

M/S Tata Steel Limited

.....Petitioner(s)

Versus

State of U.P. and 3 Others

.....Respondent(s)

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Counsel for Petitioner(s)	:	Pratik J. Nagar
Counsel for Respondent(s)	:	Ravi Anand Agarwal, Baleshwar Chaturvedi, C.S.C.

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**Court No. - 1**

**HON'BLE AJIT KUMAR, J.**

**HON'BLE SWARUPAMA CHATURVEDI, J.**

**(Per Swarupama Chaturvedi, J.)**

For the convenience of exposition, this common order is divided into the following parts:-

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1. Both writ petitions, filed under Article 226 of the Constitution of India, arise out of a similar grievance, wherein the respective petitioners challenge the demand notices issued to them towards electricity dues pertaining to the period prior to the commencement of the Corporate Insolvency Resolution Process (hereinafter referred to as “CIRP”) of the concerned companies, which are resolved long ago after following due procedure prescribed under Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as “IBC”). In Writ C No.19391 of 2023, the petitioner seeks issuance of a writ, order or direction in the nature of certiorari for quashing the impugned demand notices, whereas in Writ C No.17846 of 2025, the petitioner, prays for issuance of a writ of certiorari to quash the impugned demand to the extent it pertains to the period prior to the approval of

the resolution plan, and a writ of mandamus restraining the respondents from taking any coercive action pursuant to the said notices and subsequent actions.

2. Since the reliefs sought in both the petitions are substantially similar, and the matters arise out of a similar set of facts involving identical questions of law, both the petitions were taken up together for hearing and are being decided by this common order. However, the necessary facts pleaded in each writ petition, as well as the submissions advanced on behalf of the parties therein, are being noticed separately wherever required.

### I **Factual Matrix**

3. The factual matrix in Writ C No. 19391 of 2023 is that the Isolux Corsan Concesiones S.A. (hereinafter referred to as “Isolux”) has received a letter of intent dated 05.07.2011 by the Uttar Pradesh Power Transmission Company Limited (hereinafter referred to as “UPPTCL”) to establish a 765 kV transmission system on a Build-Own-Operate-Maintain & Transfer (BOOT) basis at Mainpuri-Bara line.

4. Pursuant thereto, the Petitioner company was incorporated as a special purpose vehicle in September 2011 to implement and operate the said transmission system, and its 100% shareholding was subsequently acquired by Isolux on 16.12.2011. In furtherance to this, on 20.01.2012, the petitioner entered into Transmission Service

Agreements with the distribution licensees (hereinafter referred to as “DISCOMs”) in the State of Uttar Pradesh.

5. Thereafter, on 25.09.2013, the petitioner applied to Respondent No.1 seeking a 630 KVA, 33 kV auxiliary power supply at the 400/220 kV Rewa Road GIS Sub-station. On 04.01.2014, the petitioner informed UPPCL of its requirement for two 33 kV auxiliary sources for safe operations, specifically indicating that one such source was being drawn through the tertiary winding of Inter-Connecting Transformer-II (hereinafter referred to as “ICT-II”). Subsequently, an Electrical Energy Supply Agreement dated 18.04.2015 came to be executed between the petitioner and Respondent No.1.

6. In continuation thereof, the ICT-II was charged on 02.10.2015 and allegedly utilised as a source of auxiliary power. The Uttar Pradesh Electricity Regulatory Commission (UPERC) declared commercial commissioning of the transmission lines and substations with effect from 27.10.2017, which was communicated by UPPTCL to the petitioner on 19.07.2018.

7. Subsequently, the company has gone into the insolvency as the National Company Law Tribunal (hereinafter referred to as the “NCLT”), Allahabad Bench, vide its order dated 06.07.2020 initiated the CIRP against the company under the provisions of the Insolvency and Bankruptcy Code, 2016 (hereinafter referred to as “IBC, 2016”).

8. During the CIRP, Resurgent Power Ventures Pvt. Limited submitted a resolution plan on 19.07.2021, which was approved by the Committee of Creditors (hereinafter referred to as “CoC”) with a

100% vote on 08.03.2022. The NCLT formally approved this resolution plan vide its order dated 15.06.2022, and it was implemented on 15.09.2022. Following this, the UPERC approved the 100% change in shareholding to Resurgent Power on 29.07.2022.

9. The actual root of the dispute is the inspection dated 17.10.2022, when respondents conducted an inspection of the Rewa Road Substation, wherein it was observed and recorded in the minutes that no meter had been installed at the ICT-II tertiary, resulting in an absence of energy accounting since its charging from 02.10.2015. Consequently, Respondent No.1 installed a meter at the tertiary winding of ICT-II in 21.10.2022 to assess actual consumption. Thereafter, Respondent No.1 issued demand notices on 09.01.2023, 21.01.2023, and a notice on 04.02.2023, claiming an amount of Rs. 2,17,49,692.58/- for the auxiliary consumption of power from ICT-II spanning the period from 02.10.2015 to 01.12.2022.

10. The Petitioner opposed demand notices for the period prior to the approval of the resolution plan, sending reply dated 16.02.2023, and 02.03.2023, while simultaneously clearing the dues generated for the period after approval of the resolution plan on 15.06.2022 by the order passed by Ld. NCLT. On 17.05.2023, Respondent No.1 issued another demand notice dated 17.05.2023, alleging unauthorized use of electricity and indicating the probability of recovery proceedings to be initiated against the petitioner. Aggrieved by these actions, the Petitioner has approached this Court.

11. The factual background in Writ C No. 17846 of 2025 is that the petitioner, Tata Steel Limited (hereinafter referred to as "TSL"), is

the successor-in-interest of Tata Steel BSL Limited (hereinafter referred to as “TSBSL”), formerly known as Bhushan Steel Limited (hereinafter referred to as “BSL”).

12. On 08.08.2011, the erstwhile BSL entered into an “Agreement for Supply of Electrical Energy” with the Executive Engineer, Pashchimanchal Vidyut Vitran Nigam Limited (hereinafter referred to as “PVVNL”). The said agreement pertained to BSL’s Pilkhuwa Stockyard, under which an industrial load connection (HV-2) category was sanctioned, and the supply of electricity commenced with effect from 01.10.2011.

13. On 03.07.2017, the State Bank of India (hereinafter referred to as “SBI”) initiated CIRP against the erstwhile BSL by filing a petition under Section 7, IBC before NCLT, New Delhi, Principal Bench. Ld. NCLT admitted the petition filed by the SBI on 26.07.2017 and appointed an Interim Resolution Professional (hereinafter referred to as “IRP”) while imposing moratorium as per procedure prescribed under IBC.

14. The IRP made public announcement inviting claims from all creditors as per procedural requirement under IBC. Subsequently, on 03.02.2018, TSL submitted its resolution plan, which was approved by the CoC on 20.03.2018. The NCLT approved TSL’s resolution plan vide its order dated 15.05.2018. Following this approval, TSL acquired the control and business of BSL on 18.05.2018, and BSL's name was changed to Tata Steel BSL Limited (TSBSL) on 27.11.2018. The NCLT's approval was upheld after appeals against resolution plan got dismissed by the NCLAT on 10.08.2018 and the

Supreme Court on 22.02.2021. Eventually, TSBSL was wholly amalgamated with TSL pursuant to the order dated 29.10.2021 passed by the learned NCLT, Mumbai Bench, with effect from 11.11.2021.

15. As appeared from records, on 11.03.2019, the erstwhile TSBSL officially intimated Respondent No. 2 about the completion of the CIRP and its takeover and thereafter deposited the requisite fee to change the consumer name from BSL to TSBSL in the electricity records. On 13.01.2023, officials of PVVNL conducted an inspection at the Pilkhuwa Stockyard, which gave rise to the present dispute. Based on the said inspection, Respondent No.2 issued the demand notice dated 09.03.2023 being Notice No. 8670, alleging that the petitioner was consuming electricity in excess of the sanctioned load and raising a demand of Rs. 1,15,33,801/-. In response, on 28.04.2023, the petitioner submitted its reply, bringing to the notice of the respondents the facts relating to CIRP and amalgamation, and also sought a two-week extension of time to furnish a detailed response.

16. On 29.04.2023, Respondent No.2 issued two more notices, being Notice Nos. 641 and 642. By notice no. 641, the petitioner's response was rejected on the ground that TSL was not competent to reply to the notice issued in the name of BSL and by notice no. 642, alleged that during the inspection dated 13.01.2023, the connection was found to be operating under the commercial load category (HV-1) instead of the sanctioned industrial category (HV-2). The said notices further directed the petitioner to appear for a hearing on 17.05.2023.

17. In response, the petitioner submitted a detailed reply dated 16.05.2023, reiterating that the stockyard was merely an extension of its Sahibabad Industrial Plant, thereby justifying classification under the (HV-2) and also asserting its legal contention that any demand relating to the period prior to approval of the CIRP on 15.05.2018 stood extinguished. Thereafter, PVVNL issued another letter dated 05.10.2023 fixing the matter for hearing on 18.10.2023, with the mention that *ex-parte* proceedings may be taken in the event of non-appearance. The petitioner again reiterated its stand in the letter dated 28.11.2023.

18. Following an order passed by PVVNL on 16.09.2024, determining the demand as final revenue, on 26.10.2024, Respondent No.2 issued the demand notice no. 6428, directing the Petitioner to deposit Rs. 1,15,33,801/- by 26.11.2024, failing which the recovery would be proceeded as an arrear of land revenue. Further, on 18.01.2025, notice no. 8148 was issued to the District Magistrate to initiate recovery proceedings. Consequently, on 05.02.2025, the Tehsildar, Hapur, Respondent No.3 issued the impugned recovery notice (RC No. 36) demanding the amount under the Uttar Pradesh Revenue Code (hereinafter referred to as "Revenue Code").

19. Upon receipt of the recovery citation, the petitioner sent a letter dated 20.02.2025, seeking a month-wise and year-wise calculation of the differential amount, disclosure of the precise basis for reclassification to (HV-1) category, and reiterating the applicability of the "clean slate" principle under the IBC, which makes the pre-CIRP unclaimed dues extinguished. Thereafter, on 21.03.2025,

Respondent No.2 issued the demand notice, being Notice No. 10013, while stating that the department had not been formally informed of the CIRP and requiring the petitioner to undertake a formal change of name. Thereafter, the petitioner addressed letters dated 03.04.2025 to both PVVNL and the Tehsildar, placing on record the earlier intimations, including those made since 2019, and disputing the initiation of recovery proceedings.

## II

### **Submissions on behalf of Petitioners**

20. Having heard Sri Anurag Khanna, learned Senior Advocate assisted by Sri Varad Nath, as well as Ms. Sadhavi Kumar, learned counsel for the petitioner in Writ C No, 19391 of 2023 and Sri Devashish Bharukha, learned Senior Advocate assisted by Sri Pratik J. Nagar, learned counsel for the petitioner in Writ C No.-17846 of 2025, we find basic submissions advanced in both petitions has been that the impugned demand and recovery actions in both writ petitions are *ex facie* illegal, being in direct contravention of the respective approved resolution plans and the statutory scheme under the IBC.

21. Learned counsel appearing for the petitioner in Writ C No. 19391 of 2023 submitted that during the CIRP, neither any claim was filed by the respondent authorities in respect of electricity dues, nor was any representation or objection made by them during the pendency of CIRP proceedings. It is submitted that the Committee of Creditors (hereinafter referred to as the "CoC") approved the resolution plan on 08.03.2022, which was subsequently approved by the Ld. NCLT on 15.06.2022. Neither any objection was filed by respondents

against the resolution plan nor they assailed approved resolution plan at any stage.

22. Learned counsel representing petitioner in Writ C No. 19391 of 2023 further submitted that the law is well settled that the resolution plan approved by the CoC is binding upon all stakeholders. He relied upon clause 8 of the approved resolution plan, which is as follows:

*“8. Waivers, Reliefs and Exemptions*

*8.1. The Resolution Applicant claimed various reliefs, waivers and concessions in the resolution plan. However, in our view, we cannot grant all such reliefs and concessions for the effective implementation of the Resolution Plan. As per the scheme of IBC read with the regulations made thereunder, and keeping the judicially settled position in view, we grant the reliefs, waiver and claims made by the Resolution Applicant in the following manner and only to this extent: -*

*a. After the payment of the dues to the creditors, as per the resolution plan, all the liabilities of the said stakeholders shall stand permanently extinguished after the approval of the resolution plan. We further hold that other claims including Government/Statutory Authority, whether lodged during CIRP or not, shall stand extinguished after the approval of the resolution plan. We further hold that contingent/unconfirmed dues shall also stand extinguished.*

*b. In view of the judgment of Ghanashyam Mishra & Sons Pvt Ltd v. Edelweiss Asset Reconstruction Company Ltd, where the Hon'ble Supreme Court held in para 95(i) that once a Resolution Plan is approved, a creditor cannot initiate proceedings for recovery of claims which are not part of the Resolution Plan. Therefore, all claims except provided in the plan shall stand permanently extinguished.”*

*(emphasis supplied)*

23. It was further submitted that after the approval of the resolution plan by the NCLT, respondent authorities conducted the inspection on 17.10.2022 at the premises of the petitioner. Later, respondents raised a demand notice dated 09.01.2023 demanding payment from 02.10.2015, which cannot be permissible in law as demand is raised for the pre-CIRP period.

24. It was submitted by the learned counsel that the petitioner has already discharged liabilities which pertain to the period after approval of the resolution plan, and the dispute in the present petition is confined to the demand raised for the pre-resolution period. Learned counsel relied upon Section 31 of the IBC, 2016 to buttress his submissions that the petitioner is not liable for the demand related to the pre-CIRP duration.

25. Sri Devashish Bharuka, learned Senior Counsel appearing in *Writ C No. 17846 of 2025*, submitted that while entertaining the writ petition on 29.05.2025, this Court granted interim protection to the petitioner and stayed recovery of demand relating to the period prior to 15.05.2018, and directed issuance of a revised demand confined to the period thereafter. In compliance thereof, a revised demand was issued by respondent authorities.

26. He further submitted that this Court, in its order dated 29.05.2025, also noted that the core issue for determination is whether the respondents were justified in raising demands for the pre- CIRP period despite its own fault of non-filing of claims during the CIRP and further not raising any objection till the approval of the resolution plan on 15.05.2018 by NCLT.

27. Learned counsel for the petitioners also placed reliance on judgements of the Supreme Court in *Committee of Creditors of Essar Steel India Ltd. v. Satish Kumar Gupta (2020) 8 SCC 531* and *Ghanshyam Mishra & Sons (P) Ltd. v. Edelweiss Asset Reconstruction Co. Ltd. (2021) 9 SCC 657*.

28. Learned counsel for the petitioner appearing in Writ C No. 19391 of 2023 further submitted that pursuant to initiation of CIRP by NCLT, Allahabad Bench *vide* its order dated 06.07.2020, after following due procedure of CIRP, the resolution plan submitted by Resurgent Power Ventures Limited was approved on 15.06.2022 by NCLT and had since been implemented. Similarly, in Writ C No. 17846 of 2025, the approved resolution plan dated 15.05.2018 in respect of the erstwhile corporate debtor has attained finality and has been duly acted upon. In both cases, the approved resolution frameworks have not been challenged by the respondents when it could have been, and now the resolution is concluded.

29. It was submitted that in both petitions, substantial portion of the impugned demands pertains to the pre-CIRP period. In Writ C No. 19391 of 2023, the demand relates to the period prior to 15.06.2022, whereas in Writ C No. 17846 of 2025, the demand pertains to the period from 08.08.2011 to 15.05.2018. Relying on the “clean slate” doctrine read with Sections 31(1) and 238 of the IBC, 2016, it was contended that all such pre-CIRP debts and statutory dues stand extinguished upon approval of the resolution plan and cannot be revived or demanded thereafter.

30. Learned counsel for the petitioners submitted that Section 31 of the IBC makes the approved resolution plan binding on all stakeholders, including governmental and statutory authorities, and all claims not forming part of the approved resolution plan stand extinguished upon its approval. It is further emphasized that CIRP proceedings are *in rem* in nature and bind all stakeholders without requiring individual intimation. Reliance in this regard is placed on the judgement of the Supreme Court in ***RPS Infrastructure Ltd. v. Mukul Kumar (2023) 10 SCC 718.***

31. It was further submitted that the respondents had acted arbitrarily in both matters. In Writ C No. 19391 of 2023, the petitioner's electricity connection was reclassified from industrial to commercial without any cogent basis or supporting material, and despite repeated requests dated 16.02.2022 and 02.03.2023, no meaningful breakup of the demand was supplied to the petitioner. In Writ C No. 17846 of 2025, similar arbitrariness is alleged in the assessment of demand without proper disclosure or transparency, rendering the impugned actions violative of principles of natural justice.

32. Further, it was submitted that CIRP being *in rem* proceedings, all stakeholders are deemed to have knowledge of its commencement and also the public announcement was duly made in compliance with Section 15 of the IBC read with Regulation 6 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 (hereinafter referred to as "IBBI Regulation"), including publication in widely circulated newspapers. In this circumstance, respondent authorities, cannot

plead ignorance of the CIRP proceedings and even if they do so, that cannot make any difference as per settled law on this issue.

33. It was further submitted that in both matters, the respondents are attempting to enforce pre-CIRP liabilities contrary to the approved resolution framework and established legal principles in this regard. Reliance is placed on Section 238 of the IBC, which gives overriding effect over the Electricity Act, 2003. It was also argued that Section 238 of the IBC contains a clear *non-obstante* clause giving overriding effect to the provisions of the Code over any other law for the time being in force.

34. The petitioners relied upon judgement in *Paschimanchal Vidyut Vitran Nigam Ltd. v. Raman Ispat Pvt. Ltd. (2023) 10 SCC 60*, where the Supreme Court has held that the waterfall mechanism provided under Section 53, makes it clear that the governmental dues rank subservient to those of secured, unsecured, and operational creditors.

35. Learned counsel further submitted that the respondents are “operational creditors” within the meaning of Sections 5(20) of the IBC, as the impugned demands constitute “claim” being “operational debts”, and are therefore bound by the approved resolution plans. Since they could not file claim within time, they cannot demand it after approval as well as implementation of the resolution plan. Petitioners finally reiterated that in both writ petitions, the respondents are seeking to enforce extinguished claims contrary to the statutory provisions of the IBC as well as

established legal principles, and therefore impugned demand notices deserve to be quashed.

36. It was also submitted that the respondent authorities failed to file their claims during the time provided for the same by Resolution Professional during CIRP in both matters and, consequently, claims stand extinguished and cannot be revived after approval of the resolution plans.

### III

#### Submissions on behalf of Respondents

37. Heard Sri Sambhu Chopra, learned Senior Advocate assisted by Sri Narendra Kumar Tiwari, learned counsel for the respondents in Writ C No.-19391 of 2023 and Sri M. C. Chaturvedi, learned Senior Advocate assisted by Sri Ravi Anand Agarwal, learned panel counsel for respondents in Writ C No.-17846 of 2025. Learned counsel for the respondents in both petitions submitted that the writ petitions are misconceived and the impugned demands are fully justified in law as well as on facts. It was contended that the reliance placed by the petitioners on the doctrine of “clean slate” under the IBC is wholly misplaced, inasmuch as statutory dues and electricity charges owed to public authorities cannot be extinguished in the manner suggested. In support of this submission, counsel appearing for respective respondents, relied upon the judgments of the Supreme Court in *Telangana State Southern Power Distribution Company Ltd. v. Srigdhaa Beverages, (2020) 6 SCC 404* and *State Tax Officer v. Rainbow Papers Limited (2023) 9 SCC 545*.

38. Learned counsel further submitted that a conjoint reading of the principles in above-mentioned judgments along with the provisions of the Electricity Act, 2003 and the applicable state electricity regulations makes it clear that statutory dues created by operation of law constitute secured debts and cannot be extinguished by referring to the IBC framework. It was further submitted that any resolution plan which ignores such statutory dues payable to governmental authorities is contrary to law and cannot bind respondent authorities.

39. Learned counsel further submitted that under the statutory scheme of the Electricity Act, 2003 and Electricity Supply Code, 2005, electricity dues constitute statutory charges having enforceable legal character and cannot be defeated by general application of the provisions of IBC.

40. It was also submitted that the Resolution Professional was under a statutory obligation under Section 29 of the IBC to prepare an accurate Information Memorandum reflecting all liabilities, disputes, and operational dues, including electricity dues. In both matters, the petitioners were continuously availing electricity supply, and such consumption ought to have been duly reflected in the CIRP records. He further submitted that the failure of the Resolution Professional to properly disclose and maintain proper account of such liabilities cannot operate to extinguish lawful dues of statutory authorities, and the CIRP process cannot be used as a mechanism to defeat actual consumption based liabilities.

41. It was further contended that the reliance placed by the petitioners on *Ghanshyam Mishra & Sons (P) Ltd. (supra)* is

misconceived and distinguishable, as the said judgment does not deal with statutory dues secured by operation of law, but pertains to claims in the context of resolution proceedings where creditors had participated or had the opportunity to submit claims.

42. It was further submitted that the principles laid down in *Rainbow Papers (supra)* clarifies that statutory dues cannot be ignored in the resolution process and authorities cannot be deprived of their lawful dues merely due to approval of a resolution plan. He further submitted that petitioners cannot take advantage of their own non-disclosure during CIRP to defeat lawful claims arising from actual consumption of electricity.

43. Learned counsel for the respondent submitted that the petitioner in Writ C No. 19391 of 2023 had unauthorisedly drawn electricity through ICT-II tertiary connection without proper authorisation and metering arrangement. The same was discovered during inspection conducted on 17.10.2022, wherein it was found that electricity was being consumed through an undisclosed arrangement and was accordingly assessed.

44. It was submitted by the counsel that such unauthorised consumption continued for a prolonged period and liability for electricity consumption commenced from 02.10.2015 as it was duly reflected in the impugned demand notices. The inspection took place after approval of the resolution plan on 15.06.2022, the petitioner cannot rely upon the resolution plan to avoid liability for actual consumption.

45. It was further submitted that the petitioner continued correspondence in its own name even after the alleged takeover and also made payments under its earlier identity, thereby demonstrating continuity of liability. It was therefore submitted that the petitioner was attempting to evade statutory liability under the guise of insolvency proceedings, which is impermissible in law.

46. Regarding Writ C No. 17846 of 2025 learned counsel for the respondent submitted that the impugned demands were raised strictly in accordance with statutory provisions governing electricity supply and recovery of dues. It was urged by the counsel that Sections 173 and 174 of the Electricity Act, 2003 contain *non-obstante* clauses, and therefore the recovery proceedings are fully protected thereunder and the same is legally justified.

47. It was further submitted that as per Section 5 of the Uttar Pradesh Government Electrical Undertaking (Dues Recovery) Act, 1958, read with Rule 5 of Uttar Pradesh Government Electrical Undertaking (Dues Recovery) Rule, 1958 dues are recoverable as arrears of land revenue, and the petitioner continues to be a “consumer” of the electricity connection originally issued to BSL.

48. Learned Senior Counsel for the respondents further submitted that Clause 5 of the supply agreement in between PVVNL and the petitioner in *Writ C No. 19391 of 2023*, creates a charge on the assets of the company. He further submitted that in terms of Section 100 of the Transfer of Property Act, 1882, such charge is enforceable in law being a secured interest. Above mentioned Clause 5 is reproduced as under:

*“5. The outstanding dues will be a charge on the assets of the company. Before sale is made, the outstanding dues will be cleared and, in the alternative the deed to agreement / sale will specifically mention the outstanding dues and the method of its payment.”*

*(emphasis supplied)*

49. It was further submitted that the statutory framework under the Electricity Act, 2003, read with the Uttar Pradesh Government Electrical Undertaking (Dues Recovery) Act, 1958, governs recovery, and the expression “consumer” includes any person supplied with electricity. The petitioner, being a continuing user of the same connection, was therefore liable for outstanding dues.

50. It was further submitted that inspection conducted on 13.01.2023 revealed that electricity was being consumed beyond the sanctioned load and that the industrial connection (HV-2) was being used for commercial purposes (HV-1). It was also submitted that stockyard operations were continuing both prior to and after the takeover, and the petitioner was admittedly paying current electricity bills under commercial tariff.

51. It was therefore submitted that differential tariff and consequential demand had been correctly raised on the basis of actual usage and classification, and the petitioner cannot avoid liability for consumption under an incorrect tariff category. It was further submitted that no crystallised claim existed during CIRP so far as the respondents are concerned, and therefore there was no occasion to file any claim before the Resolution Professional. It was

also submitted that no notice of CIRP was received by the respondent authorities.

**52.** Learned counsel for the respondents further submitted that since the erstwhile company continued in the same name even after approval of the resolution plan by the NCLT - and its subsequent affirmation by the Appellate Tribunal and dismissal of the special leave petition by the Supreme Court - the liability is deemed to have continued. Consequently, the petitioner, being the successor entity, cannot avoid such liability.

**53.** Sri M.C. Chaturvedi, learned Senior Advocate appearing for the respondent authorities, further submitted that since the electricity connection was originally granted in the industrial category (HV-1) to BSL, the petitioner was not justified in utilising it for commercial purposes. It was submitted that this misuse was discovered during an inspection conducted on 13.01.2023, and accordingly the demand was raised. It was further submitted that once unauthorised use of electricity is established, the charges become recoverable from the date of such unauthorised use commenced.

**54.** It was lastly submitted that the calculation of the impugned demand is based on due inspection and verification, supported by the checking report and calculation sheets on record after full compliance of provisions of law. In view of the aforesaid, the impugned demands in both writ petitions are justified, being based on actual consumption as well as statutory authority; therefore, both writ petitions are liable to be dismissed.

#### IV

##### Points for Determination

55. Having considered the facts of the case and the submissions advanced on behalf of the parties, following points arise for consideration in these writ petitions:

- (i) Whether IBC overrides the electricity laws and regulations, thereby barring the respondent authorities from raising demands for the pre-resolution period after the resolution plan is duly approved and implemented.
- (ii) Whether the respondent authorities are entitled to receive separate notice of the CIRP and whether they had information to provide them opportunity to file their claims.
- (iii) Whether the respondent authorities could raise demand for their statutory dues after implementation of resolution plan, while they have neither filed their claim during CIRP nor objected to the resolution plan before NCLT.

#### V

##### Discussion and Analysis

56. The Supreme Court has analysed the scope of judicial review in insolvency cases in *Torrent Power Ltd. v. Ashish Arjunker Rathi and Others*, 2026 SCC OnLine SC 325, where it was held that:

*“14.7. Predictability and finality are thus essential to maintaining a robust insolvency regime. Judicial intervention beyond the narrow statutory confines undermines both predictability and finality. Recognising this, the IBC deliberately confines judicial review to strict statutory compliance under Sections 30(2) and 61(3). Respecting these limits will preserve the economic sense of*

*the IBC and ensure that insolvency remains a predictable, time-bound, and market-driven process.”*

57. Having regard to the settled legal position that the scope of judicial review over an approved resolution plan under the IBC is limited, and that the commercial wisdom of the CoC is ordinarily not open to judicial scrutiny, we proceed to examine issues arising for determination in these petitions.

**(i) Overriding Effect of the IBC over Electricity Laws.**

**(a) Arrival of IBC**

58. In the history of economic law reforms in India, bringing IBC holds a distinct place, as it introduced a consolidated, time-bound framework for insolvency resolution, replacing the earlier fragmented regime of multiple forums and different laws. The legislative design of the IBC prioritises resolution and makes liquidation as a last resort; its main objective is to protect the economic value of the company and keep the corporate debtor as a going concern while under CIRP.

59. The basic feature of insolvency law framework is the finality accorded to an approved resolution plan by the Statute, including necessary provisions to minimize interference with the final resolution plan. Under IBC, once a plan is approved by the adjudicating authority, it is intended to bind all stakeholders - including governmental and statutory authorities - to ensure that the successful resolution applicant is not burdened with unforeseen or belated claims relating to the period preceding the resolution process.

60. Generally, the “clean slate principle” is being used to explain the status of the resolved company. This doctrine flows from the statutory architecture itself and is founded on the premise that all claims arising prior to the approval of the resolution plan must be submitted within the insolvency framework, failing which they stand extinguished upon approval of the plan. This ensures certainty, predictability, and viability of the resolution process.

61. Equally significant feature of the IBC is the collective mechanism of the insolvency process. It contemplates that all creditors, including statutory authorities, participate in the CIRP by filing their claims in a timely manner. The integrity of the process get ensured with the participation of all creditors while they file their respective claims, enabling the CoC to evaluate the corporate debtor’s liabilities in an informed manner.

62. Against this statutory backdrop, it is necessary to examine that which law will have primacy and whether statutory authorities, having chosen not to file their claims in the CIRP, can bypass the resolution mechanism and raise demands post-approval of the resolution plan in respect of pre-CIRP dues. It also falls for consideration that whether such claims stand extinguished upon approval of the resolution plan, or whether the impugned demand notices can survive in law despite the absence of any objection having been raised by the respondents to the resolution plan, which was subsequently approved by the NCLT. It further falls for consideration whether such claims stand extinguished upon approval of the resolution plan, or whether the impugned demand notices can

survive in law despite the absence of any challenge to the resolution plan, which was subsequently approved by the NCLT.

63. These questions go to the root of the sanctity of the insolvency process and the binding effect of an approved resolution plan under the IBC. With this backdrop, we proceed to examine the facts and issues arising in these writ petition.

**(b) Interplay in between IBC and Electricity Laws.**

64. After hearing learned counsel for the parties and upon perusal of the material on record, the first question that arises for consideration is the interplay between the provisions of the IBC and the Electricity Act, 2003, as well as other applicable electricity laws governing dues in the State of Uttar Pradesh. Since learned counsel appearing for both sides are *ad idem* that the grievance in the present petitions is confined to demand notices raising claims pertaining to the pre-CIRP period, the consideration is accordingly limited to the legality and enforceability of such demands arising prior to the approval of the resolution plan.

65. Relevant provisions of the Electricity Act, 2003 require consideration, and in this regard, counsel appearing for respondent authorities relied upon Sections 173 and 174 of the Electricity Act, 2003, which are reproduced below:

*“173. Inconsistency in laws.—Nothing contained in this Act or any rule or regulation made thereunder or any instrument having effect by virtue of this Act, rule or regulation shall have effect in so far as it is inconsistent with any other provisions of the Consumer Protection Act, 1986 (68 of*

*1986) or the Atomic Energy Act, 1962 (33 of 1962) or the Railways Act, 1989 (24 of 1989).*

*174. Act to have overriding effect.- Save as otherwise provided in section 173, the provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or in any instrument having effect by virtue of any law other than this Act.”*

66. To determine the primacy in between IBC and Electricity Act, 2003, similar provision of the IBC also require consideration. Learned counsel appearing for petitioners relied upon Section 238 of the IBC to assert primacy of IBC 2016 over The Electricity Act 2003. Section 238 IBC reads as under:

*“238. Provisions of this Code to override other laws.*

*The provisions of this Code shall have effect, notwithstanding anything inconsistent therewith contained in any other law for the time being in force or any instrument having effect by virtue of any such law.”*

67. Bare perusal of the Section 238 demonstrates a legislative mandate that the provisions of IBC shall prevail notwithstanding anything inconsistent contained in any other law for the time being in force. The effect of this provision is to accord primacy to the insolvency resolution mechanism, ensuring that in the event of any inconsistency or conflict with other statutory regimes, the mechanism and outcomes contemplated under the IBC cannot be diluted.

68. In addition to above, a reading of Section 31 of the IBC is also significant, which indicates that an approved resolution plan is binding on all stakeholders, including governmental and statutory

authorities. Section 31 (1) of the IBC is reproduced below for easy reference:

***“31. Approval of resolution plan. (1) If the Adjudicating Authority is satisfied that the resolution plan as approved by the committee of creditors under sub-section (4) of section 30 meets the requirements as referred to in sub-section (2) of section 30, it shall by order approve the resolution plan which shall be binding on the corporate debtor and its employees, members, creditors, including the Central Government, any State Government or any local authority to whom a debt in respect of the payment of dues arising under any law for the time being in force, such as authorities to whom statutory dues are owed.] guarantors and other stakeholders involved in the resolution plan:***

*Provided that the Adjudicating Authority shall, before passing an order for approval of resolution plan under this sub-section, satisfy that the resolution plan has provisions for its effective implementation.*

*(2)...”*

*(emphasis supplied)*

69. Conjoint reading of both provisions indicate that the statutory scheme of the IBC is designed to confer finality upon the resolution process by making the approved resolution plan binding on all stakeholders, and simultaneously through its overriding clause, it ensures that nothing should unsettle matters concluded therein to create problem for the resolved company after completion of CIRP. The legislative intent is thus to create a self-contained and comprehensive framework where all claims against the corporate debtor are required to be addressed during CIRP period only, so that

upon approval of the resolution plan, the rights and liabilities stand conclusively determined.

70. We also consider it necessary to refer legal maxim, “*leges posteriores priores contrarias abrogant*”, which means wherever two enactments are irreconcilably inconsistent, the later enactment must prevail to the extent of such inconsistency. This principle of interpretation of statutes is generally applicable in a situation where two enactments appear to operate in the same field but got enacted in different timeline. It is a settled rule of statutory interpretation is that where there is a conflict between two statutes, the Court must first attempt a harmonious construction, however, where such reconciliation is not possible, the later enactment would prevail as per above-mentioned maxim.

71. In the light of above, if we read Section 238 of IBC, it clearly indicates the legislative intent to ensure that the insolvency resolution framework operates with primacy in the event of inconsistency. Hence, reliance on the provisions of Electricity Act, 2003 and UP Electricity Supply Code 2005 to contend that the pre-CIRP dues can be recovered after the company is resolved and the resolution plan is implemented, is purely misconceived.

72. The IBC is a subsequent and comprehensive legislation intended to consolidate and amend the laws relating to insolvency resolution, specifically focussing on revival of corporate debtors in a time-bound manner. The scheme of the Code would be rendered unworkable if past liabilities, not forming part of the resolution plan,

were permitted to be raised by claimants relying upon any other Statute.

73. For ascertaining the legislative intent underlying the enactment of the IBC, we consider it appropriate to refer to its preamble, which was also analysed by the Supreme Court in *Innovative Industries Ltd. v. ICICI Bank & Anr., (2018) 1 SCC 407*. It is settled beyond ambiguity that IBC was enacted to consolidate and amend the laws relating to reorganisation and insolvency resolution of corporate persons, partnership firms, and individuals in a time-bound manner, keeping in view maximisation of assets value. It further seeks to balance the interests of all stakeholders while providing a waterfall mechanism for payment of dues.

74. The above provisions make it abundantly clear that the intent of Parliament was to ensure that a successful resolution applicant is not burdened with past liabilities which were not part of the resolution plan, as the same would deter prospective applicants and undermine the efficacy of the insolvency regime if there is sword of uncertain and unquantified dues is left hanging over their heads.

75. Thus, when Section 238 of the IBC is read in light of the objective of the Code and established legal principles, there remains no doubt that in the event of inconsistency between the IBC and any other statutes, including sector-specific enactments such as the Electricity Act, 2003, the provisions of the IBC would prevail.

76. The reliance placed by the respondents on the statutory character of electricity dues or the provisions of the Electricity Act cannot override the express mandate of the IBC. As a subsequent enactment,

the IBC provides a comprehensive insolvency framework while accounting for all other existing laws. Therefore, the claims in question, which relate to any period prior to approval of the resolution plan are to be considered as extinguished.

**(c) Principles Laid Down by the Supreme Court**

77. The Supreme Court in *Essar Steel India Ltd. Committee of Creditors v. Satish Kumar Gupta (2020) 8 SCC 531*, held that:

*“107. For the same reason, the impugned NCLAT judgment [Standard Chartered Bank v. Satish Kumar Gupta, 2019 SCC OnLine NCLAT 388] in holding that claims that may exist apart from those decided on merits by the resolution professional and by the Adjudicating Authority/Appellate Tribunal can now be decided by an appropriate forum in terms of Section 60(6) of the Code, also militates against the rationale of Section 31 of the Code. A successful resolution applicant cannot suddenly be faced with “undecided” claims after the resolution plan submitted by him has been accepted as this would amount to a hydra head popping up which would throw into uncertainty amounts payable by a prospective resolution applicant who would successfully take over the business of the corporate debtor. All claims must be submitted to and decided by the resolution professional so that a prospective resolution applicant knows exactly what has to be paid in order that it may then take over and run the business of the corporate debtor. This the successful resolution applicant does on a fresh slate, as has been pointed out by us hereinabove. For these reasons, NCLAT judgment must also be set aside on this count.”*

78. This legal position has been further clarified by the Supreme court in *Ghanshyam Mishra & Sons (P) Ltd. (supra)*, and held that

once a resolution plan is approved under Section 31(1), it is binding on all stakeholders, including the Central Government, State Government, and local authorities to whom statutory dues are owed. Claims not part of the plan are extinguished, ensuring no surprise claims are sprung on the successful resolution applicant. Relevant paragraphs of the judgment is as follows:

*“93. As discussed hereinabove, one of the principal objects of the I&B Code is providing for revival of the corporate debtor and to make it a going concern. The I&B Code is a complete Code in itself. Upon admission of petition under Section 7 there are various important duties and functions entrusted to RP and CoC. RP is required to issue a publication inviting claims from all the stakeholders. He is required to collate the said information and submit necessary details in the information memorandum. The resolution applicants submit their plans on the basis of the details provided in the information memorandum. The resolution plans undergo deep scrutiny by RP as well as CoC. In the negotiations that may be held between CoC and the resolution applicant, various modifications may be made so as to ensure that while paying part of the dues of financial creditors as well as operational creditors and other stakeholders, the corporate debtor is revived and is made an on-going concern. After CoC approves the plan, the adjudicating authority is required to arrive at a subjective satisfaction that the plan conforms to the requirements as are provided in sub-section (2) of Section 30 of the I&B Code. Only thereafter, the adjudicating authority can grant its approval to the plan. It is at this stage that the plan becomes binding on the corporate debtor, its employees, members, creditors, guarantors and other stakeholders involved in the resolution plan. The legislative intent behind this is to*

*freeze all the claims so that the resolution applicant starts on a clean slate and is not flung with any surprise claims. If that is permitted, the very calculations on the basis of which the resolution applicant submits its plans would go haywire and the plan would be unworkable.*

...

*102. In the result, we answer the questions framed by us as under:*

*102.1. That once a resolution plan is duly approved by the adjudicating authority under sub-section (1) of Section 31, the claims as provided in the resolution plan shall stand frozen and will be binding on the corporate debtor and its employees, members, creditors, including the Central Government, any State Government or any local authority, guarantors and other stakeholders. On the date of approval of resolution plan by the adjudicating authority, all such claims, which are not a part of resolution plan, shall stand extinguished and no person will be entitled to initiate or continue any proceedings in respect to a claim, which is not part of the resolution plan.*

*102.2. The 2019 Amendment to Section 31 of the I&B Code is clarificatory and declaratory in nature and therefore will be effective from the date on which the I&B Code has come into effect.*

*102.3. Consequently, all the dues including the statutory dues owed to the Central Government, any State Government or any local authority, if not part of the resolution plan, shall stand extinguished and no proceedings in respect of such dues for the period prior to the date on which the adjudicating authority grants its approval under Section 31 could be continued.”*

**79.** The principle established by the Supreme Court in the aforementioned judgments is that a successful resolution applicant

must be permitted to take over the corporate debtor on a “clean slate” the entity should be free from past liabilities except those specifically preserved in the resolution plan. The IBC is based on the principle that upon approval of a resolution plan, the corporate debtor emerges from insolvency in a renewed form, with its past liabilities crystallised and confined strictly to those recognised in the resolution plan.

80. The respondents’ contention is that electricity dues, being statutory in nature, cannot be extinguished in such manner and that such dues constitute secured debts by operation of law is unacceptable. In support thereof, reliance had been placed by respondents on *State Tax Officer (1) v. Rainbow Papers Ltd. (supra)*, and *Telangana State Southern Power Distribution Co. Ltd. (supra)*, however, both judgements are distinguishable on their facts. This Court finds that while the aforesaid judgments recognise that certain statutory dues may be in the character of secured debts, the same cannot be read in a manner so as to dilute the overriding scheme of the IBC in the facts of these cases where the resolutions plans have already got implemented.

81. It is a settled legal principle that the corporate soul, once purged through the judicial resolution process under IBC, is a legally reborn entity that does not carry the burden of its past debts, therefore, even if the Corporate Debtor continues to operate under its old name, it cannot be held liable for extinguished dues that were not recognised in the NCLT approved resolution plan. In *Ruchi Soya Industries Ltd.*

v. ***Union of India (2022) 6 SCC 343*** the Supreme Court held as follows:

*“11. Admittedly, the claim in respect of the demand which is the subject-matter of the present proceedings was not lodged by Respondent 2 after public announcements were issued under Sections 13 and 15 IBC. As such, on the date on which the resolution plan was approved by the learned NCLT, all claims stood frozen, and no claim, which is not a part of the resolution plan, would survive.”*

82. In this regard, reference may be made to ***Paschimanchal Vidyut Vitran Nigam Ltd. (supra)***, wherein the Supreme Court considered the status of electricity dues in the context of the IBC and held that the IBC overrides the provisions of the Electricity Act, 2003, as section 238 of the IBC contains a *non-obstante* clause. The Supreme Court distinguished findings of ***Rainbow Papers (supra)*** and further held that:

*“53. Rainbow Papers [STO v. Rainbow Papers Ltd., (2023) 9 SCC 545] did not notice the “waterfall mechanism” under Section 53-the provision had not been adverted to or extracted in the judgment. Furthermore, Rainbow Papers [STO v. Rainbow Papers Ltd., (2023) 9 SCC 545] was in the context of a resolution process and not during liquidation. Section 53, as held earlier, enacts the waterfall mechanism providing for the hierarchy or priority of claims of various classes of creditors. The careful design of Section 53 locates amounts payable to secured creditors and workmen at the second place, after the costs and expenses of the liquidator payable during the liquidation proceedings. However, the dues payable to the government are placed much below those of secured creditors and even unsecured and operational creditors. This design was either not*

brought to the notice of the Court in *Rainbow Papers [STO v. Rainbow Papers Ltd., (2023) 9 SCC 545]* or was missed altogether. In any event, the judgment has not taken note of the provisions of IBC which treat the dues payable to the secured creditors at a higher footing than dues payable to the Central or the State Government.”

....

57. Similarly, in *Duncans Industries Ltd. v. AJ Agrochem [Duncans Industries Ltd. v. AJ Agrochem, (2019) 9 SCC 725 : (2019) 4 SCC (Civ) 669]*, Section 16-G of the Tea Act, 1953 which required prior consent of the Central Government (for initiation of winding-up proceedings) was held to be overridden by IBC. **In a similar manner, it is held that Section 238 IBC overrides the provisions of the Electricity Act, 2003 despite the latter containing two specific provisions which open with non obstante clauses (i.e. Sections 173 and 174).** The position of law with respect to primacy of IBC, is identical with the position discussed in *ABG Shipyard Liquidator [ABG Shipyard Liquidator v. Central Board of Indirect Taxes & Customs, (2023) 1 SCC 472 : (2023) 1 SCC (Civ) 251]* and *Duncans Industries [Duncans Industries Ltd. v. AJ Agrochem, (2019) 9 SCC 725 : (2019) 4 SCC (Civ) 669]* [refer also : *Innoventive Industries [Innoventive Industries Ltd. v. ICICI Bank, (2018) 1 SCC 407 : (2018) 1 SCC (Civ) 356]*, *CIT v. Monnet Ispat & Energy Ltd. [CIT v. Monnet Ispat & Energy Ltd., (2018) 18 SCC 786 : (2019) 3 SCC (Civ) 252]*, *Ghanashyam Mishra & Sons (P) Ltd. v. Edelweiss Asset Reconstruction Co. Ltd. [Ghanashyam Mishra & Sons (P) Ltd. v. Edelweiss Asset Reconstruction Co. Ltd., (2021) 9 SCC 657 : (2021) 4 SCC (Civ) 638]*, and *Jagmohan Bajaj v. Shivam Fragrances (P) Ltd. [Jagmohan Bajaj v. Shivam Fragrances (P) Ltd., 2018 SCC OnLine NCLAT 413]*].”

(emphasis supplied)

**(ii) Notice of CIRP and non-submission of claims**

**(a) Nature of Electricity Dues under the IBC**

83. Under IBC, the concept of a claim is intentionally broad, and it forms the foundation for determining the scope of liabilities in insolvency proceedings. Section 3(6) IBC defines a claim. The definition is significant, as it enables diverse liabilities, including statutory dues on corporate debtor. Thus, the statutory character of electricity dues as a claim, by itself, is not excluded from the ambit of the IBC, but once a resolution plan is approved, any claim pertaining to the period prior thereto, if not forming part of the resolution plan, can be claimed after the implementation of the resolution plan or the same is extinguished is to be determined.

84. In the light of IBC framework and judicially established principles, it cannot be accepted that liabilities pertaining to a period prior to the resolution can be permitted to resurface after conclusion of the CIRP, merely because they were not earlier quantified, and thereby burdening the resolved corporate entity. Permitting such an approach would defeat the finality attached to the resolution plan and undermine the very objective of revival by exposing the corporate debtor to uncertain and indeterminate liabilities. Accordingly, such claims cannot be imposed upon the resolved entity, irrespective of the fact that whether the entity continues under the same old name or a different one. Once the resolution plan has attained finality, a new entity is born after implementation of the resolution plan, and the scope for judicial review also gets over *qua* that approved resolution plan.

85. Therefore, even if a distinction is to be drawn between claims which were in existence or ascertainable during CIRP but claims not filed, and those which were detected subsequently, the former would stand extinguished, the latter would be barred by application of the “clean slate” doctrine and consequently that will also gets extinguished.

**(b) Whether Public Announcement is sufficient notice under IBC**

86. The next issue, which requires consideration is whether the respondent authorities had notice of the CIRP to file their claims. In this regard, Section 15 of the IBC, which also provide details regarding contents for the public announcement of initiation of CIRP, is to be read as follows:

*“15. Public announcement of corporate insolvency resolution process. (1) The public announcement of the corporate insolvency resolution process under the order referred to in section 13 shall contain the following information, namely:-*

*(a) name and address of the corporate debtor under the corporate insolvency resolution process;*

*(b) name of the authority with which the corporate debtor is incorporated or registered;*

*(c) the last date for submission of claims, as may be specified;*

*(d) details of the interim resolution professional who shall be vested with the management of the corporate debtor and be responsible for receiving claims;*

*(e) penalties for false or misleading claims; and*

*(f) the date on which the corporate insolvency resolution process shall close, which shall be the one hundred and eightieth day from the date of the admission of the*

*application under sections 7, 9 or section 10, as the case may be.*

*(2) The public announcement under this section shall be made in such manner as may be specified.”*

87. Bare reading of Section 15 of the IBC makes it clear that the Code contemplates mechanism and content for public notice, but it does not contemplate individual service of notice for informing stakeholders of the initiation of the CIRP. The provision mandates a public announcement containing complete particulars of the corporate debtor, the interim resolution professional, and significantly, the last date for submission of claims, along with consequences of non-compliance. Such announcement is required to be made in the manner prescribed under the regulations.

88. The nature of CIRP proceedings as proceedings *in rem* and the effect of public announcement have been considered by the Supreme Court in *RPS Infrastructure Ltd. v. Mukul Kumar (2023) 10 SCC*

718. Supreme Court held that:

*“21. The second question is whether the delay in the filing of claim by the appellant ought to have been condoned by Respondent 1. The IBC is a time bound process. There are, of course, certain circumstances in which the time can be increased. The question is whether the present case would fall within those parameters. The delay on the part of the appellant is of 287 days. The appellant is a commercial entity. That they were litigating against the corporate debtor is an undoubted fact. We believe that the appellant ought to have been vigilant enough in the aforesaid circumstances to find out whether the corporate debtor was undergoing CIRP. The appellant has been deficient on this aspect. The*

**result, of course, is that the appellant to an extent has been left high and dry.”**

*(emphasis supplied)*

89. From the aforementioned, it is established that individual notice to each creditor is not contemplated under the mechanism of IBC, and public announcement is treated as sufficient notice. Creditors are expected to act with necessary diligence and file their claims within the prescribed time during CIRP.

**(c) Effect of non-filing of claim during CIRP**

90. In the absence of any material to indicate procedural irregularity in the conduct of CIRP, the respondents, being commercial entities, cannot be permitted to plead ignorance from CIRP being the reason for not challenging the resolution plan at any stage till the resolution plan got approved by Ld. NCLT. Accordingly, if a claim existed and was capable of being filed during CIRP, failure to do so would result in its extinguishment upon approval of the resolution plan.

91. However, the submission advanced on behalf of the respondents that no crystallised claim existed during the CIRP also requires careful scrutiny. If stand of the respondents is that the liability did not realised during the subsistence of the CIRP and that the dues were discovered only after its conclusion, the question would arise whether such a claim was capable of being asserted within the CIRP framework pursuant to the public announcement inviting claims. If the claim was not in existence during CIRP, the same cannot be imposed as liability of the resolved corporate entity.

**(iii) Maintainability of demand notices raised for pre-CIRP period**

92. Applying the above discussed principles to determine that whether the respondent authorities can be permitted to raise demand for their statutory dues after implementation of resolution plan, while they have neither filed their claim during CIRP nor objected to the resolution plan before NCLT.

93. In the facts of Writ C No. 19391 of 2023, the demand has been raised pursuant to inspection dated 17.10.2022, *i.e.*, much after approval of the resolution plan on 15.06.2022 and its effective implementation and therefore, the demand for the time period going back to the pre-CIRP period. To the extent the demand is of past dues which could have been determined prior to approval of the resolution plan and the claims could have been filed if the respondent authorities were vigilant, that demand would not be sustainable. However, to the extent demand arises from detection of unauthorised consumption revealed during inspection, and the same is for the consumption by the resolved company and after resolution plan got implemented, the dues are liable to be paid.

94. Similarly, in Writ C No. 17846 of 2025, the demand is based on inspection indicating excess load and misuse of tariff category. To the extent the demand pertains to continuing usage or post-resolution liability, it would not be hit by the resolution plan. However, any component of the demand related to the pre-CIRP period, which did not form part of the approved resolution plan, would liable to be set aside due to the same reasoning.

95. We are also of the view that even otherwise, the exercise of statutory power must conform to the principles of natural justice. In the present case, the grievance regarding not providing proper breakup and lack of clarity in the impugned demands assumes significance and the authorities are directed to act with fairness and transparency while making any such demand in future. Accordingly, the impugned demand notices are required to be tested not only on the touchstone of the IBC framework but also on compliance with principles of natural justice and procedural fairness.

96. Applying legal principles discussed above in the facts of Writ C No. 19391 of 2023, the admitted position is that the resolution plan was approved by NCLT on 15.06.2022. The inspection, however, was conducted thereafter on 17.10.2022, and the demand has been raised covering a period substantially prior to approval of the resolution plan. To the extent the impugned demand seeks recovery of dues relatable to the pre-resolution period, the same would fall within the ambit of claims required to be filed during the CIRP, and upon approval of the resolution plan, stands extinguished in view of Section 31 read with Section 238 of the Code.

97. Similarly, in Writ C No. 17846 of 2025, the impugned demands are stated to arise out of inspection leading to reclassification of tariff category and detection of alleged misuse of sanctioned load. To the extent such reclassification and consequential billing pertain to continuing usage or post-resolution conduct, the respondents statutory authority can proceed in accordance with the applicable electricity laws. However, any component of the demand attributable

to the pre-resolution period, which was not incorporated in the approved resolution plan, would stand on a different footing and cannot be demanded contrary to the settled position of law under the IBC.

98. It is an undisputed fact that respondent authorities neither filed claim during the CIRP nor questioned the resolution plan at any stage, despite the same having attained finality not only from NCLT but also upheld by NCLAT and Supreme Court where other stakeholders assailed the same. The law is settled that once resolution plan, is approved by NCLT, it attains binding force on all stakeholders, including those who chose not to participate in the process. In such statutory framework, permitting a belated claim to be raised after the culmination of the process would run contrary to the settled principles governing finality and sanctity of an approved resolution plan. Accordingly, claims not forming part of the CIRP or the approved plan cannot survive once the CIRP is concluded.

99. The Supreme Court has consistently held that the commercial wisdom of the CoC is decisive in matters relating to the resolution of the corporate debtor and is not ordinarily subject to judicial interference. In *Torrent Power Ltd., (supra)* the Supreme Court has held that the commercial wisdom of the CoC is paramount. It has further observed that:

*“12.5. The issue is no longer res integra, the law having been settled that the commercial wisdom of the CoC enjoys primacy and cannot be supplanted by judicial review. Neither the NCLT, nor the NCLAT nor even this Court is empowered to substitute its assessment in place of the*

*commercial decision arrived at by a requisite majority of the CoC.*

*13. The appeals before us typify the growing strategic use of the judicial system by unsuccessful resolution applicants, who seek to reopen almost every commercial decision under the guise of procedural impropriety. This converts the corporate resolution process into a protracted adversarial contest and erodes the value of the Corporate Debtor. Such an approach incentivises delay, rent-seeking, and strategic obstruction and is fundamentally inconsistent with the economic logic and statutory design of the IBC.*

*13.1. In the present case, the Resolution Plan stands approved by both the NCLT and the NCLAT and has since been implemented, leaving absolutely no scope for intervention by this Court.*

*13.2. In view of the foregoing, we do not find any merit in the appeals. With the above observations, these appeals are dismissed. Therefore, the Impugned Judgment dated 01.10.2024 passed by the NCLAT is affirmed.*

*14. Before parting, we wish to add a few words of caution. The IBC represents a conscious legislative choice to privilege speed, certainty, and creditor-driven decision-making over exhaustive judicial scrutiny. Experience shows that unsuccessful bidders will always try to spin commercial decisions of the CoC as procedurally faulty in order to secure a second shot through litigation by filing applications or making representations. However, courts need to remain vigilant against any temptation to expand the scope of review beyond the narrow boundaries prescribed by the IBC.*

*(emphasis supplied)*

100. In both writs, the resolution plan contains a stipulation that all dues and liabilities not recognised therein shall stand extinguished upon approval of the plan. This statutory consequence binds the

respondent authorities as well, who admittedly did not file any claim during CIRP, nor challenged the plan before its approval for omitting their dues. In view of this clear term within resolution plan, read with the binding effect of an approved resolution under the IBC, any demand raised thereafter is clearly unsustainable. Furthermore, the claims referred by respondents were not crystallised during CIRP and were not mentioned in the resolution plan, they stand extinguished and the same cannot be allowed to be raised against the newly resolved company, which has started on the basis of resolution plan, finalized as per wisdom of CoC and duly approved by NCLT.

## VI

### Conclusion

101. A conjoint reading of Sections 173 and 174 of the Electricity Act, 2003 shows that while Section 173 provides that the provisions of certain specified enactments shall not be affected, Section 174 expressly confers overriding effect on the Electricity Act over anything inconsistent contained in any other law for the time being in force, except to the limited extent carved out under Section 173. However, this overriding clause is itself subject to the operation of Section 238 IBC, which is a subsequent legislation containing a clear and unambiguous *non obstante* provision giving it primacy over all other laws in case of inconsistency. Accordingly, even though the Electricity Act occupies a special field and contains its own overriding provision, the legislative intent of Section 238 of the IBC ensures that, in matters of insolvency, the provisions of the IBC shall prevail notwithstanding any inconsistency with the Electricity Act, including Sections 173 and 174 thereof.

102. Thus, we are of the view that while the respondents are not precluded from exercising statutory powers in respect of post-resolution discoveries or continuing liabilities, they cannot be permitted to enforce claims which stand extinguished by operation of law under the IBC. The impugned demands are required to be examined and segregated accordingly for determining their enforceability wherever the same is not done. Supreme Court in *Paschimanchal Vidyut Vitran Nigam Ltd. (supra)* has held the primacy of IBC over electricity dues and as per this principle, all submissions made by respondents regarding claiming primacy of Electricity Laws over IBC are unacceptable.

103. The respondents argued to justify the impugned demands on the ground that electricity dues are statutory in nature and therefore it cannot get extinguished, this argument cannot be sustained in view of the clear mandate of Sections 31 and 238 of the IBC, and the law laid down by the Supreme Court in the judgments referred to above. The reliance on *Telangana State Southern Power Distribution Company Ltd. (supra)* and *Rainbow Papers Ltd. (supra)* are misplaced as the issues and factual matrix therein differ and do not detract from the binding effect of an already implemented resolution plan.

104. After implementation of resolution plan, arguments made by the respondents that the resolution plan having no mention of the electricity due is an inaccurate information and bad under Section 29 IBC, cannot be considered here. Resolution professional, while having no claim filed by respondents and no objection filed before NCLT against the resolution plan, cannot be blamed at this stage,

especially when there is no dispute regarding any unpaid dues during CIRP. If respondents had any grievance against the resolution plan, the time to object the same ended right after the plan got approved by NCLT.

**105.** The IBC framework is based on the foundation that the corporate entity under resolution is an ongoing concern, and therefore, the resolution professional communicates with the same company name during CIRP. Respondents' submission that the claim is a continued claim because of communication with the same name is unacceptable, as the same does not make the resolved entity liable for any pre-CIRP unclaimed, unrecognised dues.

**106.** The arguments made by respondents that they did not receive notice of commencement of CIRP also misplaced as the publication after following due procedure under IBC is sufficient notice to all stakeholders and the respondent authorities are not exception to it, who could demand a separate notice in this regard.

**107.** On the basis of submissions made by counsel appearing in both petitions, the impugned demand notices, in both the writ petitions, relate to electricity dues pertaining to a period prior to the approval of the respective resolution plans under the IBC, 2016. It is not in dispute that the CIRP had been duly initiated in accordance with law, that public announcement was made inviting claims, and that the resolution plans were thereafter approved by NCLT and have attained finality.

**108.** In such circumstances, the legal consequence flowing from Section 31 of the IBC, 2016 is that the approved resolution plan is

binding on all stakeholders, including statutory authorities, and operates to extinguish all claims which were not filed during CIRP or which did not form part of the approved resolution plan. The said provision, read with the overriding effect contained in Section 238 of the Code, leaves no doubt that any attempt to enforce pre-CIRP claims outside the framework of the resolution plan is impermissible in law. Approved resolution plan conclusively determines all claims against the corporate debtor, leaving no scope for the enforcement of any claim outside the approved plan.

109. The Supreme Court in *Essar Steel India Ltd. (supra)* has clearly held that the objective of the IBC is to ensure that the successful resolution applicant takes over the corporate debtor on a clean slate, which is free from past liabilities except those specifically incorporated in the resolution plan. This principle has been reaffirmed in *Ghanshyam Mishra & Sons (P) Ltd. (supra)*, wherein it has been categorically held that all claims not forming part of the approved resolution plan stand extinguished and cannot be revived or enforced thereafter.

110. Applying the aforesaid settled legal position to the facts of the present case, it is manifest that the respondent authorities admittedly did not file any claim in respect of the alleged electricity dues during the CIRP, nor is it shown that such dues formed part of the resolution plan as approved by the Adjudicating Authority. The impugned demands, therefore, seek to resurrect claims which stood extinguished upon approval of the resolution plan and cannot be

permitted to be enforced under the guise of statutory recovery proceedings.

111. Submissions regarding category under which the electricity is being used and the tariff *etc.*, are not considered in this order for the reason that if any such demand is regarding pre-CIRP then the same cannot be claimed being extinguished claim and if the demand is regarding post resolution plan approval then the parties have got remedy under Electricity Act for which they are at the liberty to proceed.

112. Before parting, we consider it necessary to observe that the exercise of statutory power, even when otherwise available, must conform to the requirements of fairness, transparency, and procedural propriety. Not providing adequate breakup of amount, clarity in computation, and disclosure of the basis of classification or reassessment, as requested by the petitioners, cannot be ignored and may have a bearing on the legality of demand notices even if it get issued for the post resolution period.

113. Therefore, all the issues discussed above are concluded in the favour of petitioners.

114. In view of the above discussion and analysis, this Court is of the considered view that the impugned demand notices dated 09.01.2023, 21.01,2023, 04.02.2023 and 17.05.2023 in Writ C No. 19391 of 2023 and notices dated 09.03.2023, 18.01.2025 and 21.03.2023 in Writ C. No. 17846 of 2025, upto the extent of demand being made for pre-CIRP period, cannot be sustained in law and hence deserve to be quashed.

**VII**  
**Order**

115. These petitions succeed and are accordingly **allowed**. Impugned demand notices dated 09.01.2023, 21.01,2023, 04.02.2023 and 17.05.2023 in Writ C No. 19391 of 2023 and notices dated 09.03.2023, 18.01.2025 and 21.03.2023 in Writ C. No. 17846 of 2025 are hereby quashed. However, respondent authorities are at the liberty to issue fresh demand notice for any dues, which may have occurred for the post-resolution period, in accordance with law.

116. No order as to cost.

**(Swarupama Chaturvedi,J.) (Ajit Kumar,J.)**

**April 24, 2026**  
#Vikram/-