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LEARNING CURVE

Case No. 14 / 2026 • 03rd August, 2026

"A moratorium under Section 14 of the Insolvency and Bankruptcy Code is confined to the corporate debtor and cannot be extended to other parties such as promoters, directors, associated entities, or landowners."

CASE TITLE	**Tejas J. Shah & Amisha T. Shah & Ors. v. Mantri Technology Constellations Pvt. Ltd. (Now Buoyant Technology Constellations Pvt. Ltd.) & Ors.**
CASE NO.	Civil Appeal Nos. 4289-4290 of 2025
DATE OF ORDER	27th July, 2026
COURT / TRIBUNAL	Supreme Court of India
STATUTES / RULES INVOLVED	Insolvency and Bankruptcy Code, 2016: Section 14 – Moratorium
BENCH	Justice Vikram Nath and Justice Sandeep Mehta

BRIEF FACTS OF THE CASE

The appellants were homebuyers who booked apartments in the project **"Mantri Manyata Energia"** developed by Respondent No.1. Construction and sale agreements were executed in 2016, under which possession was to be delivered by **31 December 2018**. Alleging delay in possession despite substantial payments, the appellants and other homebuyers filed **Consumer Complaint No. 13 of 2023** before the National Consumer Disputes Redressal Commission (NCDRC) against Respondents 1 to 7.

During the pendency of the complaint, the **NCLT, Bengaluru**, initiated **Corporate Insolvency Resolution Process (CIRP)** against Respondent No.1 under Section 9 of the Insolvency and Bankruptcy Code, 2016 (IBC) on **23 August 2024**, resulting in a moratorium under **Section 14 IBC**.

The appellants sought continuation of consumer proceedings against Respondents 2 to 7, arguing that the moratorium protected only Respondent No.1. The NCDRC rejected the applications and adjourned the complaint *sine die*, holding that the liability could not be separately examined while the moratorium against Respondent No.1 was in force.

ISSUES FOR CONSIDERATION

- **Whether the moratorium under Section 14 of the IBC applies only to the corporate debtor or also extends to promoters, directors, associated entities, and landowners?**
- **Whether the NCDRC was justified in refusing to continue consumer proceedings against Respondents 2 to 7 because of the moratorium operating against Respondent No.1?**

CONTENTIONS OF PARTIES

APPLICANT — Assistant Commissioner of State Taxes	RESPONDENT — Liquidator, Falcon Tyres Ltd.
The moratorium under Section 14 IBC operates only against the corporate debtor (Respondent No.1). There was no statutory bar preventing continuation of proceedings against Respondents 2 to 7. The complaint should therefore proceed against the non-corporate debtor respondents.	The alleged deficiency in service arose out of agreements executed only with Respondent No.1. Proceedings could not be bifurcated and continued against the other respondents while the corporate debtor remained protected by moratorium.

DECISION OF THE SUPREME COURT

The Hon'ble Apex Court observed that in the present case, Respondent No.1 alone is the corporate debtor against whom the CIRP has been initiated. No independent moratorium or independent protection operates in favour of Respondent Nos. 2 to 7. In the absence of any legal bar against continuation of proceedings qua the said respondents, the NCDRC was not justified in rejecting appellants' prayer to proceed with the complaint against the rest of the respondents.

The Court referred to:

- **P. Mohanraj v. Shah Brothers Ispat Pvt. Ltd. (2021)**
  Held that moratorium applies only to the corporate debtor and not to natural persons.
- **Ansal Crown Heights Flat Buyers Association v. Ansal Crown Infrabuild Pvt. Ltd. (2024)**
  Held that promoters and directors do not enjoy protection under the corporate debtor's moratorium.
- **Saranga Anilkumar Aggarwal v. Bhavesh Dhirajlal Sheth (2025)**
  Reiterated that moratorium protections should remain confined to the extent expressly provided by statute.

The Supreme Court found that NCDRC contradictorily observed that liability had yet to be determined. Simultaneously concluded that deficiency in service was attributable only to Respondent No.1. Effectively decided the merits at an interlocutory stage without adjudication. The Court held that the issue before NCDRC was not whether Respondents 2 to 7 were liable, but whether proceedings could continue against them despite the moratorium. Since no moratorium protected them, the complaint ought to have proceeded against them.

Accordingly, appeals **partly allowed**. NCDRC's order dated **20 January 2025** was **set aside**. I.A. Nos. 15656 of 2024 and 14200 of 2024 were **allowed**. NCDRC was directed to continue hearing **Consumer Complaint No. 13 of 2023** against Respondents 2 to 7. Proceedings against Respondent No.1 would remain subject to the Section 14 IBC moratorium.

SIGNIFICANCE OF THE CASE

This case reinforces the principle that IBC moratorium is not all-encompassing, protects homebuyers' and consumers' remedies against persons other than the corporate debtor. It prevents tribunals from expanding the scope of Section 14 beyond legislative intent and ensures that insolvency proceedings do not unnecessarily extinguish or delay consumer claims against non-protected parties.

Link of the Order: https://indiankanoon.org/doc/48302798/