



**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CIVIL APPELLATE JURISDICTION**

CONTEMPT PETITION NO.497 OF 2025

S.G. Mittal Enterprises Private Limited

.. Petitioner

Versus

The Satara Sahakari Bank Ltd. and Others

.. Respondents

.....

- Mr. Amit Singh a/w Ms. Shivani Deshmukh and Ms. Shraddha Nagaonkar i/b M. Mulla Associates, Advocate for Petitioner.
- None appears for Respondents.

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CORAM : MILIND N. JADHAV, J.

DATE : JANUARY 05, 2026.

JUDGMENT:

1. Heard Mr. Singh learned Advocate for Petitioner. None appears for Respondents.

2. The present Contempt Petition is filed by Petitioner against Respondents for breach of Consent Terms filed before the National Company Law Tribunal, Mumbai (for short “NCLT”) in an Application under Section 7 of the Insolvency and Bankruptcy Code, 2016 (for short “IBC”) initiated by Respondent No.1 - Bank i.e. Corporate Debtor against Petitioner.

3. On 11.07.2025, Respondent No.1 – Bank provided a Cash Credit Facility to Petitioner. On 09.08.2023, Respondent No.1 – Bank filed Company Petition (IB) No.1073 (MB) 2023 against Petitioner due to an alleged default.

4. Around 09.08.2023 to 13.11.2023, Petitioner and Respondent No.1 – Bank engaged in settlement talks and reached an understanding regarding the repayment of the financial debt.

5. On 04.10.2024, Petitioner and Respondent No.1 – Bank agreed to amicably settle the dispute and thereafter settled it by agreeing to payment of Rs.5,71,07,504/- and in that regard executed and signed the Consent Terms.

6. On 18.04.2024, NCLT took Consent Terms on record and disposed the proceedings filed by Respondent No.1 – Bank against Petitioner vide order dated 18.04.2024 in terms of the Agreement.

7. It is Petitioner's case that it made payment of entire consideration in accordance with the schedule set out in the Consent Terms. On 30.12.2024, Petitioner requested Respondent No.1 – Bank to issue a "No Dues Certificate". However, on 04.01.2025, despite receiving the full agreed-upon settlement amount, Respondent No.1 – Bank with its letter demanded payment of alleged balance amount of Rs. 18,57,061.47/- thereby disregarding the Consent Term and the NCLT's order.

8. It is Petitioner's case that it responded to Respondent No.1 – Bank's letter and further issued two letters dated 15.01.2025 and 07.02.2025 to Respondent No.1 – Bank as a final reminder. It is Petitioner's case that Respondent No.1 – Bank incorrectly reported the

credit information of Petitioner to Respondent No.4 – TransUnion CIBIL Limited and indicated an outstanding amount of Rs.1,78,62,587/- towards Cash Credit Account and hence the said erroneous reporting led to holding up Petitioner's loan Application processed by Bank of Baroda.

9. Being aggrieved, Petitioner filed the present Contempt Petition.

10. Mr. Singh, learned Advocate for Petitioner would submit that despite complete compliance by Petitioner, Respondent No.1 - Bank failed and neglected to issue a "No Dues Certificate" in breach of the Consent Terms and the order passed by the NCLT. He would submit that Respondent No.1 - Bank sought to justify its non-compliance by contending that an amount of Rs.18,57,061/- allegedly remained outstanding and asserted that no waiver of principal amount could be granted. He would submit that such a contention is wholly impermissible in law as Respondent No.1 - Bank is bound by the Consent Terms which stood accepted by a judicial order and has attained finality. Hence in the aforesaid circumstances, he would submit that Petitioner has invoked the contempt jurisdiction of this Court under Section 10 read with Section 12 of the Contempt of Courts Act, 1971 and Article 215 of the Constitution of India.

10.1. In this regard issue which arises for consideration is whether the High Court has parallel jurisdiction to entertain a Contempt

Petition for non-compliance of orders passed by the NCLT under the provisions of the IBC. Mr. Singh would submit that the IBC does not confer any independent powers upon the NCLT and therefore it is necessary to examine the parent legislation namely the Companies Act, 2013, under which the NCLT is constituted. He would submit that although several provisions of the Companies Act were amended post enactment of the IBC, Section 425 of the Companies Act deals with contempt powers which was consciously left unamended in so far as the IBC is concerned. He would submit that such legislative omission is deliberate and demonstrates that the legislature never intended to confer contempt jurisdiction upon the Adjudicating Authority i.e. NCLT functioning under the IBC.

10.2. He would submit that whenever the legislature intended to harmonise or modify the Companies Act to accommodate the IBC framework it carried out express amendments as reflected in Schedule XI of the IBC. He would submit that the absence of any amendment to Section 425 to include contempt jurisdiction in relation to IBC proceedings clearly indicates legislative intent to exclude such powers. He would submit that settled principles of statutory interpretation mandate that Courts cannot supply omissions or confer jurisdiction by implication where the legislature has consciously refrained from doing so. Hence, he would submit that contempt jurisdiction under Section 425 of the Companies Act remains confined strictly to proceedings

under the Companies Act and therefore cannot be extended to IBC proceedings.

10.3. He would submit that the scheme of the IBC itself reinforces this position as Sections 60 to 64 create a complete adjudicatory and appellate framework without conferring any powers to try for contempt of its orders upon the NCLT. He would submit that the residuary jurisdiction under Section 60(5) of the IBC even though being wide is however limited to disputes arising out of or in relation to Insolvency Resolution and cannot be stretched to include penal contempt proceedings. In support of his submissions he has referred to and relied upon the decision of the Supreme Court in the case of *Gujarat Urja Vikas Nigam Limited Vs. Amit Gupta and Others*¹ wherein the Court held that NCLT owes its existence to statute and can exercise only such powers as are expressly conferred upon it by the IBC. Therefore, he would submit that contempt jurisdiction being penal in nature cannot be inferred or implied and must be expressly conferred by statute.

10.4. He would submit that it is settled law that Tribunals constituted under statute possess limited jurisdiction unlike Constitutional Courts. In support of this submission he has referred to and relied upon the decision of the Supreme Court in the case of *Delhi Judicial Service Association, Tis Hazari Court, Delhi Vs. State of*

¹ (2021) 7 SCC 209

*Gujarat and Others*² wherein the Court held that Courts and Tribunals cannot assume contempt jurisdiction unless expressly provided by law.

10.5. He would further refer to and rely upon the decision of Supreme Court in the case of *L. Chandra Kumar Vs. Union of India and Others*³ wherein it is held that Tribunals are supplemental to Constitutional Courts and remain subject to the supervisory jurisdiction of High Courts under Articles 226 and 227 of the Constitution of India. He would therefore submit that once such supervisory jurisdiction exists the High Court retains the authority to enforce compliance with Tribunal orders through its contempt jurisdiction unless expressly barred.

10.6. He would submit that Section 10 of the Contempt of Courts Act, 1971 empowers the High Court to punish contempt of Subordinate Courts and Tribunals “judicially subordinate” to the High Court which fall within its ambit. In support of this submission he has referred to and relied upon the decision of the Supreme Court in the case of *S.K. Sarkar, Member, Board of Revenue, U.P., Lucknow Vs. Vinay Chandra Misra*⁴ wherein the expression “court subordinate” is of wide amplitude and includes Tribunals even where administrative control does not vest with the High Court. He would submit that Section 22 of the Contempt of Courts Act makes it clear that the Act is

2 (1991) 4 SCC 406

3 (1997) 3 SCC 261

4 (1981) 1 SCC 436

in addition to and not in derogation of other laws relating to contempt.

10.7. He would submit that the decision of the NCLAT in *Shailendra Singh Vs. Nisha Malpani and Another*⁵, held that the NCLT has contempt jurisdiction even under the IBC however it does not lay down the correct proposition of law as it overlooks the statutory scheme and the settled principle that contempt jurisdiction must be expressly conferred. He would however submit that in any event the said decision is not binding on this Court.

10.8. He would submit that in view of the statutory scheme of the IBC, the legislative omission to confer contempt jurisdiction upon the Adjudicating Authority and the settled principles of law laid down by the Supreme Court, the NCLT lacks jurisdiction to entertain contempt proceedings in respect of orders passed under the IBC. He would submit that this Court being a Constitutional Court of record and exercising supervisory jurisdiction over the NCLT is therefore fully empowered under Section 10 read with Section 12 of the Contempt of Courts Act, 1971 and Article 215 of the Constitution of India to take cognizance of and punish contempt arising from non-compliance of NCLT orders. Hence, he would urge the Court to hear and adjudicate the present Contempt Petition in the interest of justice.

5 National Company Law Appellate Tribunal at New Delhi, Company Appeal (AT) (INS) No.945 of 2020

11. I have heard Mr. Singh, learned Advocate for Petitioner and perused the record of the case. Submissions made by learned Advocate have received due consideration of the Court.

12. The preliminary question which arises before me for consideration is on the maintainability of the Contempt Petition in this Court to punish for contempt of an order passed by the NCLT under the IBC. In effect, the question to be determined at the outset is whether this Court can exercise contempt jurisdiction in respect of an alleged breach of Consent Terms recorded by the NCLT in proceedings under the IBC or whether such jurisdiction vests exclusively with the Tribunal itself?

13. Mr. Singh has not only restricted his submissions to the power of this Court to try for Contempt but argued further that this Court will have parallel power to punish for contempt along with the NCLT or NCLAT since the IBC does not specifically stipulate power to punish for contempt.

14. It is well settled law that contempt jurisdiction is extraordinary, penal and coercive in nature and such power cannot be exercised on considerations of equity or convenience nor can it be assumed by implication. The authority to punish for contempt must be clearly traceable to a constitutional or statutory source and must be exercised strictly within those limits.

15. In this backdrop, it is necessary to refer to Section 425 of the Companies Act, 2013 which assumes central significance. It reads as under :-

***“425. Power to punish for contempt.—** The Tribunal and the Appellate Tribunal shall have the same jurisdiction, powers and authority in respect of contempt of themselves as the High Court has and may exercise, for this purpose, the powers under the provisions of the Contempt of Courts Act, 1971(70 of 1971), which shall have the effect subject to modifications that—*

(a) the reference therein to a High Court shall be construed as including a reference to the Tribunal and the Appellate Tribunal; and

(b) the reference to Advocate-General in section 15 of the said Act shall be construed as a reference to such Law Officers as the Central Government may, specify in this behalf.”

16. From the above it is seen that the said provision categorically stipulates that the Tribunal (NCLT) and the Appellate Tribunal (NCLAT) shall have the same jurisdiction, powers and authority in respect of contempt of themselves as the High Court has and for this purpose exercise powers under the Contempt of Courts Act, 1971 subject to specified statutory modifications. The contempt jurisdiction under Section 425 is plenary and self-contained. It is neither conditional nor limited by the source of jurisdiction exercised by the Tribunal. Once contempt powers are conferred by statute, they vest in the Tribunal as an institution and apply to all proceedings (*emphasis supplied*) before it irrespective of whether the Tribunal is exercising jurisdiction under the Companies Act, the IBC, or any other law for the time being in force.

17. It is further seen that Section 425 of the Companies Act makes no distinction between proceedings under the Companies Act and those under any other enactment. Reading such a restriction into the provision would amount to adding words to the statute which is impermissible in law.

18. Section 408 of the Companies Act, 2013 reinforces this position. It provides for the constitution of the NCLT and mandates that the Tribunal shall exercise powers and functions conferred upon it under the Companies Act or any other law in force. The NCLT therefore derives its existence, continuity and authority from the Companies Act, 2013.

19. It is seen that even though the IBC does not create a separate adjudicatory forum however it merely designates the already constituted NCLT as the Adjudicating Authority for insolvency matters. It is clear that the IBC is a subject-based legislation whereas the Companies Act is the parent statute constituting the Tribunal. Both enactments are inter-connected, co-existent and are required to be therefore read harmoniously since their legal domain is not interconnected but co-existent. It would be therefore bizarre to postulate that any adjudicating authority will have contempt jurisdiction under one statute but is barred or will not be able to exercise it under another statute.

20. In this regard, attention is also drawn to Section 60(5) of the IBC which begins with a non-obstante clause wherein it confers wide jurisdiction upon the NCLT to entertain or dispose of any application, question of law or fact arising out of or in relation to insolvency resolution or liquidation proceedings. This provision reinforces the legislative intent to vest the NCLT with comprehensive authority over all matters connected with insolvency proceedings.

21. It is pertinent to note that Rule 11 of the National Company Law Tribunal Rules, 2016 expressly saves the inherent powers of the Tribunal to pass such orders as may be necessary for meeting the ends of justice or to prevent abuse of the process of the Tribunal. Though inherent powers cannot substitute statutory contempt powers however they underscore the legislative intent that the Tribunal must remain an effective and authoritative adjudicatory body.

22. In the case of *Committee of Creditors of Essar Steel India Limited (supra)* it is seen that the Supreme Court held that the jurisdiction of the NCLT and the NCLAT is circumscribed by the IBC read in conjunction with the Companies Act, 2013, and that the Tribunal functions within a complex statutory framework created by both enactments. The Court however did not treat the NCLT as a different or fragmented forum while exercising jurisdiction under the IBC. On the contrary, it recognised the Tribunal as a singular adjudicatory institution entrusted with ensuring that the insolvency

resolution process is conducted in a lawful, disciplined and effective manner and that its orders are enforceable and final.

23. Attention is further drawn to the decision of the Supreme Court in the case of *Gujarat Urja Vikas Nigam Limited (supra)* wherein the Court categorically held that the NCLT and the NCLAT owe their existence to both the Companies Act, 2013 and IBC. The Supreme Court rejected any compartmentalisation of the Tribunal's jurisdiction based on the statute invoked. Therefore, once it is held that the Tribunal derives its authority, purpose and jurisdiction from two interconnected statutes, it would be incongruity to hold that the same Tribunal possesses contempt jurisdiction under one statute but stands divested of such power under another. An adjudicating authority cannot be attributed with a split or fragmented personality. An adjudicating authority cannot be said to function with divided powers.

24. The doctrine of effectiveness also applies to the present case. Attention is invited to the decision of the Supreme Court in the case of *Tinsukhia Electric Supply Company Limited v. State of Assam and Others*⁶, wherein the Court held that statutory provisions must be interpreted to give them meaningful effect and to advance their purpose rather than to render them ineffective.

25. In the case of *Dr. Subramanian Swamy v. Arun Shourie*⁷ the Supreme Court adopted a purposive interpretation of the expression

6 1989 (3) SCC 709

7 2014 (12) SCC 344

“court” under the Contempt of Courts Act, 1971 and held that an authority which delivers definitive judgments, regulates legal rights and follows judicial procedure qualifies as a Court. In the present circumstances the NCLT definitely satisfies these requirements.

26. In view of the clear statutory power conferred under Section 425 of the Companies Act, 2013, read with the decisions of the Supreme Court, the NCLT and the NCLAT have independent and effective jurisdiction to punish for contempt of their own orders, including orders passed while exercising jurisdiction under the IBC. Hence, once such contempt jurisdiction is vested in the Tribunal, this Court ought not to exercise parallel contempt jurisdiction under Section 10 of the Contempt of Courts Act, 1971. It is therefore clear that entertaining contempt petitions directly before the High Court would allow parties to bypass the forum expressly empowered by the statutes.

27. In this regard, it is useful to refer to the Statement and Objects and Reasons (SOR) of the Insolvency and Bankruptcy Code Bill, 2016 as regards the designation of the Adjudicating Authority which reads as under:-

“3. The Code seeks to provide for designating the NCLT and DRT as the Adjudicating Authorities for corporate persons and firms and individuals, respectively, for resolution of insolvency, liquidation and bankruptcy. The Code separates commercial aspects of insolvency and bankruptcy proceedings from judicial aspects...”

28. From the aforesaid Object and Reasons of the Insolvency & Bankruptcy Code Bill, 2016 it is quite clear that the National Company Law Tribunal is to act as an "Adjudicating Authority" for the purpose of matters pertaining to the IBC.

29. Further it is necessary to refer to Section 424(3) of the Companies Act, 2013 wherein it is stated that any order made by the Tribunal may be enforced in the same manner as if it was a 'decree' made by a Civil Court in 'suit' before it and the 'Tribunal' may either enforce and order itself or may send it for execution to the Court within (a) local limits of whose jurisdiction the registered office of the company is situated in case the order is against the company, or (b) the person concerned voluntarily resides or carries on business, in case the order is against any such person.

30. Section 425 of the Companies Act, 2013 confers powers on the 'Tribunal' (NCLT) to punish for 'Contempt'. The language employed in Section 425 of the Companies Act, 2013 is that the power of the Contempt of Courts Act, 1971 are vested with the NCLT while adjudicating all proceedings that come before it. In this regard, it is necessary to consider the ingredients of Section 425 of the Companies Act, 2013 which do not mention that the provisions of power under the Contempt of Courts Act, 1971 are applicable only in respect of proceedings before 'Tribunal' confined to the provisions of Companies Act, 2013.

31. Under the IBC, the Adjudicating Authority (NCLT) adjudicates all proceedings before it and renders its decision. Only because the IBC does not specifically mention about the contempt provisions it cannot be said that the 'Adjudicating Authority' (NCLT) has no powers of contempt. If one is to give such a restricted interpretation that the Adjudicating Authority (NCLT) has no jurisdiction of contempt then its orders will be implemented and in fact, the IBC would be reduced to a paper tiger, existing only in form but devoid of any real force or enforceability.

32. It cannot be gainsaid that the 'Tribunals' are created under a relevant 'Statute' to decide upon the disputes arising under the said 'Statute' or dispose of a particular category. Fact of the matter is that 'Courts' which are established by the 'State's' concerned are entrusted with the 'States' inherent judicial powers for 'Administration of Justice' in general. Moreover, the Tribunal can regulate their own procedure. As per Section 430 of the Companies Act, 2013 the 'National Company Law Tribunal' has the exclusive jurisdiction to deal with the disputes arising under the Act, thereby meaning that the jurisdiction of the Civil Court is ousted.

33. The purpose of 'punishment' under 'Contempt jurisdiction' is not only curative but also 'corrective'. It will be a travesty of justice if the Tribunals are to permit 'gross contempt of court' to go 'unpunished' particularly in the absence of any mitigating circumstances.

34. Also, it is necessary to be made clear that contempt proceedings cannot be used as a substitute for execution or enforcement of orders nor for resolving disputes arising from Consent Terms, especially when compliance depends on disputed facts or interpretation and in that case contempt jurisdiction may not be appropriate.

35. As regards the jurisdiction of this Court is concerned, it is clarified that any supervisory intervention if required can be exercised only under Articles 226 and 227 of the Constitution of India. However, such supervisory jurisdiction is distinct from contempt jurisdiction and cannot be invoked by filing a Contempt Petition. Hence, in that view of the matter, I am of the considered opinion that the present Contempt Petition is not maintainable at the threshold and is liable to be dismissed.

36. Resultantly, the Contempt Petition is dismissed. However, Petitioner is at liberty to initiate or pursue any appropriate proceeding available to it strictly in accordance with law.

37. Contempt Petition is dismissed.

[MILIND N. JADHAV, J.]

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