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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\+ O.M.P. (COMM) 265/2023 & I.A. 13719/2023

KRR INFRA PROJECTS PVT LTD .....Petitioner

Through: Mr. Sandeep Bajaj, Mr. Devansh Jain, Mr. Mayank Biyani, Ms. Shrishti Jeswani & Ms. Asmi Devrani, Advs.

versus

UNION OF INDIA .....Respondent

Through: Ms. Manisha Agrawal Narain, CGSC.

CORAM:
HON'BLE MR. JUSTICE AVNEESH JHINGAN

<u>O R D E R</u>

% 03.02.2026

1. This petition is filed under Section 34 of the Arbitration and Conciliation Act, 1996 (for short 'A & C Act') being aggrieved of the award dated 30.01.2023.

2. The relevant facts are that the petitioner was awarded the tender for 'Construction of Dwelling Units including Allied Services for Officers and JCOs/ORs" at Commisarait Road, II Line, Salt Lake, Kolkata. The terms and conditions of the contract provided for dispute resolution through arbitration. The dispute between the parties was referred to a Sole Arbitrator appointed by the respondent.

2.1 The Arbitrator was substituted thrice and ultimately reference was made to the lastly substituted arbitrator on 02.12.2020. After the reference, Corporate Insolvency Resolution Process (for short 'CIRP') of the petitioner commenced pursuant to the order of National Company Law Tribunal (for short 'NCLT') and the moratorium came into effect from 06.08.2021. The

Arbitrator was intimated on 30.11.2021 vis-a-vis the commencement of CIRP of the petitioner. Thereafter, the Resolution Professional vide letter dated 01.01.2022 also informed the Arbitrator in this regard.

2.2 On 22.03.2022, the NCLT passed an order of liquidation of the company. The company was subsequently purchased as a going concern in an e-auction by Mr. Chilipireddy Venkataramireddy. The NCLT vide order dated 09.01.2023 confirmed the sale and waived the past liabilities of the corporate debtor i.e. the company. The relevant portion of the order is reproduced below:-

> "Waiver of the past liabilities of the Corporate Debtor in inquiries, investigations, assessments, notices, causes of action, suits, claims, disputes, litigations, arbitration or other judicial, regulatory or administrative proceedings against or in relation to, or in connection with the Corporate Debtor prior to the date of the judgment."

3. Learned counsel for the petitioner submits that the Arbitrator erred in continuing the proceedings during the period of moratorium. No proceedings without impleading the liquidator as a party could have continued after the liquidation order was passed. Lastly, it is contended that the going concern was purchased with a clean slate.

4. Learned counsel for the respondent *albeit* not disputing the factual contentions defends the impugned award. The argument is that the terms and conditions of the tender were violated and the arbitration proceedings were rightly initiated.

5. The admission of factum of the petitioner company having been auctioned as a going concern; the sale affirmed in favour of the auction purchaser with a clean slate by the NCLT and the order having attained

finality, erodes the foundation for appointment of an arbitrator or for referring the dispute between the erstwhile company and the respondent.

5.1 The Arbitrator could not have proceeded once the moratorium under Section 14(1)(a) of the Insolvency and Bankruptcy Code, 2016 (for short 'the IBC') came into effect. Reliance in this regard is placed on the decision of the Supreme Court in **Alchemist Asset Reconstruction Company Limited v. Hotel Gaudavan Private Limited and Ors. (2018) 16 SCC 94** wherein it has been held:-

> "4. The mandate of the new Insolvency Code is that the moment an insolvency petition is admitted, <u>the moratorium that comes into effect under Section 14(1)(a) expressly interdicts institution or continuation of pending suits or proceedings against corporate debtors.</u>"

5.2 Once the auction purchaser acquired the company on a clean slate pursuant to the insolvency process and the resolution plan attained finality under Section 31 of the IBC, there remained no occasion to pass the arbitral award against the erstwhile company. Reliance is placed on the decision of Supreme Court in **Electrosteel Steel Ltd. v. Ispat Carrier Pvt. Ltd. (2025) 7 SCC 773** wherein it has been held:-

> "47. In that case, the Bench in Ghanashyam Mishra [Ghanashyam Mishra & Sons (P) Ltd. v. Edelweiss Asset Reconstruction Co. Ltd., (2021) 9 SCC 657 : (2021) 4 SCC (Civ) 638 : (2021) 227 Comp Cas 251 : (2021) 91 GSTR 28] concluded by holding 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 the resolution plan by the adjudicating authority, all such claims which are not a part of the resolution plan shall stand extinguished and no person will be entitled to initiate or continue any proceeding in respect to a claim which is not part of the resolution plan. The Bench declared that all dues including 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 proceeding 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."

6. For the reasons mentioned above, the impugned award cannot be sustained and is accordingly set aside. Pending application is also disposed of.

AVNEESH JHINGAN, J

FEBRUARY 3, 2026

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