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"Success is getting what you want, happiness is wanting what you get"

➢ NCLAT Upholds Gujarat VAT Dept As Secured Creditor In Sterling Lam Insolvency; Says Statutory Charge Under GVAT Act Creates Security Interest

The **National Company Law Appellate Tribunal (NCLAT)**, Principal Bench at New Delhi, has upheld the National Company Law Tribunal (NCLT) Ahmedabad's order directing that the Gujarat State Tax Department (Department) be treated as a secured creditor in the insolvency proceedings of Sterling Lam Limited (Sterling Lam), the corporate debtor. The NCLAT affirmed that the statutory charge created by "operation of law" under Section 48 of the Gujarat Value Added Tax Act, 2023 (GVAT Act), constitutes a security interest under the Insolvency Code, enabling the Department to priority distribution of dues.

A bench comprising Judicial Member **Yogesh Khanna** and Technical Member **Indevar Pandey,** in an order passed on November 13, held that the NCLT's direction to disburse certain dues to the Department was legally sound and consistent with the Apex Court's judgment in State Tax Officer v. Rainbow Papers Ltd. (Civil Appeal No. 1661/2020). "Section 48 of the GVAT Act is not contrary to or inconsistent with Section 53 of the IBC…the State is a secured creditor," the Tribunal noted while relying on the Apex Court's finding that statutory dues carrying a first charge by operation of law cannot be kept below financial creditors merely because the dues arise from tax obligations.

The dispute arose from the insolvency process of Sterling Lam, in which Cosmos Bank was the only financial creditor of the Committee of Creditors (CoC). The Gujarat State Tax Department had earlier attached the factory land of the corporate debtor in 2019 for unpaid VAT dues, much before the commencement of the insolvency proceedings in 2020. The Department later filed a claim of Rs. 38.58 crore, of which only Rs. 3.37 crore was admitted by the Resolution Professional. The classification of the Department as an "**unsecured operational creditor**" by the Resolution Professional was disputed, and the issue remained pending before the NCLT.

Source: Live Law
Read Full news: *NCLAT Upholds Gujarat VAT Dept As Secured Creditor In Sterling Lam Insolvency; Says Statutory Charge Under GVAT Act Creates Security Interest*

➢ NCLAT sets aside NCLT order declaring JC World Hospitality promoters ineligible for bidding

Insolvency appellate tribunal NCLAT has set aside NCLT orders, which had declared promoters of JC World Hospitality ineligible to submit their resolution plan under Section 29A of the IBC.

NCLAT said the NCLT "in a callous manner without looking into materials on record have come to the conclusion that the promoters are disqualified, which is perverse and unsustainable.

A two-member bench of the National Company Law Appellate Tribunal (NCLAT) has revived the application filed by RP of JC World Hospitality before the Delhi bench of NCLT seeking approval for bids submitted by promoters and take a decision within three months.

Source: ET Legal World
Read Full news: *NCLAT Overturns NCLT Ruling: JC World Hospitality Promoters Eligible to Bid, ETLegalWorld*

➢ NCLT approves Rs 12.80-cr resolution plan for Sterling Healthcare

The National Company Law Tribunal (NCLT), Mumbai Bench, has approved the Rs 12.80-crore resolution plan submitted by Kanak S. Kewalramani for Sterling Healthcare Limited, bringing an end to the corporate insolvency process for the pharmaceutical company. The tribunal's order, delivered on 14 November 2025, paves the way for the revival of Sterling Healthcare, which was admitted into the Corporate Insolvency Resolution Process (CIRP) in December 2023.

The resolution plan, which received a 100% vote of approval from the company's Committee of Creditors (CoC) in January 2025, was upheld by the bench comprising Judicial Member Sushil Mahadeorao Kochey and Technical Member Prabhat Kumar.

Source: Insolvency Tracker
Read Full news: *NCLT approves Rs 12.80-cr resolution plan for Sterling Healthcare*