Tejas J. Shah & Amisha T. Shah & Ors. Vs. Mantri Technology Constellations Pvt. Ltd. (Now known as Buoyant Technology Constellations Pvt. Ltd.) & Ors.

Civil Appeal Nos. 4289-4290 of 2025 · Supreme Court of India · 2026-07-27 · Vikram Nath · Sandeep Mehta · F2J-C-1163

Full judgment text

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[Civil Appeal Nos. 4289-4290 of 2025]

Vikram Nath, J.

1. The present civil appeals arise out of the judgment and order dated 20.01.2025 passed by National Consumer Disputes Redressal Commission1 in I.A. No. 15656 of 2024 and I.A. No. 14200 of 2024 in Consumer Complaint No. 13 of 2023, whereby the NCDRC rejected the applications seeking continuation of consumer complaint against Respondent Nos. 2 to 7 in view of the moratorium imposed against Respondent No.1 under Section 14 of Insolvency and Bankruptcy Code, 20162, and adjourned the complaint sine die.

2. The facts giving rise to the present appeals are as follows:

2.1. The appellants are homebuyers who had booked residential apartments in a project namely 'Mantri Manyata Energia' which was being developed by Respondent No. 1, Mantri Technology Constellations Private Limited (now known as Buoyant Technology Constellations Private Limited). Respondent No. 2, Mantri Developers Pvt. Ltd. is a company alleged to have been associated with the development of the said project. Respondent Nos. 3 to 5 are alleged to be the promoters/ directors of Respondent No. 1 and 2 companies, while Respondent No.6 and 7 are the landowners of the project land. Pursuant to the transaction, construction agreements and agreements for sale in respect of undivided share in the project land came to be executed between the appellants and Respondent No. 1 in 2016. As per the terms of the agreement, possession of the apartments was to be handed over on or before 31.12.2018.

2.2. According to the appellants, despite substantial payment of the sale consideration coupled with repeated assurances regarding completion of the project, possession of the apartments was not delivered within the stipulated time. Aggrieved thereby, the appellants, along with other homebuyers instituted Consumer Case No. 13 of 2023 before NCDRC alleging deficiency in service and unfair trade practices against Respondent Nos. 1 to 7.

2.3. During the pendency of the consumer complaint, the National Company Law Tribunal3, Bengaluru Bench, by an order dated 23.08.2024, admitted an application under Section 9 of the IBC against Respondent No.1 and initiated the Corporate Insolvency Resolution Process (for short, CIRP) as a result of which a moratorium under Section 14 of the IBC came to be imposed against Respondent No.1.

2.4. In view of the subsequent development, the appellants filed I.A. No. 14200 of 2024 before the NCDRC, placing the order of the NCLT and praying that notwithstanding the moratorium operating against Respondent No.1, the consumer complaint be reheard and proceeded with against Respondent Nos. 2 to 7.

2.5. Thereafter, the appellants filed I.A. No. 15656 of 2024 seeking rehearing of I.A. No. 14200 of 2024 and reiterating their prayer for continuing the hearing of the consumer complaint against the rest of the respondents.

2.6. By the impugned order dated 20.01.2025, the NCDRC rejected the aforesaid applications holding, inter alia, that the liability of Respondent Nos. 2 to 7 could not be independently examined at that stage in view of the moratorium operating against Respondent No.1, and consequently adjourned the consumer complaint sine die.

2.7. It is this order which is being assailed before us.

3. We have heard learned counsel for the appellants, Mr. D. Seshadri Naidu, learned senior counsel appearing for respondent No. 2, Mr. Sajan Povayya, learned senior counsel appearing for respondent No. 6 and 7, Mr. Shekhar G Devasa, learned senior counsel appearing for respondent No. 3, 4 and 5 and Mr. Ashutosh Dubey, learned counsel appearing for respondent No. 1.

4. After examining the material placed on record, it can be concluded that the issue involved before us lies in a narrow compass. The limited question is whether the NCDRC was justified in rejecting the IAs filed by the appellants on account of the moratorium operating against Respondent No.1.

5. In order to answer that, we must begin with an understanding of Section 14 IBC. The statute provides that once the insolvency process has begun and a moratorium is declared, among other things, the continuation of pending suits and proceedings against the corporate debtor, including execution proceedings, comes to an automatic halt. The object of this moratorium is to preserve the assets of the corporate debtor during the insolvency resolution proceedings and to facilitate an orderly resolution.

6. The scope of the moratorium is statutory. It is not open either to the adjudicating authority or the Court to enlarge its ambit beyond what the statute contemplates. A plain reading of the provision makes it clear that the moratorium operates against the corporate debtor alone. No other category, whether it be any subsidiary company, any managers/ directors, personal guarantors etc. can be added to it unless specifically provided. This Court in P. Mohanraj v. Shah Brothers Ispat Pvt. Ltd.4 while discussing the scope of applicability of the moratorium on Section 138 of Negotiable Instruments Act, 1881 proceedings, noted that Section 14 applied only to the corporate debtor and that natural persons can be held liable under the Act.

7. Again in Ansal Crown Heights Flat Buyers Association v. Ansal Crown Infrabuild Pvt. Ltd.5 wherein a consumer complaint was filed against the developers, this Court held that a moratorium against the corporate debtor does not give protection to the promoters and directors of the corporate debtor and that proceedings can continue against them.

8. A similar approach is reflected in the decision of this Court in Saranga Anilkumar Aggarwal.6 Though the case arose in context of Section 96 IBC, the underlying principle remains instructive. It was held that the protective sweep of a moratorium must remain in the four walls as carved out by the statute. It ought not be expanded in a manner that stultifies remedies envisaged under the Consumer Protection Act, unless expressly provided. The object of the Code is to facilitate the resolution process and not to eclipse the statutory remedies.

9. Viewed in this backdrop, the appellants had preferred I.A. No. 15656 of 2024 and I.A. No. 14200 of 2024 urging the NCDRC to proceed with the consumer complaint against Respondent Nos. 2-7, notwithstanding the moratorium operating against Respondent No.1, the corporate debtor.

10. The NCDRC, however, rejected the aforesaid applications. It observed that the liability arising from the allegations of deficiency in service was yet to be determined. At the same time, it held that the alleged deficiency pertained only to Respondent No.1 since all agreements for construction and sale were entered into between the appellants and respondent No.1. As a result of which, the proceedings could not be split up to continue against the remaining respondents.

11. In our view, this approach is erroneous. 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.

12. The impugned order proceeds on the premise that since the alleged deficiency in service was attributable only to Respondent No.1, no independent proceedings could continue against the remaining respondents. In doing so, the Commission effectively answered the very question which was yet to be adjudicated. Having itself observed that the liability arising from deficiency in service are yet to be determined, it could not have simultaneously concluded that the alleged deficiency was attributable only to Respondent No. 1 and therefore no complaint could proceed against the rest.

13. The question that fell for consideration while deciding the interlocutory applications was not whether Respondent Nos.2 to 7 were liable. The question was whether, in the absence of any

moratorium operating in their favour, the consumer complaint could proceed against them. In the absence of any such statutory bar, the Commission was required to adjudicate the complaint against the said respondents and determine, upon consideration of the rival pleadings and objections, whether any liability could ultimately be fastened upon them. It was not open to the Commission to foreclose that inquiry at the interlocutory stage. The impugned order cannot be sustained as it declines to undertake the said exercise.

14. Learned counsel appearing for the appellants urged that this Court may proceed to allow the consumer complaint and grant the reliefs claimed therein. We are unable to accede to that submission. The respondents have raised several objections, including absence of privity of contract, maintainability of the complaint and the absence of any independent obligation under the agreements. Since all the objections are yet to be decided by the NCDRC, it would not be appropriate for this Court to undertake that exercise for the first time in the present appeal. Thus, we refrain from expressing any opinion on the merits of the rival contentions.

15. For the reasons mentioned above, the impugned order cannot be sustained. The appeals are partly allowed.

16. Accordingly, we set aside the rejection of I.A. No. 15656 of 2024 and I.A. No. 14200 of 2024. The said applications are hereby allowed. The NCDRC shall proceed to hear the Consumer Complaint No.13 of 2023.

17. Needless to clarify, the proceedings against Respondent No.1 shall continue to remain governed by the moratorium under Section 14 of the IBC. The NCDRC shall dispose of the complaint, insofar as Respondent Nos.2 to 7 are concerned, in accordance with law.

..................J. (Vikram Nath)

..................J. (Sandeep Mehta)

New Delhi

July 27, 2026

1 Hereinafter referred to as NCDRC.

2 Hereinafter referred to as IBC.

3 Hereinafter referred to as NCLT.

4 (2021) 6 SC 258.

5 (2024) 5 SCC 745.

6 Saranga Anilkumar Aggarwal v. Bhavesh Dhirajlal Sheth & Ors., 2025 INSC 314.