A one-time settlement does not extinguish the underlying financial debt in an absolute sense when the settlement is conditional. If the borrower breaches the OTS terms and the settlement stands withdrawn in accordance with its terms, the financial creditor is entitled to revive and claim the entire dues under the original loan arrangement

The **New Delhi National Company Law Appellate Tribunal (NCLAT)** in the case of **Gaurav Jaiswal vs Indian Renewable Energy Development Agency Limited [Company Appeal (AT) (Insolvency) No. 594 of 2025] dated June 30, 2026**, has clarified that service of a Section 7 IBC petition on the corporate debtor's registered email address available in MCA records constitutes valid and sufficient service, particularly when accompanied by attempts at service at the registered office and publication in accordance with the NCLT Rules. The NCLAT said that a corporate debtor cannot later challenge an ex parte admission order on grounds of non-service where it has failed to maintain or update its statutory contact details.

The Tribunal also laid down that for admission of a Section 7 application, the Adjudicating Authority is concerned only with the existence of financial debt and default above the statutory threshold. Even where the principal is said to have been paid, a default consisting of unpaid interest can sustain Section 7 proceedings if the amount exceeds the threshold limit under the Code.

Further, the NCLAT held that a one-time settlement does not extinguish the underlying financial debt in an absolute sense when the settlement is conditional. If the borrower breaches the OTS terms and the settlement stands withdrawn in accordance with its terms, the financial creditor is entitled to revive and claim the entire dues under the original loan arrangement.

The Tribunal rejected the argument that the Section 7 proceedings were vitiated for want of notice. It observed that service of the petition had been effected on the registered email address of the corporate debtor as reflected in MCA records, and that such service is valid and sufficient under the NCLT Rules, 2016. The Tribunal also noted that service had been attempted at the registered office and later through publication, and therefore the plea of violation of natural justice could not be accepted.

The Tribunal emphasized that under Section 12 of the Companies Act, 2013, the burden lies on the company to maintain a functional registered office capable of receiving notices and to update MCA records if its office changes. The corporate debtor could not take advantage of its own failure to keep its registered office and contact details operative.

The Tribunal also rejected the submission that IBC could not be invoked because the matter should have gone before the DRT or because only interest remained unpaid. It held that the Code is a self-sufficient legislation and there is no legal bar to initiating Section 7 proceedings for default in payment of interest, provided debt and default are established.