

## **Fixed Deposit being an unencumbered asset of the Corporate Debtor, could not be interfered with after the resolution plan had been approved and implemented**

Emphasising the principle of finality of an approved resolution plan and the 'clean slate' doctrine, as established by the Supreme Court in *Ghanashyam Mishra & Sons (P) Ltd. Vs Edelweiss Asset Reconstruction Co. Ltd.* [(2021) 9 SCC 657], the **National Company Law Appellate Tribunal (NCLAT), Principal Bench, New Delhi**, in the case of **Mangalam Global Enterprise Limited vs Catalyst Trusteeship Limited [Company Appeal (AT) (Insolvency) No. 114 of 2025]** dated **March 02, 2026**, has held that once a resolution plan is approved by the Adjudicating Authority, all claims which are not part of the plan stand extinguished. This ensures that the successful resolution applicant can start with a 'fresh slate' without the threat of 'surprise claim'.

The NCLAT ruled that since the Respondent No. 1 in the present case has failed to file its claim regarding the purported lien over the Fixed Deposits (FD) during the Corporate Insolvency Resolution Process (CIRP), any such claim was extinguished upon the approval of the resolution plan. Consequently, the FD, being an unencumbered asset of the Corporate Debtor, could not be interfered with after the plan had been approved and implemented.

The NCLAT Clarified that the approved plan could not be altered based on claims that were not pursued in time. Therefore, the Successful Resolution Applicant (SRA - Mangalam Global Enterprise Limited) for the Corporate Debtor (H.M. Industrial Private Limited) was entitled to the liquidation of the FD and the transfer of its proceeds. The NCLAT therefore, directed Bank of Baroda to liquidate the FD and transfer the amount with accrued interest to the Appellant.

The Tribunal observed that while the Information Memorandum did not list the FD individually, it reflected a consolidated amount for FDRs under 'Current Investment' in the balance sheet. Further, an affidavit from Bank of Baroda (Respondent No. 2) confirmed the existence of the Rs. 42 lakh FD. Based on a holistic view of the Information Memorandum and the bank's affidavit, the NCLAT concluded that the FD was indeed an asset of the Corporate Debtor.

The Tribunal gave significant weight to an affidavit filed by Bank of Baroda, which unequivocally stated that the bank had not created any lien on the Said FD and was merely its custodian. Also, a physical examination of the FD receipt showed that the columns designated for 'Lien Noted on' and 'Lien Cancelled on' were left blank, indicating no lien was ever marked. The Tribunal thus concluded that Respondent No. 1 had failed to provide any document to prove that a lien or charge was created on the FD, making its claim untenable.

The NCLAT distinguished the FD from margin money, and noted that the FD was not drawn in favour of the bank but in the joint names of the Corporate Debtor and the Debenture Trustee. It was never earmarked for a specific purpose, such as security for a Letter of Credit or Bank Guarantee, and was not placed in a trust-like structure. Therefore, it remained an asset of the Corporate Debtor and could not be treated as margin money.