

News

JSW Steel challenges the Supreme Court's decision to liquidate Bhushan Power in a review petition.



The plea claims that the ruling breaches natural justice, has factual and legal mistakes, and jeopardizes the resolution plan that was approved by the creditors.

JSW Steel Limited has petitioned the Supreme Court to reconsider the ruling of the highest court that dismissed its plan to resolve the debt of Bhushan Power and Steel (BPSL).

On May 2, the Supreme Court declared the resolution plan JSW Steel had submitted for Bhushan Steel and Power Ltd unlawful and in breach of the Insolvency and Bankruptcy Code (IBC), and it was set aside.

Under the IBC, a bench made up of **Justices Satish Chandra Sharma and Bela M. Trivedi** had also mandated the liquidation of BSPL.

JSW Steel's ₹19,700 crore resolution plan for BPSL was revoked by the Supreme Court in a harsh ruling, which described it as a "flagrant violation of the IBC's mandatory provisions" and a dishonest and deceitful attempt on the part of JSW.

The Court also criticized JSW Steel's actions, saying that during the insolvency process, the corporation "played smart" and showed mala fide and dishonest purpose.

The liquidation proceedings pertaining to BPSL that were still ongoing before the National Company Law Tribunal (NCLT) were postponed until May 26th, when another bench ruled status quo.

To enable JSW to submit a review petition against the Court's May 2 ruling, a bench consisting of **Justices Nagarathna and Satish Chandra Sharma** issued the same directive.

JSW has since submitted a review petition, claiming that the liquidation of BPSL will cause a significant loss of the financial and economic value that JSW has produced, upend the livelihoods of thousands of workers, and harm the larger steel sector as well as the rural economies that depend on it.

The appeal warns of ripple repercussions on the country's economy and India's standing in the international marketplace.

The plea claims that important information and evident legal flaws were missed in the May 2 ruling.

The plea contends that the ruling undercuts the goals of the Insolvency and Bankruptcy Code as well as the creditors' business acumen.

According to the petition, the Supreme Court misinterpreted the circumstances in its previous ruling, which led to conclusions that were against the law and established precedent.

It has been said that the Court made a mistake by rejecting its resolution plan since it did not comply with Sections 30(2) and 31(2) of the Insolvency and Bankruptcy Code.

Additionally, the business has claimed that natural justice principles were broken. The appeal claims that during the initial hearings, JSW was not given an adequate hearing on a number of important matters.

The Court's use of Article 142 of the Constitution to order the liquidation of a lucrative and solvent business is one of the main points of contention. JSW has argued that this went against established law, which maintains that whenever possible, resolution must be chosen over liquidation.

The petition further contends that the ruling calls into question the Committee of Creditors' (CoC) business acumen, given that the resolution plan was accepted by a unanimous majority. According to JSW, the verdict has jeopardized the Code's fundamental goal of the CoC's primacy.

JSW has also argued that the ruling applied legal principles inconsistently since it ignored previous Supreme Court rulings that were binding on the same matters.

In 2019, JSW Steel was the successful resolution applicant for BPSL, having made an offer to pay more than ₹19,000 crore to creditors. In September 2019, the National Company Law Tribunal (NCLT) gave its approval to the plan. In spite of legal challenges, including those brought up by the Enforcement Directorate (ED) over the attachment of BPSL's assets, it was later upheld by the NCLAT as well.

Concern over JSW Steel's failure to carry out the plan in the years after approval grew until the case made its way to the Supreme Court. The Court observed that the resolution applicant's failure to meet fundamental post-approval requirements undermined the IBC's core goals, which include maximizing asset value and resolving insolvency within a stipulated timeframe.

Notably, the ED chose not to appeal JSW Steel's takeover of BPSL under the IBC to the Supreme Court in December 2024.