# Legal Case Summary

Case Title: BRS Ventures Investments Ltd vs SREI Infrastructure Finance Ltd

Citation: 2024 INSC 548, Civil Appeal No. 4565 of 2021

Date of Judgment: 23 July 2024

Bench: Justice Abhay S. Oka, Justice Pankaj Mithal

Author of Judgment: Justice Abhay S. Oka

## Parties Involved

Appellant: BRS Ventures Investments Ltd

Respondents: SREI Infrastructure Finance Ltd & Gujarat Hydrocarbon and Power SEZ Ltd

## Background / Facts of the Case

The case relates to a Rs.100 crore loan granted by SREI Infrastructure to Gujarat Hydrocarbon and Power SEZ Ltd (subsidiary of ACIL), secured by corporate guarantee of Assam Company India Ltd (ACIL). Upon default, SREI invoked the guarantee and initiated CIRP against ACIL. BRS Ventures was the successful resolution applicant for ACIL and settled SREI’s claim for Rs.38.87 crore (against Rs.241.27 crore admitted). Later, SREI initiated separate CIRP against Gujarat Hydrocarbon. BRS opposed it, arguing subrogation and discharge of liability.

## Legal Issues Raised

1. Whether the Section 7 IBC application against the corporate debtor (Gujarat Hydrocarbon) was maintainable post ACIL CIRP resolution.

2. Whether BRS Ventures was subrogated to SREI’s rights under Section 140 of the Indian Contract Act.

3. Whether the assets of Gujarat Hydrocarbon were included in ACIL’s CIRP.

## Judgment / Decision

The Supreme Court dismissed the appeal, holding:  
- Approval of ACIL’s resolution plan does not discharge Gujarat Hydrocarbon’s liability.  
- Subrogation under Section 140 is limited to the Rs.38.87 crore paid; SREI can pursue balance dues.  
- Assets of subsidiaries (Gujarat Hydrocarbon) were not part of the ACIL CIRP.  
- Simultaneous CIRP against guarantor and principal borrower is valid under IBC.

## Final Order

• Appeal dismissed with no costs.

• Section 7 proceedings against corporate debtor valid.

## Case Timeline

• 5 Jan 2011: Loan agreement and guarantee executed

• 26 Oct 2017: CIRP of ACIL admitted

• 20 Sep 2018: ACIL resolution plan approved

• 10 Feb 2020: SREI files Section 7 IBC application against Gujarat Hydrocarbon

• 18 Nov 2020: Application admitted

• 23 July 2024: Supreme Court dismisses appeal

## Relevant Legal Principles & Precedents

• Indian Contract Act – Sections 126, 128, 133–140

• Insolvency and Bankruptcy Code – Sections 7, 18, 31, 36, 60

• Key Cases: Lalit Kumar Jain, Essar Steel, Vodafone Case

## Key Takeaways

- Corporate debtor and guarantor can be proceeded against simultaneously under IBC.

- Subrogation rights under Section 140 depend on full liability payment; partial payment limits the right.

- Assets of subsidiaries are not included in the holding company’s CIRP.