The Green Revival

In 1972, the world gathered in Stockholm to talk about the planet for the first time. Out of that moment came hope, and for a young nation like India, it lit a spark that would one day become law "*the Environment (Protection) Act of 1986*". *Ananya Sharma* was born that same year. Her mother used to say she arrived with the monsoon, a season of cleansing and renewal. By the time she turned thirty, she had grown into a woman who believed that laws could be the planet's immune system.

The Green Beginning

In 2015, after years in policy consulting, Ananya and her husband, *Arjun*, a chartered accountant with a calm voice and stormy ideals, co-founded *Verdant Metrics Private Limited*, a startup devoted to helping companies measure and meet environmental compliance standards. Their tagline, printed on recycled paper, read: "*Helping Companies Stay Green and Solvent.*"

When Verdant was incorporated, they hired a young lawyer named *Vihaan Khurana* to handle their company's legal compliance, drafting contracts, managing filings, and translating the alphabet soup of laws into something they could understand. Vihaan was sharp, with a fondness for metaphors. One day in 2017, over coffee and chaos in their small office, she said, "*You know, a new law came last year — the Insolvency and Bankruptcy Code, 2016. It's supposed to clean up corporate debt the way the Environment Act was meant to clean up pollution*."

Arjun looked up from his laptop. "*And how does it work?"*

Vihaan smiled. "*Simple, in theory. If a company defaults, the creditors can drag it to a special tribunal — the National Company Law Tribunal NCLT.* If the debt and default are proven, the company enters what they call a Corporate Insolvency Resolution Process. Creditors take control, promoters step aside, and a resolution plan decides whether the company lives or dies. It's fast, it's strict, and it leaves very little room for sentiment."

Ananya frowned. "*So if one day we hit a rough patch, we could lose everything overnight?*"

"*That's the idea*," Vihaan replied, half-joking, half-warning. "*The IBC doesn't care how noble your cause is. It only sees cash flows.*"

Arjun leaned back, thoughtful. "Efficient, but cruel."

"Necessary," Vihaan said. "Before this, companies would rot for decades. Now, at least there's an end — or a new beginning."

The conversation lingered in Ananya's mind. That evening, she wrote in her notebook: "A system to revive the dying, if only the planet had one like it."

For a time, Verdant Metrics thrived. The world had fallen in love with sustainability. The Ministry of Corporate Affairs pushed ESG disclosures; banks began offering "green

finance." Multinationals sought certifications to impress global investors. Verdant's reports, full of metrics on carbon footprints and water efficiency, became badges of virtue. They took loans — five in total, to expand their analytics platform and hire new auditors. Their lenders, a mix of public and private banks, were eager to back India's "green sunrise sector." Ananya often thought of the irony: capitalism saving the planet. Arjun, ever the realist, would smile and say, "Only if the spreadsheets stay clean." For eight years, they worked tirelessly. By 2023, Verdant had 120 employees, clients in three countries, and the quiet satisfaction of being on the right side of history.

Then history turned.

In the summer of 2024, a new government came to power, promising "industrial liberation." Environmental norms, they said, had "strangled growth." Within weeks, compliance budgets were cut, audits postponed, and the very laws that had nourished Verdant began to wither. Their clients stopped renewing contracts. Projects were halted mid-way. In a boardroom lit by dying fluorescent light, Arjun ran a finger down a balance sheet. "We're over-leveraged," he said softly. "Our cash flow can't sustain another quarter." Ananya stared out the window at the smog-shrouded city. "We built this to make things better. How do we go bankrupt trying to save the environment?"

The Fall and the Code

By October, Verdant Metrics defaulted on its term loans. The lenders called in their debt. There were no buyers, no bailouts. In December, the largest creditor filed a Section 7 application before the National Company Law Tribunal. Debt and default were proven. Verdant Metrics was admitted into the Corporate Insolvency Resolution Process — CIRP, the term that sounded like both a procedure and an autopsy. A Resolution Professional (RP) was appointed to take charge. The Board of Directors was suspended.

Ananya handed over the office keys with trembling fingers. "It's only temporary," she whispered to Arjun. He didn't reply.

A Committee of Creditors (CoC) was constituted — five lenders, together holding the power of revival or ruin. In the first CoC meeting, held over video conference, the RP explained the rules: "The Company can be revived if a resolution applicant submits a viable plan. Otherwise, liquidation." The lenders' faces flickered on screen like disinterested judges. Most wanted quick closure.

Ananya tried to speak: "Verdant has proprietary software, EcoMatrix — it can still generate revenue. If we pivot to data licensing—" A banker interrupted. "Madam, your model

depends on regulations. There's no market for compliance now. Let's be practical." Another added dryly, "The green dream is over."

Ananya felt the room closing in. "If the dream dies, the nightmare begins" she murmured. No one responded.

Months passed. The RP invited resolution plans. Three were received — one from a small consultancy hoping to restructure Verdant, and two from investment funds eyeing its data assets. The CoC held vote after vote, revising clauses and percentages, but never the intent. Meetings blurred into bureaucratic fatigue. Behind the scenes, however, a different story was unfolding. Three of the five lenders had quietly aligned with a politically connected resolution applicant — GreenAxis Capital.

They modified the plan without circulating the changes to the remaining two lenders: valuation cuts, waiver of contingent liabilities, and a clause transferring all Verdant's intellectual property to GreenAxis for "strategic integration." When the matter came up for final voting, the three majority lenders pushed it through. The RP recorded the result: Plan approved with 68.4% voting share. Ananya attended the hearing as an observer. When the NCLT pronounced its approval, relying on the CoC's "commercial wisdom," she felt a dull thud in her chest. Arjun whispered, "They sold our conscience for scrap."

Two dissenting lenders, furious at being bypassed, joined hands with the ex-management to file an appeal before the National Company Law Appellate Tribunal (NCLAT). Their plea was simple yet unsettling: the CoC had modified the approved plan secretly, excluding two voting members, violating both the letter and the spirit of the Insolvency and Bankruptcy Code. They contended that the CoC had failed in its fiduciary duty, acted with opacity, and ignored the possibility of a genuine revival, replacing diligence with expediency. The doctrine of "commercial wisdom," they argued, could not be allowed to shield arbitrariness.

The NCLAT Bench heard the parties patiently. Its eventual ruling, however, was chillingly brief: "The CoC's decision, taken by the requisite majority, is not open to judicial interference. The limits of review under the IBC are narrow and circumscribed by the commercial wisdom of creditors." In a few paragraphs, Verdant Metrics Private Limited's fate was sealed — its eight-year struggle reduced to a footnote of procedural correctness.

Ananya stepped out of the courtroom with a strange calm. Reporters swarmed around her, their microphones flashing in the afternoon sun. "Any comment, ma'am?" one asked. She paused, then said quietly, "We followed every regulation — except the law of political convenience."

At home, Arjun poured two cups of tea but spoke little. “Enough,” he said at last. “We did what we could. The system isn’t built for idealists.” But Ananya couldn’t sleep. She spent nights reading judgments — Arun Metals v. Pristine Steels, K. Sakshidar Enterprises v. ARC India, Emax Global Pte Ltd. v. Northern Infrastructure Ltd. — every one of them reaffirming the sanctity of commercial wisdom.

Then, one evening, she found a glimmer of light in the recent Supreme Court judgment, Kalpana TransTech v. Bhushan Alloy & Infra Ltd (2025). The Court, she read, had clarified that the phrase “any person aggrieved” under Section 62 of the IBC must be interpreted liberally — that former promoters, operational creditors, even public-interest stakeholders may, in appropriate cases, approach the appellate forums. The Bench, relying on GLAZE Trust Management LLC v. Bairav Raghavan & Ors. (2024), held that once the corporate insolvency resolution process is initiated, the proceedings become collective actions in rem, where ex-directors and promoters remain necessary stakeholders.

Ananya underlined the words slowly — “there is no rigid locus requirement to institute an appeal.”

For the first time in days, she smiled faintly. Perhaps the system still had room for conscience. The appeal to the Supreme Court would not be about ownership or debt anymore — it would be about recognition. Not just as an ex-director, but as an aggrieved person in the truest sense — one whose life’s work had been undone not by failure, but by the apathy of those meant to protect the future.

In her petition before the Supreme Court, Ananya argued that Verdant Metrics’ insolvency was not a story of mismanagement but of misplaced priorities. “Our downfall,” her affidavit stated, “was caused not by incompetence, but by indifference — the indifference of policymakers who diluted environmental safeguards, and of corporations that abandoned sustainability once it stopped being fashionable.” Her counsel emphasized two key points: first, that the Committee of Creditors had acted with procedural irregularity, approving a modified plan without transparency or full disclosure; and second, that the crisis of climate non-compliance across industries had crippled Verdant’s business model — not because it failed, but because others stopped following the law.

When the matter was called, the Chief Justice listened quietly as her lawyer spoke. “My Lords,” he said, “Verdant Metrics did not default out of greed or negligence. It defaulted because the very ecosystem it served — environmental regulation — was dismantled. The CoC, instead of exploring revival, hurried to recovery their money. The result is a loss not only to creditors, but to the nation’s environmental conscience.”

The opposing counsel rose smoothly. “My Lords, the Code is clear. Insolvency law does not exist to correct policy or morality. Debt and default are established facts. The CoC’s decision, taken by majority, deserves respect.”

Justice Leela Menon leaned forward. “And yet,” she said softly, “you speak of wisdom that refuses to see the air we breathe and the water we drink.”

The courtroom fell silent.

The Chief Justice interjected, restoring order. “Counsel, we appreciate the philosophical argument,” he said, “but w*e must confine ourselves to the legal one*.”

The Judgment of Conscience

After weeks of deliberation, the Supreme Court pronounced its judgment. “It is true,” the Chief Justice read, “that the Committee of Creditors must exercise its powers with fairness, transparency, and reason. In this case, irregularities in procedure are apparent. However, the fact remains that the corporate debtor is under substantial debt, and default stands proved. The law cannot be ignored merely because the company served a noble cause. The process under the Insolvency and Bankruptcy Code must continue, for it alone can restore economic order and potentially enable the entity to contribute again to society.”

Then, his tone shifted. “At the same time, the submissions made by the ex-management raise an issue of grave national importance, the weakening of environmental enforcement and the resulting economic distress to companies built around sustainability. Though such matters do not form part of the matter before us, this Court cannot remain silent. This issue being of public interest, the Bench takes suo motu cognisance of the broader legal vacuum. Accordingly, this Court directs the Ministry of Corporate Affairs and the competent legislative authorities to examine the feasibility of embedding “green insolvency” principles within the Insolvency and Bankruptcy Code, 2016, ensuring that climate-related obligations are integrated into the restructuring and liquidation processes.

In arriving at this observation, reference is made to comparative legal frameworks and recent academic discourse. The World Bank–INSOL–International Insolvency Institute Working Group on Insolvency and Climate Change (2024) has acknowledged the need for insolvency systems to promote resilience and facilitate transition to low-carbon economies. Likewise, the Insolvency Law Academy’s Thought Paper on Climate Change and Insolvency in India (2024) underscores the intricate linkage between environmental risk, default probability, and corporate solvency, particularly in the micro, small, and medium enterprise (MSME) sector.1

[1] Thought Paper on Climate Change and Insolvency in India, Insolvency Law Academy (2024), pp. 38–47.

It is increasingly recognised that insolvency law is not an isolated construct but a meta-layer intersecting with environmental, commercial, and social domains.2 Insolvency law, like economics, has its roots in moral philosophy. Long before economics became a science, Adam Smith taught that markets depend on ethics, not just money. Later, Thomas Kuhn explained that every new idea in law or science grows out of the social needs of its time. Today, climate change is one such need — a crisis that tests both our values and our systems. It affects not only the environment but also trade, business, and people's rights. If laws have changed in the past to deal with wars or financial crashes, they must now adapt to face the challenges of a changing planet.3

While this Court empathises with the company's stated environmental mission, it clarifies that insolvency proceedings must proceed within the confines of statutory command. The CoC, as the pivot of the insolvency process, is under a legal duty to act in a manner that is fair, transparent, and commercially reasonable. The moral or environmental purpose of the corporate debtor, however noble, cannot override statutory obligations or creditor rights where debt and default stand established.

This Court notes that adherence to the Corporate Insolvency Resolution Process under the IBC is not antithetical to environmental responsibility. On the contrary, a properly conducted resolution process may strengthen the enterprise's capacity to realign with sustainable practices post-restructuring. Law, while pragmatic, must remain sensitive to the higher ideals of sustainable development and inter-generational equity.

This Court, therefore, records that while the principal matter is limited to determining the legality of the CoC's decision, the judgment carries a broader implication: that insolvency governance must evolve in consonance with India's environmental commitments and constitutional vision. Economic rehabilitation under the IBC should not be divorced from ecological rehabilitation under environmental law. Such an integrated framework would reflect the constitutional promise of justice — economic, social, and environmental — envisioned under Articles 21 and 48A of the Constitution of India. Listening to this the courtroom was still.

Ananya bowed her head — the judgment had not saved her company, but it had saved its purpose. Outside, journalists called it "a loss in law but a win in legacy."

Arjun read the verdict that night and whispered, "The law stood firm." Ananya replied, "And maybe now, it will also learn to breathe."

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[2] Corporate Insolvency: Law and Practice, Sumant Batra, Eastern Book Company (2017)

[3] Should Environment Claims Be Granted the Status of Secured Creditors in the Insolvency and Bankruptcy Code, 2016? Devendra Mehta, GNLU Student Law Review, Volume IV, 2023

Weeks later, Ananya was invited to speak at a university in Delhi. The hall was packed with law students, entrepreneurs, and young activists. She began softly, without notes: "Verdant Metrics began with faith — faith that law could be a bridge between conscience and commerce. We were wrong about the market, perhaps, but not about the mission. The IBC is about revival, not burial. And revival can mean more than financial recovery. It can mean learning from what we've destroyed."

A student asked, "Do you think the Court's words will lead to real change?"

Ananya paused. "Every judgment is a seed. Some fall on barren ground. Some grow when the weather changes. The climate will decide."

Months later, on a grey November morning, Ananya returned to the same courtroom to attend an unrelated hearing. As she walked past the marble corridor, she saw a young lawyer poring over a file titled Draft Policy: Sustainable Resolution Mechanisms under IBC. He looked up, recognized her, and said, "Ma'am, your case started all this."

She smiled and said "*It wasn't mine alone. It belonged to everyone who still believes the law can breathe*." Outside, rain began to fall — soft, persistent, cleansing. Ananya tilted her face upward. Somewhere, she imagined, the planet exhaled. The name Verdant Metrics was gone from the registry of companies, but it lived on in conversation, in lecture halls, in the cautious curiosity of policymakers.

The story of a bankrupt startup had become a parable of revival — not of business, but of belief. Because in the echo of one company's failure, the world had heard something ancient, something human: the whisper that even insolvency can birth renewal, if only we choose to listen.