



INSOLVENCY PROFESSIONAL AGENCY
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LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

"The future belongs to those who believe in the beauty of their dreams."

➤ **Settlement In Corporate Debtor's Liquidation Does Not Extinguish Personal Guarantee Obligations: NCLT Chennai**

The National Company Law Tribunal (NCLT) at Chennai has reiterated that a settlement reached during the liquidation of a corporate debtor does not absolve a personal guarantor of liability under a separate contract of guarantee.

A bench of Judicial Member Sanjiv Jain and Technical Member Venkataraman Subramaniam admitted an insolvency petition filed by Aditya Birla Finance Limited against G. Thiyagarajan, who had furnished a personal guarantee for credit facilities extended to Velohar Infra Private Limited. Referring to the Supreme Court's decision in Lalit Kumar Jain v. Union of India, the tribunal observed that a personal guarantor's liability survives the discharge of the principal borrower through liquidation or insolvency proceedings.

"It is thus clear that release or discharge of principal borrower from debt owed to it by an involuntary process i.e. by operation of law or due to liquidation or insolvency process does not absolve the surety or guarantor of his/her liability, which arises out of an independent contract," the bench observed.

Source: *Live Law Biz*

Read Full news: [Settlement In Corporate Debtor's Liquidation Does Not Extinguish Personal Guarantee Obligations: NCLT Chennai](#)

➤ **NCLT Mumbai Admits Paytm Parent's Insolvency Plea Against Gaming Company Fabzen Over ₹3.41 Crore Due**

The National Company Law Tribunal (NCLT) in Mumbai has admitted an insolvency plea filed by One97 Communications Ltd, which operates Paytm, against gaming company Fabzen Technologies Pvt Ltd over unpaid dues of more than ₹3.41 crore for digital advertising services. A bench of Judicial Member Nilesh

Sharma and Technical Member Sameer Kakar held that One97 had established the existence of an operational debt and a payment default, while Fabzen had failed to show any pre-existing dispute.

"In view of the above findings, it is clear that the Applicant has placed on record the necessary evidences and materials to demonstrate the existence of the operational debt exceeding the minimum threshold of Rs.1 Crore prescribed under Section 4 of the Code due and payable by the CD as well as the default in repayment thereof by the CD. The Applicant has served the Demand Notice upon the CD, and that the CD has failed to establish the existence of any pre-existing dispute," the bench observed.

Source: Live Law Biz

Read Full news: [NCLT Mumbai Admits Paytm Parent's Insolvency Plea Against Gaming Company Fabzen Over ₹3.41 Crore Dues](#)

➤ **Collusion Allegations Alone Cannot Establish Fraudulent Insolvency Proceedings: NCLT Chandigarh**

The National Company Law Tribunal (NCLT) in Chandigarh has held that allegations of collusion, related-party dealings, and disputes among shareholders or directors are not enough to establish that insolvency proceedings were initiated fraudulently.

A bench of Judicial Member Khetrabasi Biswal and Technical Member Kaushalendra Kumar Singh rejected an application filed by Dr Vijay Vohra, a promoter shareholder and director of A.P.J. Laboratories Ltd.

He had sought action against Himalaya Food International Ltd., alleging that the insolvency proceedings initiated by the company were fraudulent and driven by a malicious intent. Explaining the scope of the law, the bench held: *"Section 65 of the Code is a penal provision and can be invoked only where there is clear material to establish that insolvency proceedings were initiated fraudulently or with malicious intent for purposes other than insolvency resolution. Mere allegations of collusion, related party transactions, or internal disputes among shareholders/directors do not ipso facto satisfy the threshold under Section 65."*

Source: Live Law Biz

Read Full news: [Collusion Allegations Alone Cannot Establish Fraudulent Insolvency Proceedings: NCLT Chandigarh](#)



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