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# IBC AU-COURANT

LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

*"Life can only be understood backwards; but it must be lived forwards."*

## ➤ Continuation of CIRP by Sole Creditor Despite Full Repayment is Malicious Use of IBC: NCLAT Delhi

The New Delhi National Company Law Appellate Tribunal (NCLAT) on 30 June held that continuation of insolvency proceedings by a sole creditor despite full repayment of the debt amounted to malicious use of the Insolvency and Bankruptcy Code (IBC), which is intended for revival of corporate debtors and not for pursuing coercive or vindictive action.

Judicial Member Justice N Seshsayee and Technical Members Arun Baroka and Indevan Pandey terminated the Corporate Insolvency Resolution Process (CIRP) against Sulojay Realty Pvt. Ltd. and dismissed the appeal filed by suspended director Achal Kumar Jindal. The Bench observed.

*"It may be true, that when this money was due for repayment, it was not paid, but when it is offered on a platter the creditor rejects, especially when he has no one to consult, or decide for him. Is it then fair for this one creditor-one member- CoC to reject the offer, merely because there existed grounds for commencing CIRP? What exactly this creditor wants – the blood of the suspended board of the corporate debtor, or its revival?"*

The appeal arose from a 13 December 2024 order of the Kolkata Bench of the National Company Law Tribunal, which had admitted Sulojay Realty into CIRP under Section 7 of the IBC on a petition filed by majority shareholder and financial creditor Sanjay Kumar Bhuwalka.

Sulojay Realty incorporated in March 2021, had received Rs 7.47 crore from Bhuwalka between April 2021 and May 2022. A part payment of Rs 1.85 crore was made in June 2021, while the remaining liability of Rs 6.43 crore was reflected in the company's financial statements for FY 2021-22 and FY 2022-23.

**Source: Live Law Biz**

**Read Full News:** [Continuation of CIRP by Sole Creditor Despite Full Repayment is Malicious Use of IBC: NCLAT Delhi](#)

## ➤ **NCLT Mumbai Admits Bank of Maharashtra's CIRP Plea Against DNR India Autotech Over ₹17.98 Crore Default**

The Mumbai Bench of the National Company Law Tribunal (NCLT) has recently admitted Bank of Maharashtra's insolvency plea against DNR India Autotech Pvt Ltd. The Corporate Insolvency Resolution Process has been initiated over an alleged default of ₹17.98 crore arising from a corporate guarantee executed by the company for credit facilities extended to Tirumalla Agro Industries Pvt Ltd.

A bench of Judicial Member Nilesh Sharma and Technical Member Sameer Kakar admitted the petition after holding that the financial creditor had established the existence of a financial debt and a continuing default above the statutory threshold.

**Source: Live Law Biz**

**Read Full News:** [NCLT Mumbai Admits Bank of Maharashtra's CIRP Plea Against DNR India Autotech Over ₹17.98 Crore Default](#)

## ➤ **NCLT Mumbai Orders Restoration of Pledged Shares, Holds Their Invocation During CIRP Moratorium Illegal**

The National Company Law Tribunal (NCLT) at Mumbai has recently held that a financial creditor's invocation of pledged shares after the commencement of the Corporate Insolvency Resolution Process (CIRP) violated the moratorium under the Insolvency and Bankruptcy Code (IBC). It ruled that the creditor's contractual right to invoke the pledge could not override the statutory moratorium.

A bench of Judicial Member Lakshmi Gurung and Technical Member Charanjeet Singh Gulati made the observations while directing the transfer of 3,62,000 pledged equity shares of Flexituff Ventures International Ltd back to the corporate debtor's demat account within 15 days.

**Source: Live Law Biz**

**Read Full News:** [NCLT Mumbai Orders Restoration of Pledged Shares, Holds Their Invocation During CIRP Moratorium Illegal](#)



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