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LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

"If you tell the truth, you don't have to remember anything."

- **NCLT Ahmedabad Directs Gensol RP To Hand Over 10 EVs To Mahindra Finance During CIRP**

The Ahmedabad Bench of the National Company Law Tribunal (NCLT) on 20 August partly allowed an application filed by Mahindra & Mahindra Financial Services Limited (MMFSL) concerning 17 electric vehicles (EVs) allegedly retained by Gensol Engineering Limited during its Corporate Insolvency Resolution Process (CIRP).

A Bench of Judicial Member Shammi Khan and Technical Member Sanjeev Sharma directed the Resolution Professional (RP) of Gensol to hand over 10 of the vehicles to MMFSL, holding that they could not be treated as assets of the Corporate Debtor during CIRP. The Tribunal observed: *"…it is necessary to note that the moratorium is intended to preserve the legal and factual position of the Corporate Debtor and its assets during CIRP. It does not, by itself, create ownership or proprietary rights in favour of the Corporate Debtor over assets belonging to another person."*

MMFSL had sanctioned lease facilities aggregating to Rs. 85 crore between 2021 and 2023, pursuant to which 419 EVs were acquired and leased to Gensol Engineering Limited and Blu-Smart Mobility Limited. Following defaults, MMFSL terminated the lease agreements on 18 March 2025, before commencement of CIRP on 13 June 2025.

Of the 419 vehicles, 291 were repossessed, while 128 remained unrecovered, including 17 vehicles allegedly retained by Gensol. MMFSL approached the Tribunal seeking disclosure of their location and restoration of possession, contending that the vehicles did not form part of the CIRP estate as the leases had been terminated before insolvency proceedings commenced.

Indian Renewable Energy Development Agency Limited (IREDA) opposed the claim, contending that the vehicles formed part of Project No. 2583 financed under a Facility Agreement and Deed of Hypothecation dated 24 March 2022. It also relied on a charge allegedly registered with the Ministry of Corporate Affairs.

Source: Live Law Biz
Read Full News: *NCLT Ahmedabad Directs Gensol RP To Hand Over 10 EVs To Mahindra Finance During CIRP*

Loan Paid To Director's Account Not Company Debt Without Proof of Corporate Borrowing: NCLT Chennai

The National Company Law Tribunal (NCLT) at Chennai has held that a loan directly disbursed into the personal bank account of a company's director cannot be treated as a financial debt of the company without supporting evidence. The creditor must establish that the borrowing was undertaken by the company and that the funds were received or utilised by it for its business.

A coram of Judicial Member Jyoti Kumar Tripathi and Technical Member Ravichandran Ramasamy observed,..*A financial disbursement made directly to an individual director's bank account cannot, by stretch of imagination, be treated as a financial debt extended to the corporate entity, in the absence of direct corporate borrowing resolutions and direct receipt of funds by the company, further the applicant has not brought on record any further documents to substantiate that the said disbursement was done in furtherance of the corporate debtor."*

Source: Live Law Biz
Read Full News**:** *Loan Paid to Director's Account Not Company Debt Without Proof Of Corporate Borrowing: NCLT Chennai*

NCLAT Closes Insolvency Process Despite Failure of Statutory Withdrawal Mechanism

The National Company Law Appellate Tribunal at New Delhi, has closed the insolvency proceedings against Shalfeyo Industries Private Limited. It held that although the statutory mechanism for withdrawing the proceedings under Section 12A could not be completed, keeping the Corporate Insolvency Resolution Process alive would serve no meaningful purpose.

A bench of Judicial Member Justice Mohammad Faiz Alam Khan and Technical Members Arun Baroka and Indevar Pandey observed: "We are of the view that, the company is a viable entity and keeping the CIRP alive merely because the earlier statutory withdrawal mechanism could not be completed, would be huge wastage of precious resources in terms of time of Tribunals which could be productively used to dispose other important proceedings."

Source: Live Law Biz
Read Full News: *NCLAT Closes Insolvency Process Despite Failure Of Statutory Withdrawal Mechanism*

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