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LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

"If you really want to do something, you'll find a way. If you don't, you'll find an excuse."

NCLT Ahmedabad Admits Insolvency Plea Against Montecarlo, Rejects 'Pre-Existing Dispute' Defence

The Ahmedabad Bench of the National Company Law Tribunal (NCLT) on 6 July admitted an insolvency petition against Montecarlo Limited, holding that disputes raised only after receipt of a demand notice cannot be treated as "pre-existing disputes" under the Insolvency and Bankruptcy Code, 2016 (IBC).

A Bench comprising Judicial Member Chitra Hankare and Technical Member Dr V.G. Venkata Chalapathy allowed the application filed by Vanshita Transport, noting.

"The CD is consistently saying that there is a preexisting dispute. However, it has itself admitted that before the issuance of the demand notice, no dispute was raised by the CD. The dispute was raised by the CD only in the reply sent to the demand notice issued by the Applicant. Therefore, it cannot be treated as a pre-existing dispute."

Vanshita Transport, an operational creditor engaged in cement transportation, claimed unpaid dues of Rs 1.47 crore, including interest of Rs 6.87 lakh, for services provided between November 2022 and November 2024. It supported its claim with invoices issued between 8 November 2022 and 25 November 2024.

The operational creditor issued a demand notice on 19 December 2024 and also placed on record default details filed with the Information Utility along with work orders dated 11 July 2022 and 1 April 2024. Montecarlo Limited opposed the insolvency proceedings, alleging fraud and collusion between Vanshita Transport and its former employee. It claimed that inflated transportation rates and incorrect distance calculations had caused losses of Rs 4.91 crore. The company also stated that it had filed a police complaint against the employee in December 2024 and initiated disciplinary proceedings. It argued that the dispute was civil in nature and that the work orders contained arbitration clauses requiring disputes to be resolved through arbitration.

Source: Live Law Biz
Read Full News: *NCLT Ahmedabad Admits Insolvency Plea Against Montecarlo, Rejects 'Pre-Existing Dispute' Defence*

NCLT Mumbai Rejects Canara Bank's ₹742 Cr. Plea Against Frost International's Guarantor As Time Barred

On 8 July, the Mumbai Bench of the National Company Law Tribunal (NCLT) held that a second demand notice cannot revive a time-barred insolvency claim arising from an on-demand corporate guarantee, where limitation had already commenced upon invocation of the guarantee.

Judicial Member Nilesh Sharma and Technical Member Sameer Kakar rejected Canara Bank's Section 7 application seeking initiation of the Corporate Insolvency Resolution Process (CIRP) against Globiz Exim Pvt Ltd, the corporate guarantor for Frost International Ltd, over an alleged default of Rs. 742.06 crore.

Source: Live Law Biz
Read Full News*: *NCLT Mumbai Rejects Canara Bank's ₹742 Cr. Plea Against Frost International's Guarantor as Time Barred

Deadline For Filing Forms Relating To Personal Guarantors To Insolvent Firms Extended Up To Sept 30

The bankruptcy regulator on Thursday extended the timeline for insolvency professionals by three months through September 30 to file forms electronically for the monitoring of resolution processes involving guarantors who have offered personal surety for corporate debtors.

The Insolvency and Bankruptcy Board of India (IBBI) had mandated the filing on its platform between March 31 and June 30, depending on the stage of the resolution process pertaining to personal guarantors. Failure to do so would attract penalties, it had then said.

The extension is granted after representations by insolvency professionals (IPs) and IP agencies for relief, the regulator said in a circular. They had cited technicalities, difficulties, and the transitional time required to familiarize themselves with the electronic platform and submission of the forms, it added.

Accordingly, penalties will now be levied for filing only after September 30.

Source: The Economic Times
Read Full News*: *Deadline for filing forms relating to personal guarantors to insolvent firms extended up to Sept 30 - The Economic Times

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