



INSOLVENCY PROFESSIONAL AGENCY
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA
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IBC AU-COURANT

LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

"Whatever you are, be a good one."

➤ **NCLT Restores PNB's Secured Creditor Status In Arshiya Limited Insolvency Case, Sets Aside RP Reclassification**

Mumbai, Feb 17: The National Company Law Tribunal (NCLT) has accepted the application filed by the Punjab National Bank (PNB) to retain its status as a secured financial creditor in the ongoing Corporate Insolvency Resolution Process (CIRP) of Arshiya Limited. This order has thus set aside the Resolution Professional's decision to reclassify the bank as an unsecured financial creditor.

Dispute over reclassification

As per the application filed, initially, in the first CoC meeting, PNB's claim of over Rs 374 crore had been recorded as that of a secured financial creditor.

However, based on a legal opinion, the RP later shifted the bank to the category of "unsecured financial creditor", stating that a pledge of shares amounted only to a security interest and that no direct disbursement had been made to Arshiya Limited. PNB challenged the decision, arguing that it held both a corporate guarantee and a pledge of shares securing the debt advanced to Arshiya Northern FTWZ Limited (ANFL), a subsidiary of Arshiya Limited. The bank contended that the unilateral reclassification was beyond the RP's authority and violated settled legal principles.

Tribunal's observations on RP's powers

After hearing both sides, the Tribunal held that once a claim has been admitted and categorised by the Interim Resolution Professional, the Resolution Professional cannot alter the status of the creditor. The bench relied on precedents of the appellate tribunal to observe that while claims can be updated, their classification cannot be changed without proper adjudication.

Source: Free Press Journal

Read Full news: [NCLT Restores PNB's Secured Creditor Status In Arshiya Limited Insolvency Case, Sets Aside RP Reclassification](#)

➤ **IBBI moots changes in insolvency rules to plug procedural gaps; disputes on delayed claims to be handled solely by NCLT**

The Insolvency and Bankruptcy Board of India (IBBI) has proposed a series of changes in the insolvency rules that will plug gaps in insolvency costs and the treatment of delayed claims in addition to bringing in more transparency in the approval of resolution plans by the committee of creditors (CoC).

Through a discussion paper, the insolvency board said that even though the commercial wisdom of the CoC remains supreme in the approval of resolution plans, however, certain factors – such as expected recovery vis-à-vis liquidation value, fair market value, credibility and track record of resolution applicants – must be formally in CoC's meeting while evaluating resolution plans. The enhanced documentation is expected to make the CoC's decision-making more transparent and provide evidentiary support in the event of judicial scrutiny.

Source: Financial Express

Read Full news: [IBBI moots changes in insolvency rules to plug procedural gaps; disputes on delayed claims to be handled solely by NCLT - Business News | The Financial Express](#)

➤ **Mumbai News: NCLT Rejects SBI's Insolvency Plea Against Loha Ispaat's Former CMD Over ₹287 Crore Personal Guarantee**

Mumbai, Feb 16: The Mumbai bench of the National Company Law Tribunal (NCLT) has rejected an insolvency application filed by the State Bank of India (SBI) against Rajesh Gaurishankar Poddar, director and former chairman-cum-managing director of Loha Ispaat Limited, who had stood as a personal guarantor for Rs 287.30 crore in loans availed by the company.

SBI sought insolvency under IBC

SBI had approached the tribunal seeking initiation of insolvency proceedings against Poddar in his capacity as personal guarantor under the Insolvency and Bankruptcy Code (IBC).

The bank contended that Loha Ispaat Limited had availed various credit facilities and that Poddar had executed a deed of personal guarantee, later amended through supplemental deeds, securing repayment of principal, interest and other dues.

Source: Free Press Journal

Read Full news: [Mumbai News: NCLT Rejects SBI's Insolvency Plea Against Loha Ispaat's Former CMD Over ₹287 Crore Personal Guarantee](#)



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