



# IBC AU-COURANT

## LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

*"We can't become what we need to be by remaining what we are."*

### ➤ **NCLT Kochi Holds 2026 IBC Amendment Clarifying Liquidation Distribution Applies Retrospectively**

The National Company Law Tribunal (NCLT) has ruled that a 2026 clarification to the insolvency law governing the entitlement of secured creditors who relinquish their security interests during liquidation applies to pending proceedings.

The Tribunal held that liquidation proceeds must be distributed with reference to the value of the security interest relinquished by a creditor and not merely the amount of debt admitted in its favour.

"The statutory scheme, as clarified by the amendment, contemplates distribution with reference to the value of the security interest relinquished by the secured creditor, and not merely on the basis of the quantum of debt admitted.", the tribunal ruled. A bench of Judicial Member Vinay Goel and Technical Member Ravichandran Ramasamy delivered the ruling while dismissing an application filed by Meenachil East Urban Co-operative Bank in the liquidation of Raihan Healthcare Private Limited.

"Accordingly, we find no merit in the principal contention advanced by the Applicant on this issue."

The co-operative bank had extended multiple credit facilities to Raihan Healthcare and later filed a claim of about ₹5.25 crore after relinquishing its security interest in favour of the liquidation estate.

The company was ordered into liquidation in 2019. During the liquidation process, the liquidator took possession of its assets and sold the land and building for about ₹31.21 crore. The plant and machinery were sold separately for about ₹5.45 crore.

**Source:** *Live Law Biz*

**Read Full news:** [NCLT Kochi Holds 2026 IBC Amendment Clarifying Liquidation Distribution Applies Retrospectively](#)

## ➤ **NCLT Chandigarh Denies Financial Creditor Status To Samar Estates Flat Buyers After Allotment Cancellation**

The Chandigarh Bench of the National Company Law Tribunal (NCLT) has dismissed a plea by two flat buyers seeking recognition as financial creditors of Samar Estates Pvt. Ltd. and inclusion in the company's Committee of Creditors (CoC). The Tribunal held that their allotment had stood cancelled more than a decade before the insolvency process began. A bench of Judicial Member Khetrabasi Biswal and Technical Member Shishir Agarwal passed the order.

The Tribunal observed, *“Therefore, once the allotment itself stood cancelled and no subsisting right in the apartment survived, the amount allegedly paid by the Applicants cannot be treated as money raised from an allottee under a real estate project so as to constitute a financial debt under Section 5(8)(f) of the Code. The contractual relationship between the parties came to an end upon cancellation and, therefore, the Applicants cannot seek inclusion in the CoC as Financial Creditor in a class.”*

**Source: Live Law Biz**

**Read Full news:** [NCLT Chandigarh Denies Financial Creditor Status To Samar Estates Flat Buyers After Allotment Cancellation](#)

## ➤ **Only Security Created Over Corporate Debtor's Assets Confers Secured Creditor Status: NCLT Kochi**

The National Company Law Tribunal (NCLT) at Kochi has held that a creditor cannot claim the status of a secured financial creditor in a corporate insolvency resolution process merely because its debt is backed by the personal assets of promoters. Such status can be claimed only where a security interest has been created over the assets of the corporate debtor.

“Under the insolvency process, only a security interest created over the assets of the Corporate Debtor can confer the status of a secured financial debt. Where no such security interest exists in favour of the creditor over the assets of the Corporate Debtor, the debt cannot be treated as a secured financial debt, notwithstanding the existence of security over the personal assets of the promoters.”, the court held

**Source: Live Law Biz**

**Read Full news:** [Only Security Created Over Corporate Debtor's Assets Confers Secured Creditor Status: NCLT Kochi](#)



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