INSOLVENCY PROFESSIONAL AGENCY
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IBC AU-COURANT

LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

"The limit is not the sky. The limit is the mind."

➢ NCLT Ahmedabad Admits Shri Niwas Leasing's Insolvency Plea Against Tiaan Consumer

On 17 November, the Ahmedabad Bench of the National Company Law Tribunal (NCLT) admitted an Insolvency petition filed by Shri Niwas Leasing and Finance Limited proceedings against Tiaan Consumer Limited over a default of Rs. 106.61 crore.

A Bench of Judicial Member Shammi Khan and Technical Member Sanjeev Sharma held that execution of a loan agreement after disbursement does not, by itself, negate the existence of a financial debt under the Insolvency and Bankruptcy Code, 2016 (IBC). It observed:*"The execution of the Loan Agreement subsequent to disbursement, by itself, does not negate the existence of financial debt, particularly when the subsequent Supplementary Loan Agreement dated 05.08.2025 records the outstanding principal liability of Rs.90.00 Crore along with applicable interest. The transaction is required to be examined in the light of Section 5(8) of the Code, including the consideration for time value of money."*

The Financial Creditor submitted that it had disbursed an aggregate sum of Rs. 90 crore to Tiaan Consumer in December 2024. Subsequently, the parties executed a Loan Agreement on 11 January 2025, providing for repayment with interest at 12% per annum. At the request of Tiaan Consumer, the parties extended the repayment period through a Supplementary Loan Agreement dated 5 August 2025. The agreement extended the loan tenure to 20 months from the date of first disbursement and recorded Tiaan Consumer's acknowledgement of the outstanding liability.

The Financial Creditor contended that the extended repayment tenure expired on 11 August 2026, but Tiaan Consumer failed to repay the loan. It relied on the loan documents and ledger reconciliation statements to establish the outstanding liability. It further submitted that the loan recall notice issued on 4 September 2026 was merely a formal demand issued after the default had occurred. Opposing the petition, Tiaan Consumer argued that the application was premature and not maintainable. It contended that the Financial Creditor had failed to establish an enforceable financial debt or clearly identify the date of default.

Source: Live Law Biz
Read Full News: *https://www.livelawbiz.com/ibc/nclt-ahmedabad-admits-shri-niwas-leasing-and-finances-insolvency-plea-against-tiaan-consumer-558926*

➢ EPFO Cannot Recover Dues From Personal Guarantor's Exhausted Estate: NCLT Hyderabad

The National Company Law Tribunal (NCLT), Hyderabad, has held that a statutory claim, however high its priority under law, cannot be recovered from a bankruptcy estate that has already been exhausted and distributed among creditors.

The Bench of Judicial Member Rajeev Bhardwaj and Technical Member Sanjay Puri observed, "In the absence of any surviving assets or funds in the Bankruptcy Trust account of the Personal Guarantor, this Tribunal cannot issue a mechanical direction to Respondent No. 1 for payment or satisfaction of any dues. A statutory claim, however high its priority in law, cannot be satisfied out of an estate that holds no realisable value"

Source: Live Law Biz
Read Full News*:https://www.livelawbiz.com/nclt/epfo-cannot-recover-dues-from-personal-guarantors-exhausted-estate-nclt-hyderabad-558983*

➢ Value Preservation Cannot Justify Revival of Company After Liquidation Begins: NCLT Mumbai

The National Company Law Tribunal (NCLT) at Mumbai has held that preserving a company's value, including its intangible assets, cannot justify invoking its inherent powers to revive the company once liquidation has commenced.

The Tribunal made this observation while dismissing an application by Essar Shipping Limited to revive OGD Services Limited as a going concern. It noted that an October 14, 2025 amendment to the Insolvency and Bankruptcy Board of India (IBBI) Liquidation Process Regulations removed the provision for selling a Corporate Debtor as a going concern in cases where such a sale had not already commenced.

Source: Live Law Biz
Read Full News: *https://www.livelawbiz.com/nclt/nclt-value-preservation-cannot-justify-revival-of-company-after-liquidation-begins-nclt-mumbai-558957*