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OF INSTITUTE OF COST ACCOUNTANTS OF INDIA

# IBC AU-COURANT

LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

*"The only power that exists is inside ourselves."*

## ➤ **BluSmart Mobility to face insolvency proceedings over ₹1.28 crore default**

Electric ride-hailing startup Blu-Smart Mobility has been admitted into corporate insolvency resolution proceedings (CIRP) by the National Company Law Tribunal (NCLT), Ahmedabad. The order, pronounced on July 28, 2025, follows a petition filed by debenture trustee Catalyst Trusteeship Limited, citing a default of ₹1.28 crore on non-convertible debentures (NCDs). This marks Blu-Smart as India's first major EV ride-hailing firm to enter insolvency.

BluSmart had issued 15 secured NCDs worth ₹15 crore to Catalyst (acting for InCred Credit Opportunities Fund-I) on April 20, 2023, to fund its EV fleet operations. The debt carried a 24-month tenor with staggered principal repayments starting April 30, 2023. The default materialized when BluSmart failed to pay installments due on March 31, 2025 (Rs 64.17 lakh) and April 30, 2025 (Rs 63.31 lakh), totalling Rs 1.28 crore, which includes Rs 1.25 crore in principal plus other dues. An earlier payment of ₹64.77 lakh in February 2025 was also delayed by 18 days, signalling prior financial stress. A key shareholder, Anmol Singh Jaggi, admitted the default via email on April 10, 2025, promising payment "by next week," which never materialized.

The NCLT, presided over by Judicial Member Shammi Khan and Technical Member Sanjeev Sharma validated the debt and default with evidence including bank statements, the Debenture Trust Deed, and records from SEBI's e-governance portal (NeSL). The tribunal dismissed Blu-Smart's defenses of a "temporary financial crunch" and a "premature petition," citing Supreme Court precedents that mandate CIRP initiation when a default is proven. While noting SEBI's April 15 interim order against BluSmart's related entity Gensol Engineering, the NCLT clarified that this did not absolve BluSmart's debt obligations.

**Source: Insolvency Tracker**

**Read Full news:** <https://insolvencytracker.in/2025/07/29/blusmart-insolvency/>

## ➤ **Bank Can Classify Corporate Debtor's Account As Fraud During CIRP, Such Classification Is Not Hit By S.14 Of IBC: NCLT Mumbai**

The **National Company Law Tribunal (NCLT) Mumbai** bench of **Sh. Prabhat Kumar (Technical Member)** and **Justice Virendrasingh Bisht (Retd.) (Judicial Member)** has held that a bank is empowered to classify the account of the Corporate Debtor as fraud even during the currency of the CIRP and such classification is not hit by section 14 of the IBC.

The present application has been filed under section 60(5) of the Insolvency and Bankruptcy Code, 2016 (IBC) seeking to set aside the letter issued by the Respondent by which the corporate debtor's bank account was classified as fraud during moratorium under section 14 of the IBC. The Applicant submitted that the Respondent is part of the Committee of Creditors (CoC) which has approved the Resolution Plan with 100 % voting on 22.04.2024 and would create obstacles in the smooth conclusion of the Corporate Insolvency Resolution Process (CIRP).

*Source: Live Law*

*Read Full news:* <https://www.livelaw.in/ibc-cases/bank-can-classify-corporate-debtors-account-as-fraud-during-cirp-such-classification-is-not-hit-by-section-14-of-ibc-nclt-mumbai-299056>

## ➤ **Development Rights Crystallised Before Termination Of Collaboration Agreement Form Part Of Corporate Debtor's Assets: NCLT New Delhi**

The **National Company Law Tribunal (NCLT) New Delhi** bench of **Shri Manni Sankariah Shanmuga Sundaram (Judicial Member)** and **Shri Atul Chaturvedi (Technical Member)** has held that developments rights crystallised before the termination of collaboration agreement can be included in the assets of the corporate debtor even though such termination of the agreement was later upheld by the Arbitral Tribunal. These rights were exercised by the Corporate Debtor to develop the real estate project which holds relevance in the CIRP. The present application has been filed under section 60(5) of the Insolvency and Bankruptcy Code, 2016 (IBC) seeking exclusion of the unsold inventory in the project space from the valuation and Information Memorandum. It is further prayed that the subject property should be excluded from the valuation and the Information Memorandum.

*Source: Live Law*

*Read Full news:* <https://www.livelaw.in/ibc-cases/development-rights-crystallised-before-termination-of-collaboration-agreement-form-part-of-corporate-debtors-assets-nclt-new-delhi-299154>

