INSOLVENCY PROFESSIONAL AGENCY
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA
PROMOTED BY THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

31| July | 2026

IBC AU-COURANT

LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

" Great things happen to those who don't stop believing, trying, learning, and being grateful. ."

➢ NCLT Ahmedabad Rejects Money Lender's CIRP Plea, Says Loan To Repay Existing Bank Debt Is Not Financial Debt

The Ahmedabad bench of the National Company Law Tribunal (NCLT) has held that a money lender who advances funds only to help a corporate debtor clear an existing bank loan cannot, in the facts of the case, claim the status of a financial creditor under the Insolvency and Bankruptcy Code (IBC).

It rejected a Section 7 insolvency plea filed by Gujarat-based Mangaldas Finance seeking initiation of the corporate insolvency resolution process against Milano Papers Pvt. Ltd.

The bench of Judicial Member Chitra Hankare and Technical Member Dr. V.G. Venkata Chalapathy observed that the loan had been sanctioned solely to repay the corporate debtor's Yes Bank liability.

"A repayment arranged in order to enable the CD repay the loan cannot be the activity of a money lender and the loan so granted by applicant does not qualify as financial creditor or financial debt under Sec 5 (7) & (8) of IBC 2016," the bench held.

Mangaldas Finance, a sole proprietorship of Asit Surendrabhai Shah registered under the Gujarat Money Lenders Act, 2011, approached the tribunal under Section 7 of the IBC seeking initiation of the corporate insolvency resolution process against Milano Papers. It claimed a default of ₹9.56 crore arising from four term loans sanctioned in October 2024.

According to the applicant, the loans carried interest at 15% per annum and were disbursed directly to Yes Bank to clear Milano Papers' outstanding dues. The company continued making repayments until October 2025 but allegedly defaulted the following month. The money lender then issued a demand notice. It said Milano Papers acknowledged the notice and cited financial difficulties while seeking additional time to clear the outstanding amount.

Source: Live Law Biz
Read Full News: *NCLT Ahmedabad Rejects Money Lender's CIRP Plea, Says Loan To Repay Existing Bank Debt Is Not Financial Debt*

Operational Creditor Cannot Use Conflicting Debt Documents To Extend Limitation: NCLAT New Delhi

The New Delhi National Company Law Appellate Tribunal (NCLAT) on 29 July held that an operational creditor cannot invoke insolvency proceedings by relying on inconsistent documents regarding the debt claimed and simultaneously seek to treat those documents as an acknowledgement of liability to extend the limitation period under Section 18 of the Limitation Act, 1963.

A Bench comprising Judicial Member Justice N Seshasayee and Technical Member Arun Baroka dismissed the appeal filed by Sturdy Industries Limited against the order of the Jaipur Bench of the National Company Law Tribunal (NCLT), which had rejected its insolvency petition as time-barred and affected by pre-existing disputes.

Source: Live Law Biz
Read Full News: *Operational Creditor Cannot Use Conflicting Debt Documents To Extend Limitation: NCLAT New Delhi*

NCLAT Rejects Telecom Dept's Plea in Rolta Insolvency, Upholds ₹900-Crore Resolution Plan

The National Company Law Appellate Tribunal (NCLAT) on Thursday rejected the Centre's plea seeking to recover admitted claims of ₹179.19 crore from bankrupt technology company Rolta India, delivering a setback to the Department of Telecommunications (DoT).

A Delhi bench of the NCLAT upheld the National Company Law Tribunal's (Mumbai bench) approval of the ₹900-crore resolution plan submitted by Ashdan Properties, the successful bidder acquiring Rolta India. Under the approved plan, the DoT is treated as an operational creditor and allocated just ₹10 lakh. "The appeal is dismissed," the NCLAT bench said while pronouncing the order. The detailed written judgement is awaited.

Source: Mint
Read Full News: *NCLAT Rejects Telecom Dept's Plea in Rolta Insolvency, Upholds ₹900-Crore Resolution Plan | Today News*