

NCLT rejects Exim Bank's claim of Rs 625 crore on JEKPL

By [Dheeraj Tiwari](#), ET Bureau | Updated: Dec 02, 2017, 12.37 AM IST

1 **NEW**
Comments



NCLT said status of Exim Bank cannot be categorised as a financial creditor in the committee of creditors (COC).

DELHI: Allahabad bench of the bankruptcy court has rejected a plea from [Exim Bank](#) to treat its claim of Rs 625 crore on [JEKPL Private Limited](#) to be treated as financial debt after [insolvency](#) proceedings have been filed against the Allahabad-based firm.

The decision of Allahabad National Company and Law Tribunal ([NCLT](#)) is expected to further push lenders not to dither in filing insolvency proceedings after similar action has been taken by other creditors, said two officials aware of the verdict.

Exim Bank had approached NCLT after resolution professional Mukesh Mohan rejected its claim to treat the counter corporate guarantee of Rs 625 crore given to JEKPL as a valid claim under 'financial debt' and to include it in committee of creditors with a voting share proportional to amount of claims.

The bank had invoked its claim on March 30, almost two weeks after [corporate insolvency resolution process](#) (CIRP) was initiated against the company on March 17. Adjudicating authority had already declared moratorium period when proceedings on the corporate debtor company are restrained.

In its verdict, NCLT observed, "It is clear that corporate guarantee which has not been invoked before commencement of insolvency process cannot be considered as debt." It said status of Exim Bank cannot be categorised as a financial creditor in the committee of creditors (COC). "Therefore, we do not see any infirmity in the action of the resolution professional," it said.



[Mysskins film, Thupparivaalan, is now online](#)

Prime Video



[Help a 2.5 yr old baby girl to fight cancer](#)

KETTO

Recommended By Colombia

NCLT in its verdict further observed that the resolution professional possesses necessary jurisdiction

to consider claim of a particular class of creditors to be treated as financial creditors. “In this case the RP has allowed the bank to be a permanent invitee in the committee of creditors (COC) but without voting rights for the purpose of resolution process (CIRP),” said an official aware of the developments.