



**I & M Bank Limited & another v Allied E. A Limited (Commercial Miscellaneous Application E916 of 2025) [2025] KEHC 15072 (KLR) (Commercial and Tax) (23 October 2025) (Ruling)**

Neutral citation: [2025] KEHC 15072 (KLR)

**REPUBLIC OF KENYA  
IN THE HIGH COURT AT NAIROBI (MILIMANI COMMERCIAL COURTS)  
COMMERCIAL AND TAX  
COMMERCIAL MISCELLANEOUS APPLICATION E916 OF 2025**

**BK NJOROGE, J  
OCTOBER 23, 2025**

**BETWEEN**

**I & M BANK LIMITED ..... CREDITOR**

**AND**

**P.V. R RAO ..... ADMINISTRATOR**

**AND**

**ALLIED E. A LIMITED ..... DEBTOR**

**RULING**

1. The Applicant filed the Notice of Motion dated 11<sup>th</sup> September 2025 seeking the following orders;
  - a. The Court to extend the term of administration of Allied E.A Limited (under Administration) and that of the Administrator, Mr. Ponangipalli Venkata Ramana Rao, for a period of 12 months with effect from the expiry of the current term on 15<sup>th</sup> September 2025.
  - b. spent
  - c. The cost of this Application be in the cause.

**Background Facts**

2. The Application was supported by the sworn Affidavit of Ponangipalli Venkata Ramana Rao (the Administrator of the Debtor company) who stated that the Applicant is the administrator of the debtor company, Allied E.A Limited. The term of the Administrator is set to expire on 15<sup>th</sup> September, 2025 and it is absolutely necessary that the term of the Administrator be extended prior to its expiry.



3. The Administrator filed three previous applications dated 25<sup>th</sup> May 2022, 6<sup>th</sup> September, 2023 and 2<sup>nd</sup> September 2024 in Milimani HCCOMMMISC NO. E403 of 2022, Milimani HCCOMMMISC NO. E776 of 2023 & Milimani HCCOMMMISC NO. E707 OF 2024 all seeking inter alia orders for the extension of the term of the Administrator
4. The Applicant added that Section 593 of the *Insolvency Act* (hereinafter referred to as the Act) provides that an administration automatically ends at the end of 12 months from and including the date on which it took effect. Thus, the current administration will automatically end on 15<sup>th</sup> September 2025.
5. Thus, unless the application herein is heard urgently and the orders sought are granted, the current administration will automatically end on 15<sup>th</sup> September 2025 and it is absolutely necessary that the term of the Administrators be extended prior to its expiry.
6. It is notable that the Application is unopposed as there was no response filed by the Respondent.

### **Issues for determination**

7. After carefully considering the Application; there is only one issue for the Court's determination;
  - a. Whether the Court ought to extend the term of administration of Allied E.A Limited (under Administration) and that of the Administrator, Mr. Ponangipalli Venkata Ramana Rao, for a period of 12 months.

### **Analysis**

8. Sections 593 and 594(1) of the *Insolvency Act* stipulate that an administration automatically ends after twelve months unless extended by a Court order or a creditor's consent for a specified period. Specifically, Sections 593 and 594(1) of the *Insolvency Act* provides that;
  593. Automatic end of administration

The appointment of an administrator automatically ends at the end of twelve months from and including the date on which it took effect.
  594. Circumstances in which administrator's term of office can be extended
    - (1) Despite section 593—
      - (a) on the application of an administrator, the Court may by order extend the administrator's term of office for a specified period; and
      - (b) administrator's term of office may be extended by consent for a specified period not exceeding six months.
    - (2) An order of the Court made under subsection (1)(a)—
      - (a) may be made in respect of an administrator whose term of office has already been extended; but
      - (b) may not be made after the administrator's term of office has ended.
    - (3) As soon as practicable after an order is made under (1)(a), the administrator shall lodge a copy of the order with the Registrar for registration.



9. It was the Applicant's case that it is imperative that the Court grant the interim order sought to ensure the continuity of the Administration of the debtor company and in order to avoid the existence of a vacuum in the administration of the Debtor company.
10. The Applicant explained that the Administrator has been unable to complete the administration of the Debtor company due to delays in the sale of its assets. After failing to run the company as a going concern, the Court directed the valuation and sale of its property. Part of the assets were sold to Cylinder Works Ltd in June 2023, and another offer from Nairobi Enterprises Ltd was delayed due to a boundary dispute, leading to a rejected revised offer.
11. The Administrator then engaged auctioneers, who advertised the property in November 2024. Mama Cereal Enterprises Ltd emerged as the highest bidder at Kshs. 86 million and paid the deposit. Subdivision of the sold portion is ongoing and expected to take about 45 days.
12. Therefore, the Administrator seeks more time to complete the sale of the remaining property, finalize administrative tasks, and file statutory reports.
13. In *Cape Holdings Limited (Under Administration) v Synergy Industrial Credit Limited; I&M Bank Limited (Creditor); Registrar of Companies (Interested Party) (Insolvency Cause E049 of 2021) [2023] KEHC 18685 (KLR)*, the court stated that: -

“The totality of the foregoing is that, the power to extend administration is in the discretion of the Court. However, like all other discretions, the same must be exercised judiciously. The court will examine the purpose for which the extension is sought. The extension should be for the furtherance of the objectives of administration. That the administrator must be able to show the Court what he/she has done for the period of administration to justify the extension sought. What must have been done should be in tandem with the objectives of administration.”
14. As already stated above, the law limits company administration to 12 months, but it may be extended by up to 6 months if specific conditions are satisfied. However, such an extension is not granted automatically; it depends on the court's discretion, which is exercised after considering the evidence and particular circumstances of the administration.
15. Further to the above, the Court is alive to the fact that in an application for extension of administration, consideration should be placed on the objectives of administration. The administrator must demonstrate that he has actively pursued the objectives of administration. He should also demonstrate that an extension will be towards the realization of the objectives. In this regard, there should be reports on the company status or any restructuring efforts and how the same is to impact on the company and its creditors.
16. Based on the August 2025 Status Report, the Applicant sought the extension for reasons that the Administrator is currently in the process of subdividing the property to hive off portion that has been sold. This exercise is expected to be concluded within approximately 45 days, subject to completion of all requisite approvals. Upon conclusion of the subdivision, the Administrator intends to proceed with the sale of the remaining portion of the property, subject to confirmation by the County regarding allocation of the balance to Allied (EA) Limited (under Administration).
17. The Court Directed the Applicant to serve the Application upon the Directors of the Company as well as the Office of the Official Receiver. There is no objection by way of responses to the said application.



18. The Court having considered the reasons advanced by the Administrator and there being no objection; the Court orders that the term of administration of Allied E.A Limited (Under Administration) is hereby extended for a period of 12 months with effect from the expiry of the current term on 15<sup>th</sup> September, 2025.
19. As to costs, the same shall be in the cause. Determination
20. The Applicant's Application by way of a Notice of Motion dated 11<sup>th</sup> September 2025 is allowed in the following terms;
  - a. That the Court hereby extends the term of administration of Allied E.A Limited (under Administration) and that of the Administrator, Mr. Ponangipalli Venkata Ramana Rao, for a period of 12 months with effect from the expiry of the current term on 15<sup>th</sup> September 2025.
  - b. That the costs of this Application be in the cause.
21. It is so ordered.

**DATED, SIGNED AND DELIVERED AT MILIMANI THIS 23<sup>RD</sup> DAY OF OCTOBER, 2025.**

**NJOROGE BENJAMIN K.**

**JUDGE**

In the presence of;

Mr. Kithome for the Applicants.

N/A for the Respondent.

Mr. Peter Wabwire - Court Assistant.

