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LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

“Change brings opportunity.”

➤ **NCLAT Upholds Insolvency Against Butter and Ghee Maker Jhandewalas Foods**

The National Company Law Appellate Tribunal (NCLAT) has recently upheld the initiation of Corporate Insolvency Proceedings against butter and ghee manufacturer and trader Jhandewalas Foods Limited. It held that the company's defence of a pre-existing dispute over unpaid dues was not supported by credible evidence and could not prevent the insolvency process.

A bench of Chairperson Justice Ashok Bhushan and Technical Member Barun Mitra observed, *“In our considered view, we have no good grounds to disagree with the Adjudicating Authority that the alleged disputes claimed by the Corporate Debtor are feeble disputes not supported by credible evidence. In sum, no real pre-existing dispute is discernible.”*

The appeal was filed by Raakesh B. Kulwal, suspended director of Jhandewalas, against an order of the Jaipur bench of the National Company Law Tribunal admitting Param Dairy Limited's plea for insolvency proceedings against the company. Jhandewalas Foods manufactures and trades butter and ghee. It had business dealings with Param Dairy Limited, which supplied butter and ghee under confirmed purchase orders. According to the tribunal, the company made only part payments despite repeated requests to clear the outstanding dues.

Param Dairy later issued a demand notice claiming operational dues of ₹3.83 crore. This comprised a principal amount of ₹3.08 crore and compounded interest of ₹75.33 lakh. Jhandewalas Foods contested the claim, alleging that some consignments of ghee and butter were of inferior quality.

It claimed laboratory reports supported its case and asserted that around 67,310 kilograms of defective ghee had been returned to Param Dairy. The company further argued that the supplier had failed to account for the returned stock and reconcile the accounts.

Source: *Live Law Biz*

Read Full News: [NCLAT Upholds Insolvency Against Butter, Ghee Maker Jhandewalas Foods](#)

➤ **Secured Creditor Can Claim Priority Only to Extent of Available Security, Even If Debt Is Higher: NCLAT**

The National Company Law Appellate Tribunal (NCLAT) at Delhi has held that a secured creditor can claim priority in the payment of dues only to the extent of the security available in its favour.

It ruled that a creditor is not automatically entitled to the entire liquidation value merely because its admitted debt exceeds that amount. The tribunal dismissed the appeals filed by Assets Care & Reconstruction Enterprise Ltd. (ACRE) and Dhankalash Distributors Pvt. Ltd.

It, however, directed reconsideration of the New Okhla Industrial Development Authority's (NOIDA) claim as a secured creditor.

Source: Live Law Biz

Read Full News: [Secured Creditor Can Claim Priority Only to Extent of Available Security, Even If Debt Is Higher: NCLAT](#)

➤ **No Artificial Procedural Obstacle Can Prevent Filing of Additional Affidavit in CIRP Proceedings: NCLAT**

The National Company Law Appellate Tribunal (NCLAT) at Delhi has recently held that a party cannot be prevented from filing an additional affidavit in proceedings that are yet to be decided on merits. It observed that such a restriction would create an "artificial procedural obstacle" and handicap a litigant in presenting its case.

A bench of Judicial Member Justice Sharad Kumar Sharma and Technical Member Indevan Pandey observed, "We are of the view that no artificial procedural obstacle could be placed to handicap a person in a judicial proceeding, to refrain from placing their evidence in shape of additional affidavit in a proceedings, which was yet to be considered on merits, after providing an opportunity of rebuttal to the respondent, in the light of the provisions contained under Sub-Rule (4) of Rule 40 of the NCLT Rules, 2016."

Source: Live Law Biz

Read Full News: [No Artificial Procedural Obstacle Can Prevent Filing of Additional Affidavit in CIRP Proceedings: NCLAT](#)



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**INSOLVENCY PROFESSIONAL AGENCY OF INSTITUTE OF COST ACCOUNTANTS OF INDIA
(A Section 8 Company registered under Companies Act, 2013)**

Delhi Office: CMA Bhawan, 3 Institutional Area, Lodhi Road, New Delhi - 110003

Noida Office: CMA Bhawan, C-42 Sector 62, Noida- 201309