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LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

"Happiness depends upon ourselves."

➢ Suspended Directors cannot operate company bank accounts after CIRP Admission: NCLT Amaravati

The National Company Law Tribunal (NCLT) at Amaravati has held that once a corporate debtor is admitted into the Corporate Insolvency Resolution Process (CIRP), its suspended management has no authority to operate the company's bank accounts or transfer its funds.

A coram of Judicial Member Kishore Vemulapalli and Technical Member Umesh Kumar Shukla observed that any operation of the company's bank account or transfer of funds without the Interim Resolution Professional's (IRP) authorisation violates Sections 14 and 17 of the Insolvency and Bankruptcy Code, 2016.

"Upon admission of the Corporate Debtor into CIRP, the management of the affairs of the Corporate Debtor vested exclusively with the IRP under Section 17 of the Code and the powers of the Board of Directors stood suspended. Consequently, any operation of the bank account or transfer of funds by the Suspended Board without the authorization of the IRP constitutes a clear violation of Sections 14 and 17 of the Code.", the court ruled.

Allowing an application filed by the IRP under Sections 14 and 17 of the Code, the bench directed the suspended director of Suvarnabhoomi Infra Developers Private Limited to restore ₹63.92 lakh to the designated CIRP account of the corporate debtor.

The amount has to be restored within two weeks. The company was admitted into CIRP on January 20, 2026. From that date, management of its affairs vested in the IRP under Section 17 of the Code, and the powers of its Board of Directors stood suspended. The IRP said the suspended director was informed about the admission order and the moratorium through emails, WhatsApp messages, telephone calls, and personal service. Despite this, he continued operating the company's ICICI Bank account. Transactions totalling ₹63.92 lakh were carried out from the account after the commencement of CIRP.

Source: Live Law Biz
Read Full News: *Suspended Directors cannot operate company bank accounts after CIRP Admission: NCLT Amaravati*

NCLT Delhi approves revised Resolution Plan for JNC Constructions after supreme court remand

The Delhi bench of the National Company Law Tribunal (NCLT) has approved the resubmitted resolution plan for JNC Constructions Pvt. Ltd., submitted by Gautam Builders in consortium with Rapid Contracts Pvt. Ltd. The approval comes after the Supreme Court set aside the tribunal's 2020 order and directed the Committee of Creditors (CoC) to reconsider the plan.

A coram of Judicial Member Jyotsna Sharma and Technical Member Anu Jagmohan Singh observed that the tribunal's powers while considering a resolution plan are limited.

"...it is amply clear that only limited judicial review is available to the Adjudicating Authority under Section 30(2) read with Section 31 of the Code, 2016 and this Adjudicating Authority cannot venture into the commercial aspects of the decisions taken by the committee of the creditors.", it observed while approving the plan.

Source: Live Law Biz
Read Full News: *NCLT Delhi approves revised Resolution Plan for JNC Constructions after supreme court remand*

NCLAT stays NCLT order upholding rejection of ARCIL's ₹3,482 crore claim against JCT

The National Company Law Appellate Tribunal (NCLAT) has recently kept in abeyance a National Company Law Tribunal (NCLT) order that upheld the Resolution Professional's rejection of Asset Reconstruction Company (India) Ltd.'s (ARCIL) financial claim against textile manufacturer JCT Ltd.

The appellate tribunal observed that the issue of limitation must be decided before the committee of creditors (CoC) votes on a resolution plan.

Source: Live Law Biz
Read Full News: *NCLAT stays NCLT order upholding rejection of ARCIL's ₹3,482 crore claim against JCT*