INSOLVENCY PROFESSIONAL AGENCY
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LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

"You only live once, but if you do it right, once is enough."

➢ Company's Wilful Defaulter Tag Does Not Automatically Disqualify Director: NCLT Bengaluru

The National Company Law Tribunal (NCLT), Bengaluru, on 28 October held that a person cannot be disqualified under Section 29A(b) of the Insolvency and Bankruptcy Code, 2016 (IBC), merely because companies in which he holds directorships have been classified as wilful defaulters.

A Bench of Judicial Member Sunil Kumar Aggarwal and Technical Member Radhakrishna Sreepada allowed an application filed by V.V.S.R. Anjaneyulu Vattem, challenging his exclusion from the list of Prospective Resolution Applicants. It observed: "*We do not have any material before us establishing the Applicant's independent ineligibility to submit a Resolution Plan under the applicable provisions of Section 29A except Section 29A(c) and (h) of the Code and the fact that the Applicant is a Director in M/s. Karnataka Cements Limited or M/s. Sri Chakra Financial Services does not, by itself, conclude the inquiry under Section 29A(b) of the Code.*"

The Corporate Insolvency Resolution Process (CIRP) of Sri Balaji Cement and Power Limited commenced on 1 August 2025, pursuant to an insolvency application filed by Maximus ARC Limited. V.V.S.R. Anjaneyulu Vattem, an erstwhile promoter and suspended director of the Corporate Debtor, which is a registered Micro, Small and Medium Enterprise (MSME), submitted an Expression of Interest to participate in the resolution process, claiming exemption under Section 240A of the IBC.

However, the Resolution Professional (RP) excluded his name from the final list of Prospective Resolution Applicants, citing his alleged ineligibility under Section 29A(b) because he was a director of Karnataka Cements Limited and Sri Chakra Financial Services, which had been classified as wilful defaulters. Challenging the exclusion, Vattem contended that he had never been personally declared a wilful defaulter. He argued that the defaults relating to Karnataka Cements pertained to the period when the company was under its previous management. He further submitted that no final order declaring Sri Chakra Financial Services a wilful defaulter had been served on him in accordance with the Reserve Bank of India's (RBI) prescribed procedure.

Source: Live Law Biz
Read Full News: *https://www.livelawbiz.com/nclt/national-company-law-tribunal-bengaluru-wilful-defaulter-tag-company-cannot-automatically-disqualify-director-cirp-558002*

➢ NCLT Allahabad Admits Insolvency Plea Against Sybly Industries Over Default On ₹1.50 Crore Loan

The Allahabad Bench of the National Company Law Tribunal (NCLT) on 27 October admitted a Section 7 petition filed by Sital Leasing and Finance Limited against Sybly Industries Limited, initiating the Corporate Insolvency Resolution Process (CIRP).

A Bench comprising Judicial Member Praveen Gupta and Technical Member Ashish Verma observed:*"The mere assertion that the Corporate Debtor possesses market receivables or is willing to repay the outstanding dues at a later date cannot, in the absence of an established arrangement accepted by the Financial Creditor, extinguish or negate a default that has already occurred."*

Source: Live Law Biz
***Read Full News*:** *https://www.livelawbiz.com/ibc/nclt-allahabad-admits-insolvency-plea-against-sybly-industries-holds-willingness-to-repay-does-not-extinguish-existing-default-557997*

➢ SRA, RP Can't Be Held Liable For Delay In Implementing Resolution Plan If Appeal Was Pending: NCLAT

The National Company Law Appellate Tribunal (NCLAT) at Delhi has held that the Successful Resolution Applicant (SRA) and Resolution Professional (RP) cannot be held liable for delay in implementing a resolution plan when its terms permitted payments to creditors and other stakeholders to be deferred during the pendency of appeals against the plan, even in the absence of a stay order.

"Therefore, when mere pendency of an appeal against the plan was sufficient for the SRA not to make any payment to the creditors or any stakeholder, the SRA or the RP cannot be held liable for the delay," the tribunal observed.

Source: Live Law Biz
Read Full News: *https://www.livelawbiz.com/ibc/sra-rp-cant-be-held-liable-for-delay-in-implementing-resolution-plan-if-appeal-was-pending-nclat-558018*