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IBC AU-COURANT

LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

"It is never too late to be what you might have been."

IBC's Overriding Effect Does Not Automatically Bar Proceedings Under Other Laws: Karnataka High Court

The Karnataka High Court has held that the mere pendency of Corporate Insolvency Resolution Process against a developer does not automatically render recovery proceedings initiated under another statute illegal.

Justice Suraj Govindaraj held that questions as to whether a RERA Recovery Certificate can be executed during CIRP, whether the property forms part of the insolvency estate and whether the Section 14 moratorium is attracted are matters falling within the jurisdiction of the National Company Law Tribunal.

The petitioners, M Govind Reddy and M Yashodamma, who claimed to be the owners of the subject property, had entered into a Joint Development Agreement with Venkat Estates Private Limited, the developer. The developer was subsequently admitted into CIRP under the Insolvency and Bankruptcy Code in June 2025, with the proceedings pending before the NCLT.

The petitioners challenged a Public Auction Notice dated June 6, 2026, issued by the Special Tahsildar pursuant to a Recovery Certificate under Section 41 of Real Estate (Regulation and Development) Act, 2016. They contended that the auction concerned a parallel recovery process outside the insolvency proceedings and therefore could not be permitted. They further argued that the IBC would prevail over the RERA Act.

Rejecting the plea, the Court noted that the auction notice had not been issued independently but was merely a step towards enforcing a Recovery Certificate issued under Section 41 of RERA. It further noted that the Recovery Certificate remained in force and there was no material to show that it had been stayed, modified or set aside by any competent forum.

Source: Live Law Biz
Read Full News: *IBC's Overriding Effect Does Not Automatically Bar Proceedings Under Other Laws: Karnataka High Court*

NCLT Mumbai Admits ₹11.94 Cr Insolvency Plea Against Reliance Entertainment, Says Security Deposit Is Debt

The Mumbai National Company Law Tribunal (NCLT) on 19 August held that an amount advanced under a Security Deposit Agreement can constitute a financial debt under Section 5(8) of the Insolvency and Bankruptcy Code, 2016 (IBC).

A Bench comprising Judicial Member Nilesh Sharma and Technical Member Sameer Kakar admitted Pen India Private Ltd's insolvency plea against Reliance Entertainment Studios Pvt Ltd over a default of Rs. 11.94 crore.

Source: Live Law Biz
Read Full News*: *NCLT Mumbai Admits ₹11.94 Cr Insolvency Plea Against Reliance Entertainment, Says Security Deposit Is Debt

Supreme Court Stays NCLAT Order Holding NCLT Can Adjudicate Easement Dispute Linked To Liquidation Assets, Directs Mediation

The Supreme Court on Thursday stayed the operation of the National Company Law Appellate Tribunal's (NCLAT) July 29, 2026. The NCLAT held that the NCLT can adjudicate a dispute concerning an easementary right of way under the Insolvency and Bankruptcy Code where the dispute has a direct nexus with the insolvency or liquidation proceedings and affects value maximisation of the corporate debtor's assets.

A 2:1 Bench of Technical Members Arun Baroka and Indevar Pandey, constituting the majority, upheld the NCLT's order recognising the Liquidator's right to access the corporate debtor's property through an existing pathway. Judicial Member Justice N. Seshasayee dissented, holding that disputes relating to easementary rights fall within the exclusive jurisdiction of civil courts.

Source: Live Law Biz
Read Full News*: *Supreme Court Stays NCLAT Order Holding NCLT Can Adjudicate Easement Dispute Linked To Liquidation Assets, Directs Mediation

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