

IBC AU-COURANT

Insolvency Professional Agency of Institute of Cost Accountants of India



"Good, better, best. Never let it rest. 'Till your good is better and your better is best."

Updates on Insolvency and Bankruptcy Code

➤ **IBC brings about behavioural changes among corporate debtors: Economic Survey**

Distressed assets have a life cycle and their value gradually declines with time. The fact that a CD may change hands has changed the behaviour of debtors, the survey, tabled in Parliament by Finance Minister Nirmala Sitharaman, said. "Thousands of debtors are resolving distress in the early stages of distress, either when the default is imminent, on receipt of a notice for repayment but before filing an application, after filing the application but before its admission, and even after admission of the application, and making best effort to avoid consequences of the resolution process," it said.

Source: The Economic Times

Read Full news at:

<https://economictimes.indiatimes.com/news/economy/policy/ibc-brings-about-behavioural-changes-among-corporate-debtors-economic-survey/articleshow/89248294.cms>

➤ **Timely liquidation should be preferred over fruitless, endless resolution proceedings, says NCLAT**

"If the time period for Corporate Insolvency Resolution Period (CIRP) was extended but the Resolution Plan was not accepted by NCLT then liquidation of the company can be ordered under Section 33 of the I & B Code. Timely liquidation is preferred over fruitless and endless Resolution proceeding," the NCLAT said. The Chennai bench of the NCLT had on August 12, 2021 rejected a settlement plan offered by the promoters under Section 12A of the Insolvency and Bankruptcy Code (IBC) and directed initiating liquidation proceedings against Siva Industries.

Source: The Economic Times

Read Full news at:

<https://economictimes.indiatimes.com/news/economy/policy/timely-liquidation-should-be-preferred-over-fruitless-endless-resolution-proceedings-says-nclat/articleshow/89252895.cms>

➤ **Principle of stare decisis applies to NCLT as well as NCLAT. NCLAT**

The NCLAT in a Bench comprising of Justice Ashok Bhushan, Justice Jarat Kumar Jain and Dr. Alok Srivastava in the case of Rajeew R. Jain, Director (Suspended) v. AASAN Corporate Solutions Pvt. Ltd. held that the principle of stare decisis is applicable both to NCLT as well as NCLAT. It was also challenged on the ground that the amount advanced by the Respondent was secured and assets mortgaged were of more value than the amount due. The Appellant ought to have realised its amount from the security as per the mortgage deed and the Application under Section 7 was thus, not maintainable.

Source: Live Law

Read Full news at:

<https://www.livelaw.in/ibc-cases/insolvency-and-bankruptcy-code-2016-nclat-nclt-190736>

➤ **NCLT initiates bankruptcy proceedings against Kerala entrepreneur**

While insolvency proceedings under the Insolvency and Bankruptcy Code had already been initiated against the company which is the corporate debtor, the lender also sought to hold Sahadulla responsible for the guarantee furnished by him for the defaulted amount exceeding Rs 72 crore. A guarantor is a person entity that promises to pay back the loan amount if the borrower fails to do so. In the event of a loan default, banks can hold the guarantor as a responsible party

Source: Money Control

Read Full news at:

<https://www.moneycontrol.com/news/trends/legal-trends/nclt-initiates-bankruptcy-proceedings-against-kerala-entrepreneur-8010371.html>



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