



INSOLVENCY PROFESSIONAL AGENCY
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA

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LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

The future belongs to those who believe in the beauty of their dreams.

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➤ **IBBI proposes mediation mechanism for operational creditors in IBC**

The Insolvency and Bankruptcy Board of India (IBBI) has proposed revised regulations to allow operational creditors to opt for voluntary mediation before starting insolvency proceedings against a company. The aim is to ease the burden on the judiciary and reduce delays in insolvency processes.

“In case of failure of mediation settlement, the mediator will prepare a non-settlement report, which shall be annexed with the application for initiation of Corporate Insolvency Resolution Process (CIRP) before the adjudicating authority (AA),” the IBBI said, adding that the proposal would reduce the burden on the authority and expedite admissions.

The IBBI proposal follows recommendations from an expert committee, which in a report submitted in January, had called for pre-institutional mediation as a preliminary step before filing insolvency applications.

Source: Business Standard

Read Full news: https://www.business-standard.com/companies/news/ibbi-proposes-mediation-mechanism-for-operational-creditors-in-ibc-124110500878_1.html

➤ **'IBC Prevails Over SEZ Act', Supreme Court Rejects Noida SEZ's Claim**

The Supreme Court dismissed the Noida Special Economic Zone's (NSEZ) plea challenging the NCLAT's decision to approve a resolution plan that granted Rs. 50 Lacs against NSEZ's admitted claim of about Rs. 6 Crore.

The NCLAT reduced the claim amount, partly due to penalties related to the renewal of the sub-lease and transfer charges.

The bench comprising Justices Abhay S. Oka and Augustine George Masih ruled that the Insolvency and Bankruptcy Code (IBC) prevails over the SEZ Act due to Section 238 of IBC's overriding effect, rejecting NSEZ's argument for exemptions from such payments.

Source: Live Law

Read Full news : <https://www.livelaw.in/supreme-court/ibc-prevails-over-sez-act-supreme-court-rejects-noida-sezs-claim-274339>

➤ Exploring The Priority Of Consideration For Insolvency Applications U/S 7 Of IBC Over Arbitration Applications U/S 8 Of Arbitration Act

In a recent decision titled Century Aluminium Company Limited v. Religare Finvest Limited (2024), the NCLAT grappled with an important question whether, when an insolvency petition under section 7 of the IBC is filed and yet to be admitted, subsequent filing of an arbitration application under section 8 of the Arbitration Act would be maintainable or not.

The tribunal observed that when the insolvency petition is filed and admitted or yet to be admitted, pendency or subsequent filing of the arbitration application is immaterial. The insolvency petition has to be decided first. The tribunal further observed that purpose of the IBC would be defeated if the insolvency petition is postponed just because a corresponding arbitration matter is pending.

Source: Live Law

Read Full news : <https://www.livelaw.in/ibc-cases/exploring-question-of-priority-of-consideration-of-application-section-8-of-the-arbitration-act-vis-a-vis-application-section-7-of-the-ibc-274177>

