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

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➤ Acceptance Of Partial Payments Doesn't Negate Default Or Legitimacy Of Insolvency Proceedings: NCLAT

The National Company Law Appellate Tribunal, Principal Bench of Justice Ashok Bhushan (Chairperson), Barun Mitra (Technical Member), and Arun Baroka (Technical Member) held that the acceptance of partial payments does not negate the default or the legitimacy of the insolvency proceedings.

The Corporate Debtor, a company specializing in developing Special Economic Zones (SEZs) and other infrastructure projects, had a significant SEZ project at the GIDC Panoli Industrial Estate in Ankleshwar, Gujarat, in 2008. Despite completing the project by 2011 and starting operations as a Pharma SEZ, the company struggled to attract buyers.

In 2013, it subleased portions of the project land to M/s. HBS City Pvt. Ltd., and in 2018, it further subleased approximately 127 acres to Mahansaria Tyres Pvt. Ltd. for automobile operations. Seeking funds for further development, the Corporate Debtor approached SREI Equipment Finance Ltd in 2017 and secured a loan of Rs. 60 Crores through an offer letter and a subsequent loan agreement, followed by an additional Rs. 6 Crores loan in 2019. However, these agreements were insufficiently stamped.

The Corporate Debtor faced several challenges, including a lack of buyers for SEZ units, illegal non-utilization charges by GIDC amounting to Rs. 43.6 Crores, and an economic slowdown that severely affected cash flow and fund availability. These issues led to the Corporate Debtor's inability to meet its repayment obligations. Later, the Financial Creditor issued a demand notice for Rs. 6.74 Crores. Subsequently, the Financial Creditor filed a petition under Section 7 of IBC.

Source: Live Law

Read Full news: <https://www.livelaw.in/ibc-cases/nclat-acceptance-partial-payments-negate-default-legitimacy-insolvency-proceedings-260306>

➤ **NCLT Chandigarh: Indemnity Obligation Can't Be Treated As Operational Debt For Lack Of Privity**

The National Company Law Tribunal Chandigarh bench of Harnam Singh Thakur (Judicial Member) and LN Gupta (Technical Member) held that indemnity obligation pertaining to a guarantee is not applicable in cases involving operational debt.

An indemnity obligation refers to a commitment by one party (the indemnifier) to compensate another party (the indemnitee) for losses or damages incurred. Operational debt, under the Insolvency and Bankruptcy Code (IBC), includes claims for goods or services provided. It also covers debts from employment and obligations to the government or local authorities.

Source: Live Law

Read Full news : <https://www.livelaw.in/ibc-cases/nclt-chandigarh-indemnity-obligation-guarantee-operational-debt-privity-260298>

➤ **IBBI proposes compliance procedures for IPs, seeks stakeholder feedback**

The IBBI has proposed changes to the corporate insolvency resolution process (CIRP) forms and compliance framework to reduce compliance burden on insolvency professionals and sought stakeholders' comments by July 1. These changes will reduce the amount of information and data that insolvency professionals (IPs) need to submit, thereby enhancing efficiency and reducing redundancy.

The Insolvency Bankruptcy Board of India (IBBI) has also proposed to remove duplicate submissions and simplification of the reporting process.

Under the discussion paper issued on June 10, the IBBI said the proposed changes will "simplify the compliance process by combining various reporting system on IP and IBBI website into a single, centralised IBBI website, eliminating duplication, and making it easier for stakeholders to access and use".

Source: The Economic Times

Read Full news : <https://economictimes.indiatimes.com/news/economy/policy/ibbi-proposes-compliance-procedures-for-ips-seeks-stakeholder-feedback/articleshow/110943171.cms?from=mdr>

