



DISPUTE RESOLUTION UPDATE

Petition under section 9 of the Insolvency & Bankruptcy Code, 2016 (the Code)

Corporate debtor had entered into two distinct agreements with the operational creditor, wherein the operational creditor advanced two separate operational debts to the corporate debtor.

Even after repeated assurances, to discharge the liability of the aforesaid operational debts, the corporate debtor failed to honour his commitment to the extent that posted dated cheques were dishonoured by the bank upon presentation with the remark “Funds Insufficient”. Operational creditor served a legal notice under section 138 of the Negotiable Instruments Act, 1881 upon the corporate debtor to discharge their liability. Corporate debtor gave further assurances but failed to comply resulting in the initiation of criminal proceedings against the corporate debtor under section 138 of the Negotiable Instruments Act, 1881. Subsequently operational creditor issued demand notices to the corporate debtor, which returned as unserved without any instructions.

KAUSET venture team represented the operational creditor in preferring a petition under section 9 of the Insolvency and Bankruptcy Code, 2016 (the Code) for initiating Corporate Insolvency Resolution Process (CIRP) against corporate debtor and secured an order from the Adjudicating Authority – National Company Law Tribunal, wherein the corporate debtor was admitted in the Corporate Insolvency Resolution Process under Section 9 of the Insolvency and Bankruptcy Code, 2016. Also a moratorium under section 14 of the Insolvency and Bankruptcy Code, 2016 was declared on corporate debtor for prohibiting all activities in terms of section 14(1) of the Code.



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