

SEBI AND CORPORATE LAWS

A Fortnightly on Securities Laws / Company Law / Insolvency Laws

HIGHLIGHTS

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- ▶ Where NCLT and NCLAT relied on non-existent, fake and hallucinated material generated through Artificial Intelligence as if it were precedent in support of their judgments, such decisions are unsustainable, amount to subversion of rule of law and must be set aside with zero tolerance for citing or relying on unverified AI-generated precedents by either Bar or Bench, irrespective of material's bearing on outcome (SC) **507**
- ▶ Where a resolution plan was approved under section 31(1) of IBC, all claims provided therein stood frozen and became binding on all stakeholders, claims not incorporated therein or not crystallised by date of approval stood extinguished, and legal proceedings not resulting in determinable claims by approval date stood abated, ensuring that resolution applicant commenced on a clean slate, with *pro rata* distributions limited strictly to settlement amount stipulated in resolution plan (SC) **561**
- ▶ Where a bank's possession of a company's assets was barred by the provisions of SARFAESI Act had civil relief sought by the company, the court held that the bank was not dependent bank from taking possession of the assets under SARFAESI Act, Civil Court was competent to entertain the suit and provisions of SARFAESI Act, 2002, thereby rendering interim injunction order null and void.
- ▶ Where a company, already dissolved, was alleged to have issued a cheque in name of the company, the court held that the basis for liability under section 138 of NI Act, 1881, so further proceedings against petitioner could not continue, though complainant may pursue any other remedy available in law (Karnataka) **516**
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