

## LEGAL UPDATES

### **NCLT INSTRUCTED RP TO TAKE INTO ACCOUNT CLAIMS BACKED BY THE MSME FACILITATION COUNCIL AWARD**

National Company Law Tribunal (NCLT- Chandigarh) while hearing applications against the denial of claims by a Resolution Professional (RP) directed it to consider the claims submitted by the Applicants.

The Hon'ble Tribunal observed that *"once it is shown that the claim of the applicant is backed by an award passed by the MSME Facilitation Council and that there was no stay against the same either in the appeal filed under Section 34 of the Arbitration and Conciliation Act, 1996 or from any other court, the action of the Resolution Professional in rejecting the claim of the applicant on the ground that there was no due shown in the books of the corporate debtor against the applicant is unsustainable."*

The Hon'ble Tribunal also held that the award passed by the Micro, Small, And Medium Enterprises (MSME) Facilitation Council is a public document and, as a result, the rejection of the applicant's claim is not viable on its face, and the Tribunal allowed the Applicants 1 & 2's application. The order further mentioned that because the Resolution Professional claimed that Applicant 3 failed to provide a copy of the award allegedly passed by the MSME Facilitation Council in its favour, the NCLT opined that *"the time prescribed for submission of the claims is not mandatory, whereas it is only directory"*.

As a result, the Hon'ble Tribunal permitted Applicant no. 3 to send the Council's decision in its favour to the RP in copy within two weeks of today. The Hon'ble Tribunal further noted that if the Applicant does so within the allotted time, the RP will consider the copy of the award according to the code and regulation.