



INSOLVENCY PROFESSIONAL AGENCY  
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA



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LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

*"Never lose hope. Storms make people stronger and never last forever."*

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## ➤ NCLT admits Aditya Birla ARC's insolvency plea

The National Company Law Tribunal (NCLT), Hyderabad, on Tuesday admitted Aditya Birla ARC's initiation of insolvency process petition against the personal guarantees given by the promoters of KSK Mahanadi Power Company K.A. Sastry and S. Kishore.

The two promoters had guaranteed upward of Rs 4000 crore for loans sanctioned to KSK Mahanadi. Aditya Birla ARC has largest share of 33.38% in the total claims from KSK Mahanadi Power, which is around Rs 32,000 crore.

The duo had signed a guarantee agreement, which is a tripartite agreement between borrower, lender and guarantor who guarantees loan payment if the borrower defaults.

The petition was originally filed by the State Bank of India, which sold its debt to Aditya Birla ARC in 2022. KSK Mahanadi had taken loans to finance a 3600 MW coal-based Thermal Power project in Chattisgarh in 2009.

NCLT, Hyderabad in 2019 had admitted KSK Mahanadi into insolvency for default of debt of nearly Rs 1200 crore. The Resolution professional has admitted claims of Rs 29,330 crore by lenders of KSK Mahanadi.

**Source:** *The Economic Times*

**Read Full news:** <https://economictimes.indiatimes.com/news/india/nclt-admits-aditya-birla-arcs-insolvency-plea/articleshow/109738126.cms?from=mdr>

## ➤ **Writ Petition Not Maintainable Against Private Bodies Under Insolvency Unless It Be In Discharge Of Public Duties: Allahabad High Court**

Recently, the Allahabad High Court has held that a writ petition under Article 226 of the Constitution of India is not maintainable against a private company under insolvency in a contractual dispute unless it be the breach of some law or a statutory rule.

“The interim Resolution Professional just represents the Company and in no way changes its character or the rights relating to the contract of employment inter se the petitioner and the Company. The dispute between the petitioner and the Company about the petitioner resigning and walking away, without handing over charge, arises out of the contract of employment. The Company being essentially a private body and no face or establishment of the State, a breach of the contract of employment, either by the petitioner or the Company, unless it be the breach of some law or a statutory rule, would not entitle the petitioner to maintain a writ petition under Article 226 of the Constitution,” held Justice J.J. Munir.

**Source: Live Law**

**Read Full news :** <https://www.livelaw.in/high-court/allahabad-high-court/allahabad-high-court-rules-writ-petitions-not-maintainable-private-companies-article-226-contract-disputes-256522>

## ➤ **Cross-border insolvency plan may be put on the backburner**

The government is rethinking a plan to usher in the cross-border insolvency regime, as some sections feel that enforcement may be challenging in the current circumstances, multiple official sources told FE.

“It’s likely that the government may not introduce the cross-border insolvency norms anytime soon,” a senior official told FE on the condition of anonymity. One reason for the rethink is learnt to be the realisation that since many important countries with which India has strong investment relations haven’t adopted the relevant convention. So, reciprocity, which is crucial for implementing the regime, may be found wanting.

**Source: Business Standard**

**Read Full news :** <https://www.financialexpress.com/business/banking-finance-cross-border-insolvency-plan-may-be-put-on-the-backburner-3473369/>

