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LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

*"The most certain way to succeed is always to try just one more time."*

## ➤ **Bankruptcy court admits Ansal API affiliate under Insolvency Resolution Process**

The new bench of the National Company Law Tribunal (NCLT) has admitted Katra Realtors under the corporate insolvency resolution process (CIRP) following an application filed by IL&FS Financial Services Ltd. Delhi-based Katra Realtors was a corporate guarantor to listed real estate developer Ansal Properties and Infrastructure (Ansal API), which is also currently undergoing an insolvency resolution process.

Ansal API has admitted liabilities of more than Rs 571 crore, while IL&FS Financial Services had approached the tribunal against Katra Realtors for its corporate guarantee towards Ansal API of about Rs 23 crore. The division bench of judicial member Manni Sankariah Shanmuga Sundaram and technical member Atul Chaturvedi observed in its admission order that simultaneous proceedings can be initiated against the principal borrower and corporate guarantor. The tribunal appointed Chandar Prakash as an interim resolution professional of the company to handle the resolution process.

The genesis of the dispute lies in the loan agreement between IL&FS Financial Services and Ansal API in March 2016. Ansal Properties and Infrastructure had borrowed about Rs 50 crore from IL&FS Financial Services, and Katra Realtors had provided an unconditional, absolute and irrevocable guarantee for the debt. Subsequently, in November 2017, Ansal API defaulted on its dues.

In 2019, the lender recalled the entire facility sanctioned to Ansal API and also demanded Rs 124 crore from the company and all its corporate guarantors, including Katra Realtors. The lender has also approached the tribunal to initiate the insolvency resolution process against the developer. Later, the developer sought to settle the dispute, and that application was withdrawn by the lender in 2021. The developer had also sought to revise the settlement plan in 2023.

**Source:** *The Economic Times*

**Read Full news:** [Bankruptcy court admits Ansal API affiliate under Insolvency Resolution Process - The Economic Times](#)

## ➤ **Insolvency Cannot Be Initiated Against Guarantor Under Section 7 Without Invoking Guarantee First: NCLT Kochi**

The National Company Law Tribunal (NCLT) at Kochi recently held that a financial creditor cannot directly initiate insolvency proceedings under Section 7 of the Insolvency and Bankruptcy Code, 2016, against a corporate guarantor without first invoking the guarantee in accordance with the contract and without proceeding against the principal borrower.

The tribunal therefore refused to initiate insolvency proceedings against Inditrade Capital Limited and dismissed the application filed by Arthan Finance Private Limited.

**Source: Live Law**

**Read Full news:** [Insolvency Cannot Be Initiated Against Guarantor Under Section 7 Without Invoking Guarantee First: NCLT Kochi](#)

## ➤ **Insolvency Process Can Be Withdrawn Before Formation of CoC, NCLT Chennai Reaffirms**

The National Company Law Tribunal at Chennai has recently reaffirmed that a corporate insolvency resolution process (CIRP) may be withdrawn after admission but before the Committee of Creditors (CoC) is formed, while allowing the withdrawal of insolvency proceedings against Vees Properties Limited.

The tribunal relied on the Supreme Court's ruling in Glas Trust Company LLC v. BYJU Raveendran, which held that withdrawal may be permitted after admission but before constitution of the CoC, invoking its inherent powers under the NCLT Rules, 2016.

**Source: Live Law**

**Read Full news:** [Insolvency Process Can Be Withdrawn Before Formation of CoC, NCLT Chennai Reaffirms](#)



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