

LEGAL UPDATES

THE GOVERNMENT COMPANY CAN NOT BE IMMUNE FROM IBC PROCEEDINGS

In ATE Projects Pvt. Ltd. v/s Rajasthan Drugs and Pharmaceuticals Ltd., NCLT Jaipur referred to the Company's definition as defined under Section 2(20) of the Companies Act, which reads that a "Company," includes a "Government Company," as defined under Section 2(45) of that same statute.

Noting the factual matrix and collaborating it with the relevant provisions, it noted that the Corporate Debtor cannot be exempted from being subjected to the IBC proceedings just by holding a dormant Government Company status, and just because it has not been carrying out any Governmental Functions or State Functions. As a result, we conclude that the current application can be maintained and is meritorious.