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Knowledge SBU Initiative

IBC resolution process can be completed in 180 days as our strength has increased, says NCLT chief

Repeatedly criticised for delays, National Company Law Tribunal President Justice M.M. Kumar, said with the government decision to appoint 32 new members to the NCLT, the resolution process would speed up.

The Appointments Committee of the Cabinet (ACC) gave its nod to the appointment of 32 members — 14 judicial and 18 technical — to the NCLT. They have been appointed for a three-year term or till attaining the age of 65 years, whichever comes earlier.

NCLAT says statutory dues also operational debt

The National Company Law Appellate Tribunal (NCLAT) on 20 March 2019 dismissed a batch of appeals in the matter of *PR Director General of Income Tax (Admn & TPS) v Synergies Dooray Automotive Ltd & Ors*, which claimed taxes to be an exception to the definition of operational debt under section 5(21) of the Insolvency and Bankruptcy Code, 2016 (IBC).

The NCLAT held that taxes were subsumed within the definition of operational debt and tax authorities were operational creditors under IBC.

Adherence to IBC timelines still a challenge, says Crisil report

Adherence to the IBC timeline, burden on NCLT to resolve the large number of cases, clarity on priority of claims, limited number of information utilities and creation of secondary asset market are some of the main challenges that need to be addressed under the Insolvency and Bankruptcy Code (IBC), an industry report said.

Stating that it has not been smooth sailing for the IBC, which has completed three years, the report highlighted that the average resolution timeline for the resolved 94 cases was 324 days vis-à-vis the stipulated 270 days. Also, there are a few big-ticket accounts for which resolution has not been finalised for over 400 days. As of end March, there were 1,143 cases outstanding under CIRP, of which resolution in 32 per cent of the cases was pending for more than 270 days, which is substantial in number.

POINT TO PONDER

"If you live for having it all, what you have is never enough."

- Vicki Robin

With ABG Shipyard, NCLT marks conclusion to insolvency of 7 stressed assets

The National Company Law Tribunal's latest order approving liquidation of ABG Shipyard marks a conclusion to insolvency proceedings of seven of a dozen stressed assets flagged by the Reserve Bank of India for initiation of proceedings under the Insolvency and Bankruptcy Code, 2016.

As resolutions get delayed, banks put up Rs 1.3 lakh crore of bad loans on sale to ARCs

Banks have put up nearly Rs 1.3 lakh crore of bad loans for sale to asset reconstruction firms (ARC) in the last fiscal, amid delays and legal challenges in cases admitted for resolution in the National Company Law Tribunal (NCLT) under the bankruptcy code. Around 70% of the cases admitted to NCLT have missed the deadline set by the IBC.

Insolvency course to help tackle rising case load

The Insolvency and Bankruptcy Board of India has said in its report that 359 cases had been admitted for corporate insolvency, while only 14 got resolution plan approvals and 73 went into liquidation in the January-March quarter. Further, financial creditors took lead in initiating insolvency proceedings in the fourth quarter.

Creditors recovered 195% of liquidation value of companies under IBC: IBBI Chief

Creditors have received 195 per cent of the liquidation value of the companies which found resolution under the Insolvency and Bankruptcy Board of India (IBBI) said Dr. MS Sahoo at an ASSOCHAM's National Conference at Delhi.

He added, "In fact, financial creditors got 48.1% and operational creditors got slightly better. But now figures have changed, particularly we are waiting for resolution of Essar, because there is a huge figure which would change ratios".

***Feedback requested at ipa@icai.in**