



IIPI Newsletter

April 18, 2019

Volume 2, Number 13

For Internal Circulation Only

Knowledge SBU Initiative

Kotak Mahindra Bank moves NCLT against BILT unit

Kotak Mahindra Bank has approached the dedicated bankruptcy court against Ballarpur Industries Ltd subsidiary – BILT Graphic Paper Products – for default of Rs 218 crore. The company owes about Rs 6,000 crore to its lenders.

NCLAT allows promoters under liquidation to settle with creditors

Opening up a new window for promoters looking to retain control of their companies facing bankruptcy proceedings, the National Company Law Appellate Tribunal (NCLAT) has held that shareholders and owners can reach a settlement with creditors even when their entity is under liquidation and an official liquidator has been appointed by the insolvency court.

IBBI working to provide accountable and competent valuers: MS Sahoo

Bankruptcy Regulator chairperson MS Sahoo said that the Insolvency and Bankruptcy Board of India (IBBI) is working to provide accountable and competent Valuation professionals. The ministry of corporate affairs had last year notified that beginning from February 1, all valuations under the Companies Act and the Insolvency and Bankruptcy Code (IBC) would have to be conducted by valuers registered with the IBBI.

PMLA prevails over Bankruptcy Act and insolvency code, rules HC

The Delhi High Court has held that the Prevention of Money Laundering Act (PMLA) prevails over the Bankruptcy Act and insolvency code when it comes to attachment of properties obtained as “proceeds of crime”.

The High Court, however, said that the PMLA, Recovery of Debt and Bankruptcy Act, Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act and Insolvency and Bankruptcy Code must co-exist and be enforced in harmony.

POINT TO PONDER

"Formal education will make you a living; self-education will make you a fortune"
–Jim Rohn

Despite SC order on RBI circular, bad loan resolution under IBC to continue

Even as the Supreme Court has held the Reserve Bank of India's February 12, 2018, circular on resolution of stressed assets as ultra vires, the move will not slowdown the momentum in resolution of non-performing assets (NPAs) that picked up pace since enactment of the Insolvency and Bankruptcy Code (IBC), which has permanently changed the creditor-debtor relationship, a senior government official said.

IBC delays posing challenges for bidders with tight funding; 68% cases exceed deadline

Since the Insolvency and Bankruptcy Code was passed in the Indian parliament in 2016, the resolution process has been slowed as courts are inundated with appeals from founders, administrators, lenders and bidders. Lenders to the first 12 companies brought to the insolvency court have lost out on 40 billion rupees (\$580 million) in additional income due to delays in the resolution process beyond the time mandated by law, according to rating company ICRA.

NCLT rebukes Sterling Biotech resolution professional, demands explanation

The National Company Law Tribunal (NCLT) reprimanded the resolution professional of Sterling Biotech for failing to discharge his duties and has asked him to submit an explanation as to why he didn't opt for liquidation when no resolution plan was being approved by the committee of creditors (CoC), and file his report within the time provided under the Insolvency and Bankruptcy Code (IBC).

Financial, operational creditors recover claims worth Rs 1.42 trillion from over 85 debt-ridden firms till Feb 28

Financial and operational creditors have recovered nearly half of their total admitted claims worth over Rs 1.42 lakh crore from as many as 88 debt-ridden companies under the insolvency law, according to official data.

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