

IBC AU COURANT

Insolvency Professional Agency of Institute of Cost Accountants of India



PRESS

“Innovation distinguishes between a leader and follower.”

Updates on Insolvency and Bankruptcy Code

➤ Insolvency Code progress report: Nearly 4 times as many cases in liquidation as in resolution

In over three years of the Insolvency and Bankruptcy Code, the number of bankrupt companies liquidated under the regime has far exceeded the number of corporate resolutions, by nearly four times, somewhat defying the actual purpose of the new system. While 156 of the cases admitted under the Corporate Insolvency Resolution Process (CIRP) have been resolved till September 2019, the liquidation process has started in as many as 587 cases, according to the data released by the Insolvency and Bankruptcy Board of India. Thus, IBC has liquidated many more companies than it has resolved, against its primary purpose of resolving insolvency and bankruptcy cases to bring sick companies back to revival.

Source: Financial Express

Please find the full news at:

<https://www.financialexpress.com/economy/insolvency-code-progress-report-nearly-4-times-as-many-cases-in-liquidation-as-in-resolution/1749005/>

➤ NCLAT sets aside insolvency proceeding against Ambience, asks NCLT to decide afresh

The National Company Law Appellate Tribunal has set aside an NCLT order to initiate insolvency proceedings against real estate development company Ambience Ltd over the plea of Vistra ITCL India (formerly known as IL&FS Trust Company). A three-member NCLAT bench headed by Chairperson Justice S J Mukhopadhyaya has remitted the matter back to the National Company Law Tribunal (NCLT), directing it to decide afresh as the order was passed by a single member only.

Vistra ITCL India's plea to initiate insolvency was heard by a NCLT bench comprising -- Member (Judicial) and Member(Technical) -- and the order was reserved on April 22, 2019 for judgement. However, Member (Technical) retired on July 9, 2019 and the order to initiate insolvency proceeding was passed on August 27, 2019 by Member (Judicial) only. This was challenged by Ambience Director Raj Singh Gehlot before the NCLAT, contending that final order cannot be passed by Member (Judicial) alone as it was being heard by a bench of two-members.

Source: Economic Times

Please find the full news at:

<https://economictimes.indiatimes.com/industry/services/property/-cstruction/nclat-sets-aside-insolvency-proceeding-against-ambience-asks-nclt-to-decide-afresh/articleshow/71793048.cms>

➤ **IBC resolutions exceed new time limit of 330 days prescribed by govt**

The average time taken for completion of 156 CIRPs that have yielded resolution plans has overshoot the government's revised deadline of 330 days for completion of the process. According to the Insolvency and Bankruptcy Board of India (IBBI) data, till September 2019, 156 CIRPs have yielded resolutions and the average time taken for resolution, including the time excluded by the adjudicating authority (AA) is 374 days; if the time excluded by the AA is considered then the average time taken would stand at 347 days.

Either way, the time taken for resolution is more than the government's revised deadline of 330 days. The outside time limit for resolutions earlier was 270 days. In many cases however that timeline had been breached largely due to litigation from different stakeholders. In most cases, insolvency courts had excluded the time period of litigation.

Source: Business Standard

Please find the full news at:

https://www.business-standard.com/article/companies/ibc-resolutions-exceed-new-time-limit-of-330-days-prescribed-by-govt-119102800661_1.html



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