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"Life is what we make it, always has been, always will be."

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➤ NCLT approves 180 resolution plans in FY23, totalling Rs 51,424 crore

Insolvency tribunal NCLT approved 180 resolution plans in FY23, making it the highest-ever annual number so far. With this, NCLT has clocked in a total realisation of Rs 51,424 crore from stressed assets.

While, in terms of realisation of the amount for creditors, this is the second highest after FY19, when the total realisation was Rs 1.11 lakh crore after completing 77 insolvency proceedings including some big-ticket matters such as Essar Steel and Monnet Ispat.

This has helped creditors of debt-ridden firms in FY23 to realise 36 per cent of their total admitted claims of Rs 1,42,543 crore for the year ended March 31, 2023. The combined total liquidation value of the assets of 180 corporate debtors (CD) was at Rs 39,110.10 crore and the creditors received 131 per cent higher than it, according to data released by the Insolvency and Bankruptcy Board of India (IBBI).

Moreover in FY23, the National Company Law Tribunal (NCLT) admitted 1,255 applications from creditors for initiation of the Corporate Insolvency Resolution Process (CIRP), which is also one of the highest number since 2019.

The NCLT approved 147 resolution plans in FY22, 121 in FY21 and 134 in FY20, in which the creditors had realised 23 per cent, 17 per cent and 26 per cent of their admitted claims, respectively.

Source: The Economic Times

Read Full news at: <https://economictimes.indiatimes.com/news/economy/policy/nclt-approves-180-resolution-plans-in-fy23-totalling-rs-51424-crore/articleshow/100740896.cms?from=mdr>

➤ Courtroom. Default sparks insolvency proceedings

Yet again, the Supreme Court of India has said that if the National Company Law Tribunal (NCLT) is satisfied that a default has occurred, then it has no option but to admit an application filed under Section 7 of the Insolvency and Bankruptcy Code, 2016. The tribunal has no discretion in such matters, it said this while dealing with M Suresh Kumar Reddy vs Canara Bank & Ors.

Canara Bank, a financial creditor, filed an application against Kranthi Edifice Pvt Ltd before NCLT, Hyderabad, under Section 7 of the IBC for defaults in repayment of an overdraft facility and bank guarantees. NCLT, Hyderabad, admitted the application on June 27, 2022. M Suresh Kumar Reddy, a suspended director of the corporate debtor, filed an appeal against the order of admission before the National Company Law Appellate Tribunal (NCLAT)

The appeal was dismissed on August 5, 2022, and it was this judgement that was challenged at the Supreme Court. Among the many precedents cited by the apex court, were Innoventive Industries Limited vs ICICI Bank, in which the Supreme Court had, inter alia, held that once the NCLT is satisfied that a default of a financial debt has occurred, an application under Section 7 of the IBC must be admitted, unless it is incomplete.

Source: The Hindu Business Line

Read Full news at: <https://www.thehindubusinessline.com/business-laws/default-sparks-insolvency-proceedings/article66928596.ece>

