



INSOLVENCY PROFESSIONAL AGENCY
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA



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Latest updates On Insolvency & Bankruptcy

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"If it makes you nervous, you're doing it right"

➤ **IBBI challenges NCLT's order rejecting admission of GTL Infra**

In a rare instance, the Insolvency and Bankruptcy Board of India (IBBI), which regulates insolvency proceedings, has challenged a bankruptcy court order to dismiss the admission of GTL Infrastructure for the debt resolution process.

IBBI's petition is aimed at course correction after the Vidarbha Industries Power case where the Supreme Court struck down the National Company Law Tribunal's decision to admit the Anil Ambani-promoted power producer despite proof of default while adding that tribunals should have factored in extraneous matters.

The National Company Law Appellate Tribunal (NCLAT), which on Tuesday heard the regulator's plea against the NCLT decision, directed IBBI to club its petition with Canara Bank that has separately challenged the NCLT order to reject GTL and GTL Infrastructure admission, people aware of the matter told ET.

The Mumbai NCLT had in November last year dismissed Canara Bank's petition to admit GTL Infrastructure, citing a Supreme Court order that dismissed Axis Bank's plea to admit Vidarbha Industries Power for corporate insolvency resolution process (CIRP), saying the two cases were similar.

The top court did not admit Vidarbha Industries for CIRP citing that the Anil Ambani-promoted power producer had won an award of ₹1,730 crore but was unable to pay lenders since that award was challenged. NCLT, in its order, said GTL Infra has claims from various telcos amounting to ₹14,700 crore, which would be sufficient to pay the lenders' debt.

This includes a ₹13,394-crore claim against Aircel entities, which itself is undergoing insolvency proceedings. In its petition, IBBI pleaded that by dismissing the GTL Infrastructure case despite proof of loan and a record of default will set a wrong precedent among defaulting borrowers.

At least 16 cases have been rejected by various tribunals citing the Vidarbha Industries case, leading to frustration among lenders keen to recover money from defaulters, a senior bank official said.

An NCLAT bench of Justice Rakesh Kumar Jain and technical member Naresh Salecha allowed time until February 21 for GTL Infrastructure and GTL to file their responses in the case and adjourned the case for further hearing on March 17. Canara Bank has approached the appellate tribunal through its counsels Bishwajit Dubey and Srideep Bhattacharyya to challenge NCLT's order.

Senior advocate Arun Kathpalia and counsels Prasad Lotlikar and Rohan Rajdyaksha are representing GTL and GTL Infrastructure. IBBI's decision to challenge the GTL Infra order comes within a month of the Ministry of Corporate Affairs (MCA) proposing to make it mandatory for tribunals to admit an insolvency application filed by financial creditors.

In Vidarbha's case, the apex court said the tribunals have the discretion to reject the admission of a company despite proof of default while adding that the mere existence of debt and default cannot be the only criteria to admit a company for corporate insolvency.

Source: The Economic Times

Read Full news at: <https://economictimes.indiatimes.com/news/india/ibbi-challenges-nclts-order-rejecting-admission-of-gtl-infra/articleshow/97708419.cms>

➤ **NCLT extends deadline for McNally CIRP**

National Company Law Tribunal (NCLT) has allowed extension of time frame for completion of corporate insolvency resolution process (CIRP) of McNally Bharat Engineering.

The resolution professional (RP) of McNally Bharat sought more time. As per the NCLT order, it was extended up to April 22, 2023. BTL-EPC, owned by Shrachi Group, had put forward the highest bid for the former Williamson Magor group firm, which received financial proposals from all the resolution applicants last month.

Nalwa Steel and Power of Naveen Jindal group is reportedly the second highest bidder. Sources close to development said, there was a Swiss challenge auction among the resolution applicants and Rashmi Metaliks, which was a late entrant for McNally, opted out before the final round.

BTL-EPC put forward a bid of Rs 345 crore taking together both cash and non-cash components. The bid for Nalwa was Rs 273 crore taking together both the components. "Rashmi opted out in the sixth round of Swiss challenge auction," added sources.

McNally was dragged into insolvency by Bank of India for defaulting on a payment of Rs 479 crore in May 2022.

Source: The Times of India

Read Full news at: <https://timesofindia.indiatimes.com/city/kolkata/nclt-extends-deadline-for-mcnally-cirp/articleshow/97713144.cms>

➤ **IBC: From 553 cases resolved till September, financial creditors realised 33% of value, says government**

Last year until September, 553 cases had been resolved through the Insolvency and Bankruptcy Code (IBC), but financial creditors realised only about one-third of the total value, the government said on February.

While the realisable value to financial creditors was 32.95 percent of their admitted claims, realisable value to all creditors was around 178 percent of liquidation value of the corporate debtors, the government in a statement/written answer to a question in Parliament.

IBC came into existence in 2016 to bring make the bad asset resolution process more efficient. There had been debates on reforms to improve efficiency in the backdrop of lower recovery from IBC cases.

The government also said the National Asset Reconstruction Company Limited (NARCL), set up by banks to aggregate and consolidate stressed assets for their subsequent resolution, has acquired one loan so far of Rs. 3,570 crores.

On December 21, Reserve Bank of India (RBI) Governor Shaktikanta Das said the IBC should not be seen as a recovery mechanism, but as a way to bring about resolution in a timely manner.

"IBC should not be seen as a recovery mechanism. It should be seen in proper context. Recovery is important. What is important is to make a timely reference to IBC. What is important now is to identify early stress and address it in a timely manner," Das said at an event in Mumbai.

According to the Economic Survey, 46 percent of Corporate Insolvency Resolution Processes (CIRPs) have ended in orders for liquidation since the inception of IBC.

The survey noted that 5,893 CIRPs had commenced by end-September 2022, of which 67 percent have been closed. Of these, around 21 percent were closed on appeal or reviewed or settled, 19 percent were withdrawn, 46 percent ended in orders for liquidation, and 14 percent resulted in the approval of resolution plans.

According to the Survey, 52 percent of the ongoing CIRPs belonged to industry, and 37 percent to the services sector as of September 2022. Within the industry, 74 percent of the CIRPs were from the manufacturing sector.

Source: Money Control

Read Full news at: <https://www.moneycontrol.com/news/business/ibc-from-553-cases-resolved-till-september-financial-creditors-realised-33-of-value-says-government-10024181.html>



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