



INSOLVENCY PROFESSIONAL AGENCY
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA



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LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

"If you don't risk anything, you risk even more"

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➤ **Sintex Plastics Tech admitted for insolvency on ARC plea**

India's bankruptcy court has admitted Sintex Plastics Technology under the Corporate Insolvency Resolution Process (CIRP), acting on an application filed by Asset Reconstruction Company (India) (ARC).

Last year the lender approached the Ahmedabad bench of the National Company Law Tribunal (NCLT) against the maker of underground and overhead water tanks after the company defaulted on its dues of about ₹250 crore.

"We hereby inform that a petition filed... against the company by Asset Reconstruction Company has been admitted against the company for which an order has been pronounced by the Ahmedabad bench on February 21, 2023," the company said in a stock exchange announcement on Tuesday.

"Upon the written order being made available, an updated disclosure shall be made." In its latest annual results for 2021-22, Sintex Plastics Technology reported revenue of ₹96 lakh and a loss of about ₹144 crore.

"Since the petition has been filed by a financial creditor, the adjudicating authority (NCLT) will need to ascertain the existence of default within 14 days of an application being filed and once the default is established, the CIRP process shall commence from the date of admission of the application," said Uday Ved, partner at the global tax practice and consulting group KNAV. "Subsequently, RP (resolution professional) will seek bids from interested bidders and allot the bid to the final winner of the bid. If the bid is successful, then the entire restructuring can be successful by going through the NCLT process."

The lenders have agreed to Welspun Group's subsidiary-led resolution plan for Sintex BAPL's revival and are awaiting the tribunal's permission.

Source: The Economic Times

Read Full news at: <https://economictimes.indiatimes.com/industry/indl-goods/svs/paper/-wood/-glass/-plastic/-marbles/sintex-plastics-tech-admitted-for-insolvency-on-arc-plea/articleshow/98189231.cms>

➤ Govt proposes changes to insolvency law, here's how some creditors will get hit

India's banks and bondholders stand to recover less in insolvency resolutions under a proposed change in law that would apportion more to junior creditors, such as unpaid vendors and the government, according to restructuring and insolvency professionals.

The Indian government seeks to achieve an "equitable scheme of distribution of proceeds," it said in a discussion paper issued in January that recommends other significant changes to the Insolvency and Bankruptcy Code. But secured creditors, who are generally paid out before those with unsecured claims, may be less amenable to the IBC if those changes are ultimately put into effect, insolvency professionals said.

Secured creditors, typically banks and bondholders, would continue to have first claim on proceeds of an insolvency resolution plan, but only up to the liquidation value of the corporate debtor. Any recovery beyond liquidation value would be shared ratably among all creditors, including unsecured financial creditors, unpaid vendors and statutory dues owed to government, according to the paper, which was up for public comment earlier this month.

Source: Mint

Read Full news at: <https://www.livemint.com/economy/govt-proposes-changes-to-insolvency-law-here-s-how-creditors-will-get-hit-11677141058061.html>

➤ Resolution Applicant Wilfully Fails To Implement Plan, NCLT Mumbai Orders Liquidation Without Monitoring Committee's Mandate

The National Company Law Tribunal ("NCLT"), Mumbai Bench, comprising of Shri H.V. Subba Rao (Judicial Member) and Ms. Madhu Sinha (Technical Member), while adjudicating a petition filed in BMW Financial Services Pvt. Ltd. v S.K. Wheels Pvt. Ltd., has ordered liquidation of the Corporate Debtor as the Resolution Applicant wilfully failed to implement the resolution plan.

The order of liquidation has been made without the mandate of the Implementation and Monitoring Committee (IMC) and to secure the asset value of the Corporate Debtor. Further, action has been initiated under Section 74 of IBC to penalize the Resolution Applicant for wilful non-implementation of the plan.

Whether the Adjudicating Authority should liquidate the Corporate Debtor under Section 33(3) of the IBC for non-implementation of the Resolution Plan, without the mandate of the Implementation and Monitoring Committee (IMC)? The Bench held that the Resolution Applicant defaulted on multiple occasions to make payments as proposed in the Resolution Plan. Further, the Resolution Applicant has made all attempts to regain the company through the back door, without implementing the Resolution Plan. Even after approval of the Resolution Plan there was no infusion of funds by the Resolution Applicant till date.

Source: Live Law

Read Full news at: <https://www.livelaw.in/news-updates/resolution-applicant-wilfully-fails-to-implement-plan-nclt-mumbai-orders-liquidation-without-monitoring-committees-mandate-222288>

