



INSOLVENCY PROFESSIONAL AGENCY  
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA



# IBC AU-COURANT

LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

*"It's not about ideas. It's about making ideas happen."*

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## ➤ NCLT okays Ramkrishna Forgings' bid to acquire Amtek Group arm

The bankruptcy court has approved Ramkrishna Forgings' bid to acquire JMT Auto, a subsidiary of the Amtek Group, through the corporate insolvency resolution process. Ramkrishna Forgings will offer ₹125 crore to acquire JMT Auto, which has admitted financial liabilities of over ₹165 crore. This acquisition is seen as a positive development in the manufacturing sector and may lead to more acquisitions through the Insolvency and Bankruptcy Code (IBC).

The bankruptcy court has approved Kolkata-based Ramkrishna Forgings' bid to acquire Amtek Group's listed subsidiary JMT Auto through the corporate insolvency resolution process. Ramkrishna Forgings, also a listed firm, has agreed to offer ₹125 crore to acquire JMT Auto against its admitted financial liabilities of over ₹165 crore.

"It is seen from the record that there is no application moved by any person objecting to the resolution plan," said a division bench of judicial member Ashok Kumar Bhardwaj and technical member LN Gupta, in its August 21 order. "Further, during the hearing, the resolution plan was not objected to by any of the stakeholders. Hence, we find no impediment in proceeding ahead with the matter."

The country's third largest private sector lender, Axis Bank, had approached the New Delhi bench of the National Company Law Tribunal (NCLT) after JMT Auto defaulted on its dues of over ₹52 crore. Last February, the tribunal admitted the company and appointed Pardeep Kumar Sethi its resolution professional (RP).

**Source: The Economic Times.**

**Read Full news at:** <https://economictimes.indiatimes.com/industry/auto/auto-news/nclt-okays-ramkrishna-forgings-bid-to-acquire-amtek-group-arm/articleshow/103034092.cms?from=mdr>

## ➤ **Union Bank's action to identify loan accounts as 'fraudulent' not legally tenable: Reliance Communication**

Reliance Communications has stated that any action taken by Union Bank of India to identify the telco's loan accounts as fraudulent is not legally valid due to the ongoing corporate insolvency resolution. Rcom also highlighted that the irregularities mentioned by the bank occurred before the initiation of insolvency proceedings, and therefore the resolution professional is not obligated to respond.

Reliance Communications has said that any action taken by the Union Bank of India for initiation of any proceedings to identify the bankrupt telco's loan accounts as fraudulent is not legally tenable since the company is undergoing the corporate insolvency resolution.

**Source: The Economic Times.**

**Read Full news at:** <https://economictimes.indiatimes.com/industry/telecom/telecom-news/union-banks-action-to-identify-loan-accounts-as-fraudulent-not-legally-tenable-reliance-communication/articleshow/103034711.cms?from=mdr>

## ➤ **Promoters are clearing their dues faster under the threat of insolvency**

Just the threat of legal action has been pushing many promoters to pay their dues, according to government data. Many companies' managements have reportedly paid back their dues shortly after lenders filed cases with the National Company Law Tribunal (NCLT), out of fear of losing control over their companies.

Creditors, banks and suppliers have recovered dues pretty much immediately after filing under the Insolvency & Bankruptcy Code (IBC), without even waiting for petitions to be admitted.

According to data from the Insolvency & Bankruptcy Board of India (IBBI), NCLT benches have closed 6,811 cases after admission, while 25,565 cases were closed before they were ever admitted to the bench; a 3.7x difference.

Once a petition is admitted to the NCLT, the tribunal appoints a resolution professional and a committee of creditors, leading to the ouster of promoters. Since 2016 - when the law first came into force - settlements of over Rs 8.2 lakh crore have been paid out, as of May 2023. The government has seen claims of Rs 9.2 lakh crore, of which Rs 2.9 lakh crore has been recovered from 720 cases. Even after admission, around 1,900 cases saw a closure because of withdrawal, through appeals and reviews, or settlement.

**Source: The Economic Times.**

**Read Full news at:** <https://economictimes.indiatimes.com/industry/banking/finance/promoters-are-clearing-their-dues-faster-under-the-threat-of-insolvency/articleshow/103010811.cms?from=mdr>

## ➤ Sort out the letters in IBC's spirit to optimize corporate insolvency resolution

The Insolvency and Bankruptcy Code (IBC) in India was implemented to resolve corporate insolvency quickly and free up capital for productive use. Although the code has been modified to overcome gaps, bankruptcy resolution is still taking longer and yielding less to creditors. The number of cases admitted for insolvency resolution that end up in liquidation is high, resulting in lower recovery value.

The idea behind IBC is to resolve corporate insolvency quickly so that capital can be freed for productive use. Legacy methods were found wanting, and the code has been modified swiftly to overcome gaps. Special dispensation has been provided, or is in the works, for financial service providers, small enterprises and real estate companies. Yet, bankruptcy resolution is taking longer and yielding less to creditors.

**Source: The Economic Times.**

**Read Full news at:** <https://economictimes.indiatimes.com/opinion/et-editorial/sort-out-the-letters-in-ibcs-spirit-to-optimize-corporate-insolvency-resolution/articleshow/103033503.cms?from=mdr>

