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Insolvency Professional Agency of Institute of Cost Accountants of India



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Updates on Insolvency and Bankruptcy Code

➤ IL&FS resolution needs to be examined carefully — it offers learnings for increasing effectiveness of process

In 2018, the collapse of IL&FS had triggered a panic in financial markets. With liquidity drying up, non-banking financial companies (NBFCs), in particular, came under acute financial stress. Subsequently, the government constituted a new board, with Uday Kotak appointed as non-executive chairman, to manage the affairs of the beleaguered infrastructure behemoth. Now, almost three and a half years later, the process has successfully addressed the resolution of Rs 55,000 crore of the group's debt. Resolution of another Rs 6,000 crore of debt is expected to be finalised in the coming financial year. Considering that the group's total debt was just shy of Rs 1 lakh crore, this translates to a recovery rate that is higher than that observed under the IBC — at the end of December 2021, under IBC proceedings, financial creditors had realised only 33 per cent of their claims in cases where a resolution plan had been approved. However, as Kotak has pointed out, there are several learnings from this process.

For one, the process has been extremely time consuming. While some of it could be attributed to the pandemic, such delays in the resolution process, at times due to errant promoters trying to hold on to their firms by exploiting legal loopholes, can be observed even under the IBC. Data from the Insolvency and Bankruptcy Board of India shows that as of March 2021, it took, on average, 465 days from the date of insolvency commencement to the approval of the resolution plan, while, at the end framework, the process must be swift.

Source: The Indian Express

Read Full news at:

<https://indianexpress.com/article/opinion/editorials/ilfs-resolution-needs-to-be-examined-carefully-7845102/>

➤ [Rabobank's insolvency petition against Coffee Day Global dismissed](#)

The National Company Law Tribunal (NCLT) has dismissed Rabobank's plea to initiate insolvency proceedings against Coffee Day Global, which operates the nationwide chain of coffee parlours, as per an order the contents of which ET has reviewed. In a ruling uploaded on its website on Wednesday, the Bengaluru bench of NCLT comprising Justice Ajay Kumar Vatsavayi and member technical Manoj Kumar Dubey questioned the intent of Rabobank's petition. It noted that a debt resolution process for Coffee Day Global was ongoing and the company was trying to sell its coffee vending business, which operates kiosks in offices to repay creditors.

"In the present case, the respondent (Coffee Day Global) is willing and trying to repay the debts of all the creditors and to show its bona fides when it was ready to sell its vending business, and when other lenders accepted the said move, but the petitioner refused to cooperate in that process," the ruling noted.

Source: Money Control

Read Full news at:

<https://economictimes.indiatimes.com/news/company/corporate-trends/rabobanks-insolvency-petition-against-coffee-day-global-dismissed/articleshow/90551715.cms>

➤ [Insolvency Law In Review – January 2022](#)

The enactment of the Insolvency and Bankruptcy Code 2016 (Code) has had significant ramifications on the corporate insolvency landscape. Over time, the Code has witnessed a manifold increase in litigation, and consequently in the number of decisions. This has made it difficult for insolvency practitioners to stay updated with developments in the field.

Source: Live Law

Read Full news at:

<https://www.livelaw.in/know-the-law/insolvency-law-ibc-law-review-195418>



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