



INSOLVENCY PROFESSIONAL AGENCY
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LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

"The power of imagination makes us infinite."

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➤ Impact of Corporate Insolvency Resolution Process Results in Lengthy Recovery Rate

In a recent study conducted by the Insolvency and Bankruptcy Board of India, it was found that there is a direct correlation between the length of the resolution process and the recovery rate. The Insolvency Bankruptcy Code (IBC) endeavours to safeguard the economic fabric by ensuring the survival and sustainability of financially distressed entities by prioritising resolution over liquidation.

According to the study, lenders recover nearly half of their funds (49.2%) in insolvency cases resolved within 330 days. In cases that take longer, the recovery rate drops to 36%, further decreasing to 26% for cases that extend beyond 600 days.

Out of the 947 cases analysed, a mere 14% were resolved within the stipulated timeline of 330 days. A significant 37% took between 330 to 600 days, and the remaining 49% stretched beyond 600 days. It was pointed out that these delays were often triggered by litigations from multiple stakeholders with conflicting interests not only erode the value of already distressed corporate defaulter but also significantly reduce the recovery value to creditors.

According to IBBI, 269 resolutions were approved in FY24 a 42% increase over the 189 resolutions in FY23. The ratio of cases resolved to liquidation of cases improved from 0.46 in FY23 to 0.61 in FY24. While this is the highest-ever in any year since the inception of the IBC, the amount realised has declined. In FY24, the amount realised under cases resolved stood at Rs 48,000 crore as compared to Rs 55,000 crore in FY23.

Source: Taxscan

Read Full news: <https://www.taxscan.in/impact-of-corporate-insolvency-resolution-process-results-in-lengthy-recovery-rate/401502/>

➤ NCLT Defers Hearing On Go First's Insolvency Case To July

The National Company Law Tribunal (NCLT), New Delhi division bench of Justice Mahendra Khandelwal and Dr. Sanjeev Ranjan has postponed the hearing on the insolvency plea of Go First, the grounded airline, to July 11, 2024. This decision came among concerns regarding the future of the airline. The tribunal stated it needed time for further examination of the recent developments, particularly the ramifications of the Delhi High Court's order, before reaching a verdict.

Go First, formerly known as Go Airlines (India) Limited, filed for insolvency in May 2023, following a cascade of financial woes attributed to faulty engines supplied by US-based Pratt & Whitney. The airline, founded in 2005 and previously backed by the Wadia Group, ceased operations shortly after filing for insolvency, leaving creditors grappling with outstanding dues amounting to over Rs 11,463 crore.

Source: Live Law

Read Full news : <https://www.livelaw.in/ibc-cases/nclt-delhi-go-first-airline-insolvency-case-hearing-july-258509>

➤ Only 2% personal guarantee claims recovered under IBC so far: IBBI

Creditors have recovered 2.16 per cent, or Rs 102.78 crore, of their admitted claims from personal guarantors under the Insolvency and Bankruptcy Code (IBC), the latest data from the Insolvency and Bankruptcy Board of India (IBBI) shows.

Personal guarantors' insolvency resolution, experts said, is an opportunity to balance debtor relief with creditor recovery, but its trajectory leans on debtor leniency.

Source: Business Standard

Read Full news : https://www.business-standard.com/finance/news/creditors-recovered-2-of-claims-against-personal-guarantors-till-march-124052101110_1.html

