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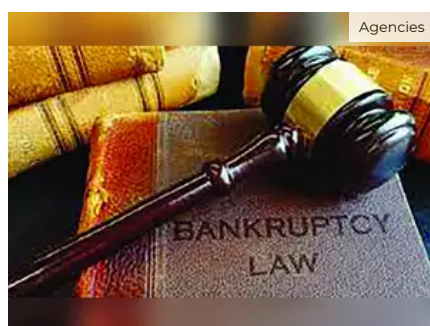
NCLT approves 180 resolution plans in FY23, totalling Rs 51,424 crore

SECTIONS NCLT approves 180 resolution plans in FY23, totalling Rs 51,424 crore

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Synopsis

While, in terms of realisation of the amount for creditors, this is the second highest after FY19, when the total realisation was Rs 1.11 lakh crore after completing 77 insolvency proceedings including some big-ticket matters such as Essar Steel and Monnet Ispat.



Insolvency tribunal **NCLT** approved 180 resolution plans in FY23, making it the highest-ever annual number so far.

With this, NCLT has clocked in a total realisation of Rs 51,424 crore from stressed assets.

While, in terms of realisation of the amount for creditors, this is the second highest after FY19, when the total realisation was Rs 1.11 lakh crore after completing 77 insolvency proceedings including some big-ticket matters such as **Essar Steel** and **Monnet Ispat**.

This has helped creditors of debt-ridden firms in FY23 to realise 36 per cent of their total admitted claims of Rs 1,42,543 crore for the year ended March 31, 2023.

The combined total liquidation value of the assets of 180 corporate debtors (CD) was at Rs 39,110.10 crore and the creditors received 131 per cent higher than it, according to data released by the Insolvency and Bankruptcy Board of

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Moreover in FY23, the National Company Law Tribunal (NCLT) admitted 1,255 applications from creditors for initiation of the Corporate Insolvency Resolution Process (CIRP), which is also one of the highest number since 2019.

The NCLT approved 147 resolution plans in FY22, 121 in FY21 and 134 in FY20, in which the creditors had realised 23 per cent, 17 per cent and 26 per cent of their admitted claims, respectively.

"The fair value of the assets available with these CDs, when they entered the CIRP was estimated at Rs 2.65 lakh crore and liquidation value of Rs 1.70 lakh crore against the total claims of the creditors worth Rs 8.99 lakh crore," the IBBI's latest newsletter said.

According to the newsletter, the creditors have realised 68.47 per cent of the liquidation value and more than 83 per cent of the fair value.

"The haircut for creditors relative to the fair value of assets was less than 17 per cent while relative to their admitted claims is of around 68 per cent," it added.

Last year in November, the government appointed a total of 15 judicial and technical members at the NCLT.

The NCLT has a total of 31 benches across India and out of them, 28 are functional.

Meanwhile, the tribunal is facing a shortage of judges, and support staff, including court masters, officers and assistant registrars.

Out of the sanctioned strength of 63 judicial and technical members, including its president, NCLT presently has a total strength of 37.

A single NCLT bench requires at least one judicial member and one technical member to function.

Under IBC, a CIRP has to be completed under a maximum mandated period of 330 days. Recently, concerns have also been raised over delays by NCLT in CIRP matters.

Meanwhile, the total number of CIRPs initiated by the NCLT benches so far is 6,567 and out of them, 4,515 CIRPs have been closed.

"Of the CIRPs closed, the CDs were rescued in 2,485 cases, of which 959 have

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orders for liquidation," the newsletter said.

The highest number of companies against which CIRPs were initiated were from manufacturing and real estate sectors, accounting for 39 per cent and 21 per cent of the total admissions, respectively.

The construction sector accounted for 11 per cent, and wholesale & retail trade were at 10 per cent of total CIRP admissions till the end of March 2023.

According to the data, more than 76 per cent of the CIRPs ended in liquidation as the lenders failed to find a suitable buyer within the maximum mandated period of 330 days.

Earlier this year, the NCLT approved the resolution plan of Suraksha Realty for Jaypee [Infratech Ltd](#). This was one of the 12 large accounts against which CIRP was initiated by banks following directions from the Reserve Bank of India (RBI).

Out of the 12 cases, resolution plans for nine CDs were approved and orders for liquidations were issued for two CDs.

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