

LEGAL UPDATES

SUPREME COURT GRANTED AMTEK AUTO RESOLUTION-PLAN IMPLEMENTATION 4 WEEKS, MAINTAINED THAT "DEVIATION FROM TIMELINES DEFEATS PURPOSE"

The Hon'ble Supreme Court ordered all parties involved in the resolution of Amtek Auto Ltd. (the Corporate Debtor), as per the Approved Resolution Plan submitted by Deccan Value Investors LP and/or parties associated with the implementation of the said resolution plan, including the Implementation and Monitoring Committee, to complete its implementation within 4 weeks from the date of the order.

It was further observed that "...the entire resolution process has to be completed within the period stipulated under Section 12 of the IBC and any deviation would defeat the object and purpose of providing such time limit."

According to the proviso to Section 12 of the IBC, the insolvency resolution process must be completed within 330 days of the insolvency commencement date, taking into account any extensions granted under Section 12 of the CIRP as well as the time required for any legal proceedings related to the Corporate Debtor's insolvency resolution process.

The time restriction was excused in this case, however, due to the unusual circumstances and ongoing legal disputes between the parties, the Hon'ble Apex Court noted. *"...any further delay in implementation of the approved resolution plan...which as such has been approved by the adjudicating authority in July 2020...would defeat the very object and purpose of providing a specific time limit for completion of the insolvency resolution process, as mandated under Section 12 of the IBC."*

The Court further recorded the CoC's assertion that Rs. 500 Cr. had been sent to the Corporate Debtor's bank account and that the successful resolution applicant had been actively moving toward the plan's execution.

In light of the above, the appeal was dismissed by Hon'ble Supreme Court with a warning that *"Any lapse on the part of any of the parties in implementing the approved resolution plan with the time stipulated hereinabove shall be viewed very seriously."*