

IBC AU COURANT

Insolvency Professional Agency of Institute of Cost Accountants of India



"You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete." -Buckminster Fuller

Updates on Insolvency and Bankruptcy Code

➤ Era Infra lenders may seek investors to fund litigation

Some lenders to bankrupt Era Infra Engineering are exploring a resolution plan that will allow them to restructure the company's assets and claims under arbitration into separate entities that can be monetized systematically. This plan proposes to club all assets of the company into one entity, assign claims under arbitration which Era has filed against its customers such as National Highway Authority of India (NHAI) amounting to ₹20,000 crore to a separate special purpose vehicle (SPV), and use the proceeds from the sale of the assets as well as claims recovery to pay off lenders.

Source: Live-mint

Please find the full news at:

<https://www.livemint.com/Companies/vKZo9xQeSsARCQUCDwwREK/Era-Infra-lenders-may-seek-investors-to-fund-litigation.html>

➤ [IBC process gives loan recoveries a boost](#)

Loan recoveries have picked up pace with the Insolvency and Bankruptcy Code. However, there's no data related to NPAs reduced due to NCLT process, as per data maintained by the Insolvency and Bankruptcy Board of India (IBBI), orders of a resolution against 65 corporate debtors have been issued by NCLT as on October, 2018, with a realisable amount of Rs 60,636 crore.

Source: Newindianexpress

Please find the full news at:

<http://www.newindianexpress.com/business/2019/jan/02/ibc-process-gives-loan-recoveries-a-boost-1919544.html>

➤ [Jet Airways delays loan repayments to banks](#)

Jet Airways has delayed loan repayments as on December 31 and revealed the most serious issue yet highlighting the beleaguered airline's constantly failing financial health. This will likely land Jet in the 180 day cycle of loan restructuring according to the latest RBI rules. Also, Jet has also proposed to SBI and the lending consortium for liquidity assistance and alternatively to convert its loans to equity. The lenders have said they won't provide any assistance until Jet's founders and shareholders put in cash into the airline.

Source: *Economictimes*

Please find the full news at:

<https://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/jet-airways-delays-loan-repayments-to-banks/articleshow/67345965.cms>

➤ [The IBC has an incentive problem](#)

Two years on, even as Insolvency and Bankruptcy Code continues to evolve, the legal reform has emerged largely successful. However, it may have had an unintended outcome i.e shutdown of viable businesses of indebted firms. There are issues in the fundamental design of the IBC which create risks of value destruction, therefore, for insolvency resolution to be truly successful, policymakers must revisit the incentive problems implicit in the design of the law

Source: *Livemint*

Please find the full news at:

<https://www.livemint.com/Industry/nYs7QsAfNqtgGoQHZw2zBJ/The-IBC-has-an-incentive-problem.html>

