



INSOLVENCY PROFESSIONAL AGENCY
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA



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LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

"A surplus of effort could overcome a deficit of confidence."

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➤ **Go First files for insolvency proceedings, suspends flights; DGCA issues show cause notice**

"Go First deeply regrets the current situation, which has forced it to apply to the NCLT. With Pratt & Whitney failing to abide by the directions in the emergency arbitrator's award by providing spare leased engines, and with further engine failures expected in the next 3-4 months, the operations of Go First will be made unviable," said the company statement.

Wadia group-owned Go First on Tuesday said it has filed for insolvency resolution and can no longer continue to meet financial obligations, blaming US company Pratt & Whitney's "faulty engines" for grounding of 50% of its fleet. The airline has filed an application for voluntary insolvency resolution proceedings before the National Company Law Tribunal (NCLT), said CEO Kaushik Khona.

Earlier today, the airline announced it would suspend all flights for three days from May 3 to May 5. Aviation regulator DGCA has issued a show cause notice to the airline after Go First decided to cancel flights for three days. The airline has been directed to submit the details of the steps taken to mitigate the inconvenience caused to the passengers booked on the cancelled flights and submit plan of action to operate flights as per the approved schedule from 5th May 2023 onwards.

Aviation minister Jyotiraditya Scindia in a statement said: "Go First has been faced with critical supply chain issues with regard to their engines. The government has been assisting the airline in every possible manner. The issue has also been taken up with the stakeholders involved.

Source: The Economic Times

Read Full news at: <https://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/go-first-files-for-voluntary-insolvency-resolution-proceedings/articleshow/99934815.cms>

➤ No priority for worker dues after liquidation under IBC

The Supreme Court on Tuesday endorsed a provision of the Companies Act, 2013, that says workers' dues will not get preferential payment in case of liquidation under the Insolvency and Bankruptcy Code, 2016.

A bench comprising Justices MR Shah and Sanjiv Khanna dismissed a batch of petitions led by Moser Baer Karamchhari Union seeking to strike down Section 327(7) of the Companies Act, 2013 as arbitrary and violative of Article 21 of the Constitution of India.

Stating that the guiding principle in setting the priority of payments in liquidation was to bring the IBC practices in India in line with global practices.

"The waterfall mechanism is based on a structured mathematical formula, and the hierarchy is created in terms of payment of debts in order of priority with several qualifications, striking down any one of the provisions or rearranging the hierarchy in the waterfall mechanism may lead to several trips and disrupt the working of the equilibrium as a whole and stasis, resulting in instability," the bench said.

Source: The Economic Times

Read Full news at: <https://economictimes.indiatimes.com/news/economy/policy/no-priority-for-worker-dues-after-liquidation-under-ibc/articleshow/99943689.cms>

➤ New Claims Cannot Be Admitted When Resolution Plan Is Approved By The CoC And Is Pending Before The AA For Approval: NCLT Mumbai Reiterates

The National Company Law Tribunal, Mumbai Bench, comprising Shri H.V. Subba Rao (Judicial Member) and Shri Shyam Babu Gautum (Technical Member), while adjudicating an application under Section 60(5) of Insolvency and Bankruptcy Code, 2016 ("IBC, 2016") in Bank of Maharashtra vs DS Kulkarni Developers Ltd. has reiterated that new claims cannot be admitted when the resolution plan has been approved by the CoC and is pending before the Adjudicating Authority for approval.

Source: Live Law

Read Full news at: <https://www.livelaw.in/ibc-cases/new-claims-cannot-be-admitted-when-resolution-plan-is-approved-by-the-coc-and-is-pending-before-the-aa-for-approval-nclt-mumbai-reiterates-227766>

