



INSOLVENCY PROFESSIONAL AGENCY  
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA



# IBC AU-COURANT

*Latest updates On Insolvency & Bankruptcy*

**8<sup>th</sup> December 2022**

**"I have stood on a mountain of no's for one yes"**

## ➤ **VOVL gets 6-month extension for resolution plan**

The bankruptcy court has allowed a 180-day extension for corporate insolvency resolution process (CIRP) of VOVL, an oil and gas exploration company owned by Venugopal Dhoot, giving its lenders time until May 22, 2023, to finalise a resolution plan for the company.

The Mumbai bench of the National Company Law Tribunal (NCLT) has also allowed the resolution professional's plea to exclude the period during which the application for extension was pending before the tribunal.

"Considering the magnitude of public money at stake and the crucial nature of the business the corporate debtor is involved in, we find it just to extend the time period of the CIRP for the benefit of all the stakeholders involved," the bench of Justice PN Deshmukh and Shyam Babu Gautam said in its order issued on December 2.

VOVL's resolution professional Pravin Navandar, in the extension application, had said the resolution process of the company is at an advanced stage and he has received revival plans from four bidders, and these are currently being deliberated upon by the lenders.

The company's CIRP period came to an end on November 21, 2022, prompting the RP to seek an extension to prevent forced liquidation of the firm. VOVL was admitted for insolvency resolution process in November 2019.

It has admitted liabilities of over ₹30,640 crore from financial creditors and has about ₹2,000 crore as a cash balance. National Asset Reconstruction Company Ltd (NARCL), the government-promoted bad bank, has offered to acquire VOVL's debt for Rs 860 crore. Lenders have requested the ARC to improve the offer.

VOVL, promoted by Videocon group founder and chairman Venugopal Dhoot, is in the business of investing in and holding offshore oil and gas assets through its direct and indirect subsidiaries and derives a significant portion of its value and participating interest in the oil and gas assets held by Videocon Energy Brazil Ltd (VEBL), its step-down subsidiary located in Brazil, through a joint venture with Bharat Petroleum Ventures BV (BPRL).

The RP, in its application to NCLT, argued that revival plans that he has received envisage the transfer of VEBL's stake in the joint venture with BPRL and certain other procedural compliances related to issuing notices to BPRL and other contractual counterparties for giving them the opportunity to exercise a right of first refusal (ROFR) to match the bids received in the CIRP.

The issuance of the notices for ROFR is a mandatory requirement under the contractual arrangements which are governed by Brazilian law, and necessary to enable the lenders to effectively assess the viability and feasibility of the resolution plans received for the company.

**Source: *The Economic Times***

**Read Full news at:** <https://economictimes.indiatimes.com/industry/banking/finance/vovl-gets-6-month-extension-for-resolution-plan/articleshow/96065374.cms>

## ➤ **Don't spook banks further from IBC**

GOI reportedly wants to amend the Insolvency and Bankruptcy Code (IBC) to separate the process of resolution of a bankrupt firm from the distribution of funds received from a successful bidder to enable its faster takeover.

Letting bankruptcy courts give approval in two stages is only a second-best solution. The more efficient way is to strengthen the National Company Law Tribunal (NCLT).

Disputes over distribution of proceeds hold up the takeover and revival of the distressed firm as a going concern, causing erosion of asset value. An approval of the transaction should encourage a successful bidder to swiftly deploy productive assets trapped in the insolvent firm.

Funds received from the bidder can be kept in an escrow account, and distributed to creditors once disputes are resolved. IBC offers primacy to banks over unsecured creditors in a resolution plan that entails the sale of a company as a going concern.

A two-stage process could discourage banks from taking the IBC route. They are taking steep haircuts in the resolution of bad loans and would balk at slower progress in recoveries.

The original IBC had stipulated a deadline of 180 days to decide on the fate of the distressed firm, plus a 90-day extension if creditors agree. Now, the upper limit is 330 days, including litigation time.

The resolution must ideally be ahead of the deadline. Cutting delays in the insolvency process and raising recoveries call for a more robust legal infrastructure. This includes expediting the setting up of multiple benches of the adjudicating authority.

There is also a case to bifurcate bankruptcy-related legal issues and other corporate law-related procedural matters to ease NCLT's load. Banks must also report defaults as soon as they happen.

**Source: The Economic Times**

**Read Full news at:** <https://economictimes.indiatimes.com/opinion/et-editorial/dont-spook-banks-further-from-ibc/articleshow/96064888.cms>



**Insolvency Professional Agency of Institute of Cost Accountants of India**  
**(A Section 8 Company registered under Companies Act, 2013)**  
**CMA Bhawan, 3, Institutional Area, Lodhi Road**  
**New Delhi - 110003**