



INSOLVENCY PROFESSIONAL AGENCY
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA



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Latest updates On Insolvency & Bankruptcy

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"If your voice is high, only a few people will hear. If your thought is high, then many people will listen"

➤ **IBBI expected to introduce two key changes to the Insolvency Law: Report**

The law governing insolvency proceedings in India may soon undergo two key amendments. According to a report in the Economic Times (ET), the Insolvency and Bankruptcy Board of India (IBBI) may enable quicker debt resolutions and distribution of recovery proceedings despite the continuation of litigation.

According to the report, stakeholders agreed that banks must be allowed to restart the insolvency proceedings if a successful resolution applicant backs off.

"The finance minister addressed the gathering following which there were frank discussions with different groups that were formed," a person who attended the sessions was quoted by ET as saying.

"Two points to emerge clearly were the need to amend the law to allow banks more flexibility in case a bidder pulls out, and to allow distribution of proceeds even if there is pending litigation," they added.

The brainstorming sessions were also attended by lawyers, consultants, IBBI officials and officials from the finance ministry.

Now, the suggestions from the sessions would go to a wider audience for deliberations and discussions. Keeping in mind their suggestions, the IBBI will recommend amendments to the government.

The law is only amended when there is no ambiguity between the ministry, the industry and other stakeholders.

There have been instances when banks have sought approval from the courts to distribute the proceeds from a sale despite pending litigation. People familiar with the matter, however, told ET that the new changes would give more power to the creditors.

Source: Business Standard

Read Full news at: https://www.business-standard.com/article/economy-policy/ibbi-expected-to-introduce-two-key-changes-to-the-insolvency-law-report-122112200276_1.html

➤ **NCLAT stays insolvency proceedings against Bilcare**

In a relief to listed pharmaceutical firm Bilcare, the National Company Law Appellate Tribunal (NCLAT) has stayed the bankruptcy court's order of admitting the company under the corporate insolvency resolution process (CIRP).

The company was admitted under the resolution process on a plea filed by Assets Reconstruction Company (India) after it defaulted on its dues of over ₹235 crore.

"The appellant (Bilcare) submits that before the adjudicating authority (NCLAT) the appellant has filed an application for an extension of time till November 30 to make the payment under OTS (one-time settlement) to which the respondents (ARC) has also consented," observed the division bench presided by Justice Ashok Bhushan in its order of November 15.

The appellate tribunal will hear the matter further on December 7. Before the appellate tribunal's order, the Mumbai bench of the National Company Law Tribunal (NCLT) had admitted the company under CIRP on November 11, and had appointed Ashutosh Agarwala as the interim resolution professional (IRP) of the company.

The lender in its plea at NCLT had argued that originally, the South Indian Bank had sanctioned a standby letter of credit (SBLC) facility to Bilcare to the tune of over \$21 million (about ₹180 crore) in October 2013. As per the terms agreed, the SBLC facility was valid for five years with a bullet repayment at the end of five years.

The company failed to repay its dues on November 10, 2018, and subsequently, in 2019, the lender approached the Mumbai NCLT against Bilcare. In September 2019, the parties agreed to amicably settle the matter.

Source: The Economic Times

Read Full news at: <https://economictimes.indiatimes.com/industry/banking/finance/nclat-stays-insolvency-proceedings-against-bilcare/articleshow/95669834.cms>

➤ **Jet Airways Lenders Plan To Sell 11 Airplanes: Report**

Lenders of grounded Jet Airways are growing frustrated with the holdup in implementing the resolution plan.

They are reportedly considering selling 11 of the defunct airline's planes, thus forcing the airline into liquidation.

As per reports, the Insolvency Resolution Plan was approved by banks in October 2020 and the National Company Law Tribunal (NCLT) approved the plan on June 22, 2021.

The NCLT has reportedly ordered the Jalan-Kalrock consortium to get the necessary licenses and permissions to operate the airline within 90 days of the approval.

Bankers claim that even one and a half years after the NCLT approved the resolution plan, the Jalan-Kalrock consortium has failed to make the required payment, which has compelled them to rethink their decision, The Economic Times reported.

"Nobody thought this would take so long to execute," The Economic Times quoted a person aware of the deal. He further added, "But the fact is banks cannot transfer the company till we receive the money, and the way things are, it seems that the execution of the deal will not happen soon.

Meanwhile, the 11 planes we have in our possession are also losing value. Maybe the time has come to relook at selling those." Six expressions of interest (EoIs) to purchase these aircraft were reportedly submitted to banks in August. However, the procedure has been delayed by the decision of the Jet Airways monitoring committee, which is made up of banks and Jalan-Kalrock officials.

Some bankers believe that since the planes have drawn some attention, banks have another opportunity to recover. "The Jalan-Kalrock consortium has filed an intervention application in the NCLT, which will come up for hearing on November 29.

Banks will watch what they say to the court and act accordingly," The Economic Times quoted another person aware of the case. The report added that the consortium had blamed the banks for the delay in their submission to the court.

However, bankers are reportedly formulating a plan B to end the dispute, even if it entails liquidation. Despite their agreement to waive two preconditions to permit the airline takeover, bankers said that the lack of payments has deepened the trust deficit.

Moreover, there's an ongoing dispute over unpaid dues between the consortium and the airline's owners. As per reports, Jalan Kalrock Consortium (JKC) has temporarily lowered some employees' salaries by up to 50 per cent and put other workers on unpaid leave beginning on December 1.

Source: Outlook

Read Full news at: <https://www.outlookindia.com/business/jet-airways-lenders-plan-to-sell-11-airplanes-report-news-238981>

