



INSOLVENCY PROFESSIONAL AGENCY
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA



IBC AU-COURANT

LATEST UPDATES ON INSOLVENCY AND BANKRUPTCY

"Don't let yesterday take up too much of today."

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➤ Reimagining Insolvency Resolution: Reverse CIRP A Game-Changer For India's Real Estate Sector

The real estate industry is one of the thriving sectors in the modern business world. There are three parties in the real estate business – the real estate companies and their promoters (who develop the properties), the homebuyers (who purchase the flats/ apartments by engaging with the real estate).

When a real estate developer defaults on the repayment of debts, the financial institutions are compelled to initiate insolvency proceedings in order to recover the amount of debt incurred for the development of projects. Also, the financial institutions, being lenders, can take over the possession of the unfinished projects of the developer and auction them to recoup the debt amount. Homebuyers are the most vulnerable parties in this dispute between developers and financial institutions because their possession of their flats/ apartments is delayed due to litigation over the properties.

The National Company Law Tribunal ("NCLT") ruled in the case of Nikhil Mehta & Sons (HUF) & Ors. v. AMR Infrastructure Ltd.[1] that real estate developers' "assured return" deposits were essentially debt u/s 3(11) of the Insolvency and Bankruptcy Code, 2016 ("IBC"). In addition, an Explanation was added to Section 5(8)(f) of the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2018 to make it clear that a homebuyer's funding towards a real estate project would be treated as a debt for bankruptcy purposes.[2] Therefore, a homebuyer will be classified as a "financial creditor".[3]

Source: Live Law

Read Full news at: <https://www.livelaw.in/articles/reimagining-insolvency-resolution-reverse-cirp-a-game-changer-for-indias-real-estate-sector-241056>

➤ **Radio Mirchi, Orange bid Rs 251 crore in race to acquire insolvent Big FM**

Leading FM Radio network Radio Mirchi, a part of Entertainment Network India Limited (ENIL) and Radio Orange have bid Rs 251 crore to acquire BIG FM Radio network, sources said. Haryana-based Sapphire FM is the other bidder in the race for BIG FM, which is undergoing an insolvency process.

Incidentally, Sapphire FM has also made a bid of Rs 251 crore for Big FM. The bidders couldn't immediately be reached for comments. Both the bidders -- Radio Mirchi & Orange FM consortium and Sapphire FM -- have offered to pay the bid amount within 30 days.

Sources close to the process also revealed that the lenders are likely to ask both the bidders to revise their bids upward. Also, Rs 60 crore cash lying in the company's accounts will also go to the lenders, they said. After considering the cash at Big FM, the total recovery for lenders could be as high as 55 to 60 per cent against the total admitted claims of Rs 578 crore.

Source : Business Standard

Read Full news at: https://www.business-standard.com/companies/news/radio-mirchi-orange-bid-rs-251-crore-in-race-to-acquire-insolvent-big-fm-123102900462_1.html

➤ **Jindal India hops in with Future Enterprises bid, submits resolution plan**

A debt resolution plan for debt-laden Future Enterprises has been submitted by Jindal (India) under the Insolvency and Bankruptcy Code (IBC) process, according to a report by The Economic Times (ET). Since the bid was submitted in a sealed envelope, as is common practice for confidential bids submitted under the IBC, details of the bid placed by Jindal couldn't be confirmed.

Sources close to the process also revealed that the lenders are likely to ask both the bidders to. According to sources, the proposal could put the company in contention against Reliance Retail, which has sought time till October 30 to decide if it wants to bid for Future Enterprises.

Source: Business Standard

Read Full news at: https://www.business-standard.com/companies/news/jindal-india-hops-in-with-future-enterprises-bid-submits-resolution-plan-123102700225_1.html

