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IBC AU COURANT

Insolvency Professional Agency of Institute of Cost Accountants of India



PRESS

"A successful man is one who can lay a firm foundation with the bricks others have thrown at him."

Updates on Insolvency and Bankruptcy Code

Jet Airways insolvency: IDBI Bank and IOB say cant fund the process further

The insolvency proceedings of grounded Jet Airways have hit yet another snag after two of its lenders, IDBI Bank and Indian Overseas Bank, on Wednesday sought an exemption from releasing funds as they are under the central bank's prompt corrective action (PCA) framework. The two banks' plea coincided with NCLT's warning to Jet CoC of contempt proceedings if they do not release interim funds to the resolution professional by January 20 for completion of insolvency proceedings.

"We again reiterate and instruct the constituents of CoC to forthwith release the amounts as required by the RP so that the process of corporate insolvency resolution process (CIRP) can be completed and the asset value (of Jet Airways) is protected," said Justice Bhaskar Pantula Mohan, one of the member judges of the Mumbai-bench of NCLT.

Source: Financial Express

Please find the full news at:

<https://www.financialexpress.com/industry/jet-airways-insolvency-idbi-bank-and-iob-say-cant-fund-the-process-further/1817466/>

IL&FS plans equitable distribution of sale proceeds to creditors

In a relief to operational, unsecured creditors and provident funds, the IL&FS board has decided to revise the distribution framework for group resolution. The new board proposed to release 55 companies out of moratorium. Some of these companies are under corporate insolvency process or facing liquidation and a few entities have limited business operations, the board told the National Company Law Appellate Tribunal (NCLAT).

The new board proposed a mechanism for distribution of the financial bid amounts or liquidation amounts for considering the interest of each set of creditors. After paying the distribution of net sale proceeds to creditors under the IBC's waterfall mechanism, the remaining amount will be distributed to each class of creditors on pro-rata basis. Once approved, it will set a precedent for group resolution. "Based on analysis of the current position of and challenges facing, the assessment of the New Board is that the revised distribution framework is a fair and equitable manner of distribution of the relevant sale proceeds and is in the best interest of all stakeholders and creditors across.

Source: Economic Times

Please find the full news at:

<https://economictimes.indiatimes.com/markets/stocks/news/ifls-plans-equitable-distribution-of-sale-proceeds-to-creditors/articleshow/73198930.cms>

For the first time, IBC process ordered for failing to pay an insolvency services company

The National Company Law Tribunal (NCLT) has ordered insolvency resolution process against a company in probably the first such case in India where the petitioner that approached the bankruptcy court alleging payment default is a firm that had earlier provided it services on insolvency resolution. The NCLT's Hyderabad bench has ordered the proceedings at Sri Yadadri Life Sciences (SYLS) for the alleged default in payments to Adroit Financial Services (AFS) for advice given on insolvency. SYLS entered into an agreement with AFS after its sole financial creditor, State Bank of India, initiated auction process against it under the Sarfaesi Act in May 2018. AFS advised SYLS on the initiation of proceedings under Section 10 of the Insolvency and Bankruptcy Code (IBC).

Source: Economic Times

Please find the full news at:

<https://economictimes.indiatimes.com/news/economy/policy/nclat-orders-insolvency-for-insolvency-company/articleshow/73164928.cms>



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