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# IBC AU COURANT

Insolvency Professional Agency of Institute of Cost Accountants of India



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## Updates on Insolvency and Bankruptcy Code

### NCLAT asks IL&FS board for proceeds distribution formula

The National Company Law Appellate Tribunal (NCLAT) on Thursday asked the IL&FS board to come out with a mathematical formula for distribution of proceeds from the resolution of group companies. It said the revised distribution framework proposed by the board on the basis of liquidation value was bound to face opposition among creditors.

In an affidavit to the appellate tribunal on January 9, the IL&FS board had submitted a revised framework for distribution of the financial bid amounts/termination amount and settlement amounts for all set of creditors. It wanted to recover the resolution process costs first and then up to the liquidation value to the creditors in accordance with the waterfall mechanism under Section 53 of the Insolvency and Bankruptcy Code (IBC). The excess amount was proposed to be distributed on a pro-rata basis to each class of creditors of the relevant group company.

**Source: Financial Express**

**Please find the full news at:**

<https://www.financialexpress.com/industry/nclat-asks-ilfs-board-for-proceeds-distribution-formula/1825839/>

### NCLAT asks investigative agencies to clarify over JSW Steel's immunity in BPSL matter

The National Company Law Appellate Tribunal (NCLAT) has asked the investigative agencies like Enforcement Directorate, SFIO and the CBI to file an affidavit clarifying whether JSW Steel, a successful bidder for Bhushan Power and Steel Ltd (BPSL), is

liable for offences committed by the previous management of the debt-laden firm under the amended IBC.

A three-member NCLAT bench headed by Chairperson Justice S J Mukhopadhaya asked the agencies to file their reply affidavits by January 20 stating whether after insertion of section 32 A in the Insolvency and Bankruptcy Code (IBC) last month, JSW Steel has immunity from the alleged fraud committed by the previous BPSL management. "The Directorate of Enforcement and the central government through the Secretary, MCA on behalf of the Serious Fraud Investigation Office (SFIO) and the Central Bureau of Investigation (CBI) are allowed to file additional reply affidavit by 20th January, 2020 stating therein as to whether JSW Steel, whose plan has been approved, are covered by newly inserted Section 32A of the IBC, 2016," said the NCLAT in an order passed on January 13.

**Source: Economic Times**

**Please find the full news at:**

<https://economictimes.indiatimes.com/industry/indl-goods/svs/steel/nclat-asks-investigative-agencies-to-clarify-over-jsw-steels-immunity-in-bpsl-matter/articleshow/73305295.cms>

### **Bondholders drag Reliance Home Finance to NCLT**

A trustee to Reliance Home Finance's bondholders has approached the National Company Law Tribunal (NCLT), seeking to recover Rs 3,500 crore of investment after the Reliance Capital unit missed repayments.

IDBI Trusteeship Services filed the application under the Companies Act, since this doesn't require it to first seek the Reserve Bank of India's permission, a requirement to move under the Insolvency and Bankruptcy Code against a financial services company. The application also requested the NCLT that the company not be allowed to sign any debt resolution plan with other lenders or other resolutions that may go against the interests of the investors in its non-convertible debentures. IDBI Trusteeship's complaint comes ahead of a January 14 meeting with bondholders called by the company, which though doesn't have the approval of IDBI Trusteeship.

**Source: Economic Times**

**Please find the full news at:**

<https://economictimes.indiatimes.com/markets/stocks/news/bondholders-drag-reliance-home-finance-to-nclt/articleshow/73193110.cms>



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