

# IBC DOSSIER

A Bulletin on Landmark Judgements under IBC, 2016



**MR. ASHISH CHHAWCHHARIA HOUSING DEVELOPMENT AND FINANCE CORPORATION LIMITED VS. JET AIRWAYS  
CP (IB)- 2205/MB/2019**

## Brief Facts

**Brief Facts** The Resolution Professional (Mr. Ashish Chhawchharia ) of Jet Airways (India) Limited (“Jet”) filed an application before NCLT, Principal Bench for the sale of the non-core assets of the Jet to clear overseas debt by way of freeing six aircrafts from encumbrance and also to maximise the value of the corporate debtor during the corporate insolvency resolution process. HDFC Bank Limited advanced Rs 400 Crores to the Jet for acquiring an office in Mumbai in respect of which security interest has been created in favor of HDFC. This premises is a non-core asset and has never been used by Jet. RP applied to NCLT, Principal Bench for seeking permission to sale this premises in order to clear residual dues of US Exim Bank over the financial lease created in respect of six aircrafts. On payment of last instalment to US Exim Bank, Jet will get the possession of six aircrafts. To meet the above objective, multiple attempts have been made to raise interim finance, but these attempts prove to be unsuccessful. An arrangement has been worked out with HDFC Bank that on payment of Rs 360 Crores against actual claim of Rs 424 Crores, HDFC Bank will release its security interest from the premises. This arrangement is voted in favor by the Committee of Creditors by 74.45% but subject to the Adjudicating Authority approval.

## Decision

NCLT, Principal Bench allowed the sale of Mumbai premises to settle the claim of HDFC Bank at Rs 360 Crores subject to HDFC giving up charge and security interest in respect of the premises. On receipt of Rs 360 Crores, HDFC Bank will have no responsibility towards insolvency process cost even if Jet lands into liquidation. Balance amount from the sale of Mumbai Premises to be used towards the payment to US Exim Bank.

## Link to the Order

<https://ibbi.gov.in/uploads/order/220b3f3bddf3e99e5df5688ae575f6e8.pdf>



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