



INSOLVENCY PROFESSIONAL AGENCY  
OF INSTITUTE OF COST ACCOUNTANTS OF INDIA



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# IBC AU-COURANT

*Insolvency Professional Agency of Institute of Cost Accountants of India*



**"If you are not taking care of your employees, your competitor will"**

## **Updates on Insolvency and Bankruptcy Code**

### **Jet Airways staff association challenges resolution plan before NCLAT**

All India Jet Airways' Officers and Staff Association on Thursday said it has filed an appeal before the NCLAT against Jalan-Kalrock consortium's resolution plan for the airline.

In October 2020, the airline's Committee of Creditors (CoC) approved the resolution plan submitted by the consortium of the UK's Kalrock Capital and the UAE-based entrepreneur Murari Lal Jalan. The plan was later cleared by the Mumbai bench of the National Company Law Tribunal (NCLT).

Last week, Jet Airways' air operator certificate was revalidated by the aviation regulator DGCA, paving the way for the relaunch of the airline, which was grounded in April 2019 due to financial woes.

"The resolution plan is contingent on many hypotheticals about the use of crucial assets of the former Jet Airways, including its property, flight slots, and most importantly, its workers and employees," All India Jet Airways' Officers and Staff Association President Kiran Pawaskar said in a statement.

In its petition before the National Company Law Appellate Tribunal (NCLAT), the association has prayed for complete payments of the gratuity, unpaid wages, privilege leave encashment, bonus from April 2018 to June 2019 and retrenchment compensation to all workers and employees, the statement said.

Among others, the association has demanded that any employee re-hired by the resolution applicant or the Monitoring Committee are paid their gratuity, unpaid wages, privilege leave encashment, bonus and retrenchment compensation as per their entitlements and that any signed document for the waiver/forfeiture of these amounts not be enforced against them.

Currently, the airline, which is expected to restart services in the coming months, is managed by the Monitoring Committee.

Narayan Hariharan, former Senior Vice President of Jet Airways and legal advisor to employees, said the resolution plan is "precariously held together by a vague business plan".

The airline is forcing workers to waive all their statutory rights they are owed, particularly gratuity, privilege leave, unpaid salary and bonus, the association claimed.

The airline was earlier owned by Naresh Goyal and Gulf carrier Etihad. Battered down by financial woes, the full service carrier shuttered operations in April 2019. Later, a consortium of lenders, led by State Bank of India (SBI), filed an insolvency petition in June 2019 to recover outstanding dues worth over Rs 8,000 crore.

**Source: Business Standard**

**Read Full news at:**

[https://www.business-standard.com/article/companies/jet-airways-staff-association-challenges-resolution-plan-before-nclat-122052600544\\_1.html](https://www.business-standard.com/article/companies/jet-airways-staff-association-challenges-resolution-plan-before-nclat-122052600544_1.html)

## **Acquisition faces hurdles: Piramal bid for Reliance Capital runs into regulatory wall**

The Insurance Regulatory Authority of India (IRDAI) has raised concerns over Piramal Group's stake in competing insurance firms, a move that could derail its plans to acquire debt-laden Reliance Capital (Rcap).

However, the group has an option to reduce its stake within 18 months, making it compliant to acquire the former Anil Ambani group firm. Piramal can, of course, apply for other businesses of RCap should it so decide.

A consortium led by Piramal Group is one of the eight serious contenders for acquiring RCap's assets, from whom creditors are seeking Rs 23,666 crore in dues. A majority of the eight companies showing interest in bidding for the firm want to acquire the firm in its entirety. The Prospective Resolution Applicants included the Piramal Group, Yes Bank and HDFC Ergo. Lenders had extended the deadline for submitting resolution plans to June 30 from the earlier May 26 to rope in more suitors.

According to IRDA, an investor cannot individually hold more than 10% and jointly more than 25% of the paid-up equity share capital in an insurance firm.

Piramal Enterprises (PEL), a group company, is the holding company and promoter of Pramerica Life Insurance Company and holds 50% of the firm's paid-up capital through its stake in DHFL Investments. Further, PEL has an indirect investment of about 20% in Shriram Capital, which is the holding company of Shriram Life Insurance Company with a 74.56% stake, IRDA said in a letter to the administrator of RCap's resolution process.

The indirect holding of Piramal group in Shriram Life Insurance Company is 14.91% (20% of 74.56%), which exceeds individual investor limit, the letter, a copy which was reviewed by FE, said.

RCap is the holding company and promoter of Reliance Nippon Life Insurance Company, and in case Piramal Group acquires the debt-laden firm, it would also result in the acquisition of life insurance firm. This would be contrary to the regulatory framework in place in the sector as Piramal Group would be a promoter of two insurance companies – Pramerica Life Insurance Company and Reliance Nippon Life Insurance Company – the regulator said.

However, the authority has provided an option to Piramal Group to dispose of or bring down the stake to the prescribed limits within 18 months from May 4, 2022.

The authority, as its policy, does not allow any person to act as a promoter of more than one insurance company in the same line – life insurance, general insurance and health insurance – of business, it added. The letter, dated May 12, came after RCap's administrator's meeting with the regulator.

On November 29, 2021, the Reserve Bank of India had superseded RCap's board following payment defaults and governance issues. The regulator also filed an application for initiation of Corporate Insolvency Resolution Plan against the company. In April, Credit Suisse and Axis Bank – two lenders to RCap – had dragged the firm to the National Company Law Tribunal, seeking recovery of debts worth Rs 760 crore. In February this year, the RBI-appointed administrator invited EoIs for sale of RCap's assets.

Reliance Capital has interests in life, general and health insurance; commercial & home finance; equities and commodities broking; wealth management services; distribution of financial products; asset reconstruction; proprietary investments and other activities in financial services.

**Source: Financial Express**

**Read Full news at:**

<https://www.financialexpress.com/industry/acquisition-faces-hurdles-piramal-bid-for-reliance-capital-runs-into-regulatory-wall/2539210/>

## **Initiate insolvency proceedings against GBP group, say investors**

Financial creditors have filed an application for initiation of corporate insolvency resolution process against Gupta Builders and Promoters (GBP) Private Limited, with the Chandigarh Bench of the National Company Law Tribunal (NCLT).

The application has been moved with the names of Isht Preet Singh Sethi and other financial creditors through counsel Manish Jain and Divya Sharma under Section 7, Insolvency and Bankruptcy Code, 2016, read with rule 4 of the Insolvency and Bankruptcy Rules, 2016.

The application was filed after the developer allegedly failed to complete projects leaving hundreds of investors in the lurch. The amount of financial debt with regard to 500 financial creditors, who have moved the NCLT in the case, runs into crores.

The applicant stated that the corporate debtor (GBP group) in 2015-16 and 2016-17 had started advertising for projects situated in Zirakpur, Mohali, New Chandigarh and on the Ambala-Chandigarh Highway.

These were stated to be commercial and residential projects.

The corporate debtor had issued an allotment letter to each financial creditor and promised to construct and deliver possession of flats to home buyers within the stipulated time. But the company failed to offer possession of flats as promised and pay delay charges. This resulted in default in payment of financial debt.

Besides, the application stated that the corporate debtor floated “investment schemes” of three to six years for individual investors hailing from small towns and villages and promised to pay yearly return during the term period along with amount payable at the time of the investment maturity.

The corporate debtor assured financial creditors that on maturity of the particular scheme, they would either be allotted plots or paid good returns on their investments, but the former failed to do so, the application further stated.

### **500 creditors**

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**Source: The Turbine**

**Read Full news at:**

<https://www.tribuneindia.com/news/chandigarh/initiate-insolvency-proceedings-against-gbp-group-say-investors-398533>



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