



IIPI Newsletter

March 20, 2020

Volume 5, Number 12

For Restricted Circulation Only

Knowledge SBU Initiative

Govt ramps up capacity of the NCLT Benches to boost decision-making

The government is ramping up the capacity of the National Company Law Tribunal (NCLT) Benches to boost decision-making and reduce delays.

It will set up dedicated Benches for insolvency and bankruptcy cases and add 40 new positions for NCLT, said Injeti Srinivas, secretary, corporate affairs ministry to the standing committee on finance.

When the NCLT was set up, IBC was never in the picture. It was only set up as a company law court. The IBC has now sort of dominated," Srinivas said. Because of the increase in IBC cases, which are getting primacy at the NCLT, company cases are getting badly delayed. The government is also planning to set up specialised Benches for competition law to reduce the burden of the appellate tribunal, which is referred to on all matters from company law and IBC to competition law and the national financial reporting authority.

Banks should be instructed not to invoke IBC for non-payment in testing times of Coronavirus: SICCI

The Southern Chamber of Commerce and Industry (SICCI) on Monday made a representation to the government to instruct banks not to invoke Insolvency and Bankruptcy Code (IBC) for non-payment as one of the measures to provide businesses with relief owing to the impact of the novel Coronavirus.

"Possibility of delayed payments cannot be ruled out due to various factors including production losses, non-availability of manpower, reduction of sale and other extraneous factors. Banks should be instructed not to invoke IBC for non-payment and should suspend any action by a quarter for the economy to settle down," the organisation said in its letter to the Finance Minister Nirmala Sitharaman.

Flaws in Today Homes IBC process, UVARC demands offer to be reconsidered

First it shot into the limelight for making a Rs 16,000-crore bid — the highest — for Reliance communication and Reliance Telecom, and before that for Aircel under the IBC process. Now, UV Asset Reconstruction Company (UVARC) is fighting a fresh battle after writing to the resolution professional or RP for Noida-based real estate company Today Homes, demanding that its offer for the latter's stressed assets should be reconsidered.

UVARC was one of two bidders for the assets. It has also demanded a re-vote by the committee of creditors (CoC), alleging that the IBC provisions had not been complied with. If UVARC's grievances are not redressed, it has indicated to the RP that it might have no option but to go to the National Company Law Tribunal (NCLT) or the Insolvency and Bankruptcy Board of India (IBC).

The CoC in this case comprise over 1,757 residential flat owners spread across 18 towers and 21 commercial units in Noida. No banks are creditors.

POINT TO PONDER

“The only true wisdom is knowing that you know nothing”. - Socrates

Govt appoints Justice B L Bhat as officiating chairman of NCLAT

The government has appointed Justice Bansi Lal Bhat as the officiating chairperson of the National Company Law Appellate Tribunal (NCLAT). NCLAT Chairperson Justice Sudhansu Jyoti Mukhopadhaya retired on Friday. "Consequent on the completion of the term of Office of Justice (Retd.) Shri S.J. Mukhopadhaya, as Chairperson NCLAT on March 14, 2020, Central Government hereby appoints, Justice (Retd.) Shri Bansi Lal Bhat, Member (Judicial), NCLAT, as officiating Chairperson," an official notification said. The appointment of Justice Bhat, a former judge of the Jammu and Kashmir High Court, is "for a period of three months with effect from 15.03.2020 or until a regular Chairperson is appointed or until further orders, whichever is earliest."

IBC provides new lifeline to save stressed firms from premature deaths

The insolvency law provides a new lifeline for stressed companies to save them from premature death, IBBI Chairman M S Sahoo said on Friday. The Insolvency and Bankruptcy Code (IBC) provides for a time-bound and market-linked resolution of stressed assets. Speaking at an event here, Sahoo said the IBC provides a new lifeline to a company which has a value and has to be saved from premature death. Exemplifying his point, Sahoo said the average life of S&P 500 companies has reportedly come down from 90 years to 18 years over the last century. There is a kind of danger to the life of a business and at times, freedom results in unfair battles at market place, he noted.

Near the end of the road for Jet Airways, says Grant Thornton CEO

Grant Thornton's CEO, Vishesh C Chandiook, has tweeted that it is probably "near the end of the road" for the debt-strapped Jet Airways.

Jet Airways temporarily shut operations in April 2019 and was dragged to the insolvency court on June 20, 2019, by Jet's lenders over unpaid dues.

The advisory firm's Ashish Chhawchharia was appointed as the Resolution Professional (RP) by Jet's lenders.

On Saturday afternoon, Vishesh C Chandiook, Grant Thornton's CEO in a tweet apologised to the grounded airline's employees, "I'm sorry to report but I fear we are very near the end of the road for #JetAirways- the proverbial 'chicken or egg' is what killed the airline- my apologies to all the employees in particular that we @GrantThorntonIN couldn't do better for you."

***Feedback requested at ipa@icai.in**