



## IIPI Newsletter

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Knowledge SBU Initiative

### IBC resolution: Plan to reduce committee of creditors' remit junked

The government had in October 2019 announced its intention to bring in the distribution formula, stung by an NCLAT order that had trimmed financial creditors' share of the recovery in the Essar Steel case from 90% to 60%, and raised the pie of operational creditors. The government has dropped its plan to firm up a formula to distribute resolution proceeds under the IBC and reduce the CoC remit on the disbursement of funds.

### SC asks Jaiprakash Associates to return pledged land to group firm Jaypee

The Supreme Court restored the NCLT order directing Jaiprakash Associates Ltd (JAL) to return 758 acres of land, which was pledged with several banks, to its debt-laden subsidiary firm Jaypee Infratech Ltd (JIL).

The NCLAT had allowed the pleas of all banks as well as JAL and held that the transactions were genuine and the allegation of undervaluation was not justified.

The top court, while deciding a batch of appeals filed by Interim Resolution Professional of JIL and others, set aside the decision of the NCLAT last year.

The NCLAT had quashed the verdict of NCLT, Allahabad, which held that the mortgage of properties of JIL, which was facing insolvency proceedings under the IBC, in favour of the lending financial institutions of holding firm JAL cannot be countenanced.

### Creditors Belonging To Different Classes Can Be Given Different Treatment : NCLAT

Resonating with the judgment passed recently by Supreme Court in the case titled, "Committee of Essar Steel v. Satish Kumar Gupta", the NCLAT, in the Appeal titled as, "Pacific World Shipping Pvt. Ltd. v. Dadi Impex Pvt. Ltd.", has held that when a resolution plan has successfully passed the benchmark prescribed under Section 30 (2) of the IBC the same is sufficient compliance in the eyes of the Code and creditors who may have suffered a greater haircut than other creditors of different class ought not to be permitted to impugn the resolution plan, on the aforesaid ground.

## POINT TO PONDER

*The only place where success comes before work is in the dictionary.  
– Vidal Sasson*

### NCLT allows consolidation of Lavasa Corporation's subsidiaries for faster resolution

The dedicated bankruptcy court has approved the request of lenders to Lavasa Corporation to consolidate the township developer and its wholly owned subsidiaries Warasgaon Assets Maintenance and Dasve Convention Centre as one. A consolidated entity will get better valuation when they are liquidated under the CIRP, the lenders had told the Mumbai bench of NCLT.

### Creditors can choose to stop supplies to companies under IBC: HousePanel

A parliamentary panel said suppliers of a company cannot be burdened with "overly restrictive conditions" in the hope of a probable revival under the Insolvency and Bankruptcy Code (IBC). In a report on proposed amendments to the Insolvency and Bankruptcy Code (Second Amendment) Bill, 2019, the standing committee on finance, expressed hope of recovery percentage increasing significantly in the near future. Out of claims of around Rs 8.4 lakh crore, the realisable amount is about Rs 3.57 lakh crore, or 43% of the total claims under the code, said the report.

### RIL pumps in Rs 500 crore equity into Alok Inds for 37.7% stake

Alok Industries (AIL) has informed the stock exchanges that Reliance Industries (RIL), which in consortium with JM Financial Asset Reconstruction Company had won the right to buy it through insolvency process, has infused Rs 500 crore into its equity. In a communication to the stock exchanges on Friday, the bankrupt textile company said RIL was accordingly allotted 83.33 crore equity shares of Rs 1 each at a premium of Rs 2 a share. Reliance Industries was also allotted 250 crore optionally convertible preference shares of the face value of Rs 1 each on a preferential basis.

### Recovery through insolvency process better compared to other options: IBBI chief M S Sahoo

Asserting that recovery through insolvency law process has been better, IBBI Chief M S Sahoo said creditors recovered Rs 1.6 lakh crore till December 2019. This was 207% of the realisable value of assets of 190 companies rescued till last year under IBC.

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