



## IIPI Newsletter

July 5, 2019

Volume 3, Number 14

\*For Internal Circulation Only\*

Knowledge SBU Initiative

### Apex court to hear next week plea on preventing Jaypee Infratech's liquidation

The Supreme Court will hear next week a plea seeking that Jaypee Infratech Ltd not be sent into liquidation although the deadline for the corporate insolvency resolution process is over, as it would cause "irreparable loss" to thousands of home-buyers.

The apex court had last year ordered re-commencement of the resolution process against JIL and barred the firm, its holding company and promoters from participating in the fresh bidding process.

### Apex court's decision to reject DoT plea may help RCom's buyer

The Supreme Court's decision to reject the Department of Telecommunications' (DoT) plea, which sought that Reliance Communications' (RCom's) outstanding liabilities be borne by the buyer, is likely to help the bankrupt telco find a buyer under the Insolvency and Bankruptcy Code (IBC) process.

The apex court upheld the Telecom Dispute Settlement Appellate Tribunal's (TDSAT) order that liabilities of past dues related to spectrum usage charges (SUC) rested only with RCom and not the buyer. DoT had refused to give a no-objection certificate (NoC) to the ₹25,000-crore deal between the Ambani brothers as it wanted Reliance Jio to take up responsibility for past liabilities of RCom when it buys spectrum from the telco.

### Cross-border insolvency law, steps for individual bankruptcy on cards: Economic Survey

India plans to enact a cross-border insolvency law and take steps to make bankruptcies of individuals easier as part of reforms aimed at speeding up the resolution of stressed assets, according to the government's Economic Survey for 2018-19.

The cross-border insolvency law will not only provide a transparent and predictable mechanism to deal with issues involving investors, banks and companies in more than one country but also push up foreign investment into India, the survey said.

The government was also working on suitable frameworks to deal with insolvency of group companies, individuals and partnership firms.

## POINT TO PONDER

**"A true teacher does not terrorize ignorant students, because a true teacher knows that it is his job to cure ignorance."  
— Miriam Defensor-Santiago**

### **Progress: Insolvency And Bankruptcy Code (IBC), 2016**

The Economic Survey highlighted the progress of the IBC since it came into operation and how it has helped creditors. Until March 31, 2019, financial creditors had settled claims worth Rs 1.73 trillion through 94 insolvency cases.

Citing data from the Reserve Bank of India, the survey said that banks have received Rs 50,000 crore from previously non-performing accounts and that an equal additional amount has been "upgraded" from non-standard to standard assets. The gross non-performing assets ratio of commercial banks decreased from 11.5% in March 2018 to 10.1% in December 2018.

The measures taken to reduce the twin balance sheet problem—banks' bad loans and highly indebted companies—and the bankruptcy law have led to an improvement in the investment climate within the economy, the survey said.

"The ecosystem for insolvency and bankruptcy is getting systematically built out. It has already led to recovery and resolution of significant amount of distressed assets as well as palpably improved business culture," it added.

### **NCLAT directs NCLT to decide IBC plea against JP Associates in 6 weeks**

The private sector lender had approached the National Company Law Appellate Tribunal (NCLAT), seeking a direction to NCLT Allahabad-bench to expedite the hearing on its insolvency petition against Jaypee Group firm Jaiprakash Associates Ltd (JAL).

Hearing the matter, a three-judge bench of the NCLAT headed by Chairman Justice S J Mukhopadhyaya directed the NCLT Allahabad to decide on admitting the plea preferably in six weeks.

### **Jet Airways saga: RP rejects JetLite employee claims, raises question on IBC**

It has emerged that claims filed by employees of JetLite, the low-cost unit of Jet Airways, have been rejected by the resolution professional, Ashish Chhawchharia. JetLite was formerly Air Sahara, which was bought by Jet Airways in 2007. Consequently, it operated as a budget carrier. JetLite remained a separate entity, and its brand was Jet Konnect. It was a part of the Jet Airways "group".

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

