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Knowledge SBU Initiative

Jet Airways' CoC gives nod to all resolutions

The committee of creditors (CoC) of Jet Airways (India) Ltd approved all resolutions on its agenda including the evaluation criteria for potential bidders of the grounded airline.

Ashish Chhawchharia, the resolution professional appointed by the lenders for the resolution process of Jet Airways, informed the stock exchanges that all resolutions were passed with the required majority.

A bid evaluation criteria is a set of parameters used to weigh bids to see which one would give maximum value to the seller.

Can The Adjudication Of The Counter Claim Be Stayed In The Purview Of Moratorium Being Declared On The Corporate Debtor?

In this case, a suit was filed for recovery of Rs.1,61,47,336.44 against which a counter claim was filed stating that the Defendant is entitled to recover a sum of Rs.59,51,548/- and no amount is due and payable to the Plaintiff after CIRP had already been initiated against the Plaintiff.

The main issue before the court was whether adjudication of counter claim is required to be stayed in view of Section 14 of the Code. The court held that Plaintiff's and the Defendant's claim needs to be adjudicated comprehensively by the same forum. Till the defense is adjudicated, there is no threat to the assets of the Plaintiff and the continuation of the counter claim would not adversely impact its assets.

Bankruptcy cases must account for the time value of money

The article suggests that the government may bring another raft in IBC amendments by setting a new 330 day limit which will include the time taken in addressing legal challenges. But it is difficult to see the courts entirely agreeing to impose rules that may occasionally require breaching in the interest of correct interpretation of the law and the delivery of justice. The Atal Bihari Vajpayee government made changes to the Code of Civil Procedure in 1999 and 2002 by specifying timelines for certain processes and limiting the number of adjournments in a suit. But the Supreme Court, in the Salem Advocates Bar Association case (2005), ruled that the law cannot prevent a court from granting more time on the merits of each case.

POINT TO PONDER

“Leaders Think And Talk About The Solutions. Followers Think And Talk About The Problems.”

– Brian Tracy

Insolvency Law vital for stability in Financial Systems: Vice President Inaugurates Insolvency Research Foundation

The Vice President of India, Shri M. Venkaiah Naidu has said the enactment of Insolvency and Bankruptcy Code was one of the success stories of Indian economic reforms and that it played a critical role in reshaping the behavior of borrowers. Further, Insolvency and Bankruptcy Code (IBC) has helped set the stage for superior renegotiation between the lenders and borrowers.

The Vice President appreciated the government for initiating a series of economic reforms to improve the investment climate in diverse areas and make India an attractive destination. The reforms have added a new dimension to the development story of India.

Seeing bankruptcies as opportunities

The spate of recent bankruptcies of large groups in corporate India has created a window of opportunity for creating a number of new professionally managed board-run companies. But this opportunity can be utilized only if there is conceptual recognition of the great advantages that would accrue from having more professionally-managed companies. This has not been the case till now. It does not feature in the wish lists on economic reforms nor in policy discussions. Once this is accepted as a desirable objective, the rest is not difficult.

Govt wants to freeze IL&FS auditors' A/Cs

In more troubles for the auditors of the crippled IL&FS — Deloitte and BSR, the corporate affairs ministry moved the NCLT seeking to freeze their bank accounts along with those of 21 others who are impleaded in the main petition in the one of the largest fraud cases.

This comes even as the NCLT is yet to pronounce its verdict on the ministry plea seeking to ban these auditors for their omissions and commissions in the case for five years. The Ministry counsel said he wants their accounts frozen as an interim measure till the tribunal delivers on its demand to ban these auditors for five years.

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