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Knowledge SBU Initiative

The SC's IBC ruling gives homebuyers greater say, but may prolong realtors' bankruptcy proceedings

The Supreme Court upheld the constitutional validity of the government's 2018 amendments to the Insolvency and Bankruptcy Code (IBC) which anointed buyers in a real estate projects with the status of financial creditors. In effect, it has reiterated that homebuyers, like other creditors, can now invoke bankruptcy proceedings against developers under the IBC for default in their contract terms. They can also seek representation on the Committee of Creditors that votes and approves on resolution plans in bankruptcy cases.

Govt panel recommends automatic CCI approval for cases under insolvency law

Suggesting substantial changes to competition regulatory framework, a government-constituted high level panel has recommended a green channel route for automatic approval of certain combinations, including those under the insolvency law, by the Competition Commission.

The Competition Law Review Committee, chaired by Corporate Affairs Secretary Injeti Srinivas, has recommended a slew of changes with respect to the Act.

The panel has suggested a "green channel route" for automatic approval of certain combinations.

NCLAT Decides On The Requirement Of Seeking Government Approval For Making An Insolvency Application Against A Tea Company

NCLAT, in *A.J. Agrochem v Duncans Industries Limited*, passed an order deciding the issue of whether approval of the Central Government under Section 16G(1)(c) of the Tea Act, 1953 (Tea Act) is necessary for filing an application under of the Insolvency and Bankruptcy Code, 2016 (IBC) against a tea company.

The NCLAT set aside the order of the National Company Law Tribunal, Kolkata Bench (NCLT) and *inter alia* held that no prior approval / sanction of the Central Government is required for making an insolvency application against a tea company, since Section 16G(1)(c) of the Tea Act and Section 9 of the IBC operate in separate spheres.

POINT TO PONDER

“Act like a true professional, aiming for true excellence, and the money will follow.”

— David Maister

No takers, Jet Airways set to fly into liquidation

Jet Airways, one of the premium airlines in India which was grounded in April due to cash starvation, is now headed for liquidation in the bankruptcy court after it received no serious expressions of interest (EoIs) despite the banks extending the deadline to August 10.

Fresh capital of Rs 13,000 crore is required to keep Jet Airways up and running and no investor is willing to bet big on the airline's revival. Banks are also not agreeable to providing additional debt to the sick airline, the sources said.

India's largest producer of cut roses initiates insolvency proceedings

CIRP has been initiated against Bengaluru-based Karuturi Global, one of the world's largest producers of cut roses.

Karuturi Global owns large rose farm holdings in Kenya, Tanzania, Ethiopia, Pune and Bengaluru, and grows over 555 million stems of roses a year across 300 hectares.

In a stock exchange filing, Karuturi Global announced that CIRP has been initiated in respect of the company under the provisions of the Insolvency and Bankruptcy Code by way of an order dated August 2, 2019 of the National Company Law Tribunal (NCLT), Bengaluru bench.

IL&FS resolution: NCLAT pulls up Centre over delay in completion of process

The National Company Law Appellate Tribunal (NCLAT) on Thursday pulled up the Centre for its failure to complete the resolution process for the debt-ridden IL&FS Group within the stipulated 270-day timeframe. Around 315 days have gone by since the NCLAT stayed all proceedings against IL&FS and its 348 subsidiaries. The government had on October 1, 2018 taken over the IL&FS board.

The bench said both the adjudicating authority and the appellate tribunal were constantly being criticised in the media because of the delay in delivering judgements, but the fact of the matter is that even the government failed to come up with a resolution after 315 days.

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