

04:05 PM 01 MAR CLOSED	சென்செக்ஸ்	நிகழ்படி 50	கோல்டு (எம்சிஎக்...	யுஎஸ்டி/ஐஎ...	CREATE PORTFOLIO	FF-டி மார்க்கெட்ஸ்...	CHOOSE LANGUAGE TAM
MARKET STATS ▼	36,063 ▲ 196.37	10,863 ▲ 71.00	32,660.0 ▼ -321	70.91 ▲ 0.17			

Unable to pay up? Top bidder to face penalty under new rule of insolvency regulation

BY [JOEL REBELLO](#), ET BUREAU | UPDATED: MAR 04, 2019, 08.01 AM IST

Post a Comment

Mumbai: A new amendment to corporate [insolvency regulation](#) prescribing stringent punishment for successful resolution applicants who fail to make promised payments is likely to protect the new [bankruptcy law](#) from frivolous bidders, lawyers said. The amendment comes after recent cases of backtracking by winning bidders in taking over debtladen companies.

Big Change:
The end of Five-Year Plans: All you need to know

The latest of such example is the case of Chennai-based Orchid Pharmaceuticals, which owed lenders Rs 3,000 crore. Last week, a two-judge bench of the [National Company Law Tribunal](#) (NCLT) ordered the restart of the resolution process after US-based Ingen Capital Group failed to deposit money to take over the debt-laden company. Earlier, UK-based investor Liberty House had backed out after being declared the highest bidder in the case of Amtek Auto and Adhunik Metaliks.

“After the amendment, Section 74 of the insolvency code prescribes stringent punishment to resolution applicant if it fails to implement a plan,” said Shiju Veetil, senior partner at [IndiaLaw](#).

“In addition, recent amendments to the regulation make it mandatory for a successful applicant to provide performance security, which can be forfeited in the eventuality of a default. The amendment also requires every resolution applicant to declare if the applicant or its related party failed to implement a plan in the past. With these safeguards, the code is now well-equipped to handle defaults in the implementation of the resolution plan.”

IndiaLaw was representing the committee of creditors (CoC) led by SBI in the Orchid Pharma case. In February 28 order, a two-judge bench of justices S Vijayaraghavan and BSV Prakash Kumar had granted resolution professional (RP) SV Ramkumar another 105 days to invite fresh expressions of interest and find new bidders for the company. Ingen had offered to pay Rs 1,060 crore under a resolution plan approved on September 17 within 30 days of the order. As part of this payment, Ingen had to first deposit one-third of the amount or Rs 334 crore within five days. The company failed to make the payment but instead filed a fresh petition to replace the RP.

Think & Bid

RECENT CASES:

Chennai-based Orchid Pharmaceuticals, which owed lenders ₹3,000 crore, had the highest bidder, Ingen Capital Group, backing out after it failed to deposit money

.....

Liberty House had backed out after being declared the highest bidder in the case of Amtek Auto and Adhunik Metaliks

In its order, the court said the RP has received email enquiries from Divi Laboratories, Gland Celsus Biochemicals and Fidelity Trading Corp and oral enquires from ART Capital India, Everstone Group, Aion Capital, [Piramal Capital](#) and Finquest Group expressing interest.

Ingen's plan for the company of at a total of Rs 1,060 crore was at a 65% haircut to the total debt of over Rs 3,000 crore the company owes a consortium of more than 24 lenders. It remains to be seen whether any new bidder offers a higher amount. The company has around 1,500 employees on its roll. It was among the list of 28 companies that the RBI had sent to banks in August 2017 seeking a speedy resolution. These total bad loans aggregated to about Rs 2 lakh crore.

Stay on top of business news with The Economic Times App. [Download it Now!](#)

- [ry](#)
- [etters](#)
- [odities](#)
- [About Us](#)
- [Subscribe to ET Prime](#)
- [Book your Newspaper Subscription](#)
- [Create Your Own Ad](#)
- [Advertise with Us](#)
- [Terms of Use & Grievance Redressal](#)
- [Privacy policy](#)
- [Contact Us](#)

F

O

इं
[Hswmyrsvcent](#) | [Education Times](#) | [Diano Capital](#) | [Mumbai Mirror](#) | [Times Now](#) | [Indiatimes](#) | [नवभारत टाइम्स](#) | [महाराष्ट्र टाइम्स](#) | [ವಿಜಯ ಕರ್ನಾಟಕ](#) | [Go Green](#) | [AdAge India](#) | [Eisamay](#) | [IGN India](#) | [NavGujarat Samay](#) | [Times of India](#) | [Samayam Tamil](#) | [Samayam Telugu](#) | [Miss Kyra](#) | [Bombay Times](#) | [Filmipop](#) | [Games App](#) | [MX Player](#)

Living and Entertainment

[Timescity](#) | [iDiva](#) | [Entertainment](#) | [Zoom](#) | [Healthmeup](#) | [Luxpresso](#) | [Gadget Reviews](#) | [Titanium & Platinum Credit Card](#) | [Online Songs](#) | [MensXP](#) | [Hotels](#) | [Travel Destinations](#) | [Cricbuzz](#) | [Recipes](#) | [Gaana](#) | [Happytrips](#) | [Getsmartapp](#)

Interest Network

[itimes](#)

1 | [Download it from GOOGLE PLAY](#) | [Download it from Windows Store](#)

[T](#) | [Rupee](#) | [Aadhaar Card](#) | [Mumbai News](#) | [RBI](#) | [Delhi News](#) | [How to save income tax](#) | [Sensex Today](#) | [Nifty Bank](#) | [Currency Converter](#) | [Income Tax Calculator](#)

Services

[Book print ads](#) | [Online shopping](#) | [Matrimonial](#) | [Astrology](#) | [Jobs](#) | [Tech Community](#) | [Property](#) | [Buy car](#) | [Bikes in India](#) | [Free Classifieds](#) | [Send money to India](#) | [Used Cars](#) | [Restaurants in Delhi](#) | [Remit to India](#) | [Buy Mobiles](#) | [Listen Songs](#) | [News](#) | [TimesMobile](#) | [Real Estate Developers](#) | [Restaurant Deals in Delhi](#) | [Car Insurance](#) | [Gadgets Now](#) | [Free Business Listings](#) | [CouponDunia](#) | [Remit2India](#) | [Techradar](#) | [AliveAR](#) | [Getsmartapp App](#) | [ETMoney Finance App](#) | [Feedback](#) | [Auto](#) | [Longwalks App](#)

In Case You Missed It

- [RBI](#)
- [Home Loan Calculator](#)
- [NBFC](#)
- [Income Tax](#)
- [Chanda Kochhar News](#)
- [Future Group](#)
- [Income Tax Calculator](#)
- [Budget 2019](#)
- [Education Loan Calculator](#)
- [Budget Live](#)
- [IFSC Code](#)
- [SEBI](#)

Copyright © 2019 Bennett, Coleman & Co. Ltd. All rights reserved. For reprint rights: [Times Syndication Service](#)