

THURSDAY | 29 JUNE 2023

## Case Update



# BOMBAY HIGH COURT RESTRAINS BANKS FROM SELLING VIPL'S DEBT



Bombay High Court issued notice in a Writ Petition filed by Vidarbha Industries Power Ltd. (“VIPL”) seeking restraint on the Consortium of Lender Banks, led by Axis Bank Ltd., from effecting the sale of debt of VIPL to any party till next date of hearing. VIPL had challenged the rejection of its One-Time Settlement (“OTS”) proposal by the Consortium of Lenders, being in violation of the directives issued by Reserve Bank of India (“RBI”). Basis a Circular dated 08.06.2023 issued by RBI, it was urged by VIPL that the banks are required to formulate a policy in respect of compromise settlements, and Axis Bank and other members of the Consortium have failed to provide a copy of the said policy to VIPL despite repeated requests. VIPL contended that even after the improved OTS proposals by VIPL, the lenders have rejected the proposals in a clear attempt to sell the debt to a third party in a completely non-transparent and arbitrary manner, which will lead to a hostile takeover of VIPL.

While Axis Bank Ltd. took a stand that appropriate policy is already in place and the rejection of OTS proposals of VIPL is in compliance of the terms thereof, it consented to not effect the sale of debt until the next date of hearing. The matter has now been fixed for hearing on 05.07.2023.

*VIPL was represented by Senior Advocates Mr. Harish Salve, Mr. Rafiq Dada and Mr. Prateek Seksaria, assisted by Mr. Shri Venkatesh (Managing Partner), Mr. Suhael Buttan (Counsel) and Mr. Vineet Kumar (Associate) from SKV Law Offices and Mulla & Mulla & Cragie Blunt & Caroe.*

The order passed by Bombay High Court can be accessed [here](#).