

India's Go First Receives Extended Deadline to Secure Buyer Amid Insolvency Proceedings

Posted on February 15, 2024 by Business Editor



The National Company Law Tribunal (NCLT) of India has awarded an additional 60-day grace period to the administrators of the insolvent airline Go First, in their ongoing efforts to secure a buyer. This extension, announced during a hearing on February 13, 2024, comes as a crucial lifeline for the Mumbai-based carrier, which halted operations in May 2023. The decision was influenced by the submission of expressions of interest (EOIs) by three potential buyers, each backed by requisite bank guarantees.

Shailendra Ajmera, serving as Go First's resolution professional under India's corporate insolvency resolution framework, sought the extension from the NCLT's Delhi bench, with backing from the airline's committee of creditors (CoC). The embattled airline has accepted creditor claims totaling over INR62 billion (approximately USD746 million), reflecting the depth of its financial distress.

The CoC's agreement to extend the search for a new owner follows unsuccessful attempts in previous sales campaigns. However, the interest from three entities—SpiceJet, Sky One from Sharjah, and Busy Bee—each presenting formal EOIs and an INR50 million (USD601,800) bank guarantee, has renewed hopes for a resolution.

Under India's insolvency laws, administrators have a maximum of 330 days to conclude the sale of a company under NCLT supervision. This latest extension propels Go First's resolution process to this statutory limit, setting a deadline of April 4, 2024. Failure to secure a buyer by this date may lead to the liquidation of Go First, marking a critical juncture for the airline's future.

The additional time is a significant development for Go First, offering a window of opportunity to navigate its complex insolvency proceedings and potentially secure a sustainable future under new ownership.

