

Indian Institute of Insolvency Professionals of ICAI (IIPI)

(Company formed by ICAI as per Section 8 of the Companies Act 2013)

IIPI Update -#5 - Part I

July 2017

INITIATIVES

Programmes on Insolvency and Bankruptcy Code, 2016

Programmes on Insolvency and Bankruptcy Code, 2016 were held recently at Guwahati, Ernakulam and Mumbai. Programmes will be held next at Ahmedabad, Jaipur, Siliguri and Allahabad.

Learning Management System (LMS) for IBBI Limited Insolvency Examination

IBBI has notified new syllabus applicable for Limited Insolvency Examination from 1st July 2017 to 31st December 2017. All Rules and Regulations notified under the Code till 30th June, 2017 are part of the new syllabus.

IBBI has also included **Case Laws** (Decisions of Supreme Court, High Courts, NCLAT, and NCLT on Corporate Insolvency Resolution, Corporate Liquidation and Voluntary Liquidation) in the new syllabus besides Case Studies. There will be five questions carrying two marks each carrying a total weightage of 10 marks in the examination for Case Laws. The new syllabus can be accessed at <http://iiipicai.in/limited-insolvency-examination-second-edition>

The members may take the help of the Learning Management System (LMS) as developed by IIPI for the Examination. LMS is a comprehensive e learning platform which provides the study material as well as presentations and sample test questions. It also provides a mock test for the purpose of enabling the professionals to practice for the Examination. The Learning Management System is available at the link: <http://www.iiipicai.in/index.php/learning>

(No. of Registered Users for LMS as on date- 3480 and No. of tests taken -79000)

NEWS UPDATE

Insolvency and Bankruptcy Board of India invites comments from public on the regulations notified under the Insolvency and Bankruptcy Code, 2016.

Insolvency and Bankruptcy Board of India invites comments from public, including the stakeholders and the regulated on the regulations already notified under the Code. The comments received between 4th July 2017 and 31st December 2017 shall be processed together and following the due process, regulations shall be modified to the extent considered necessary. IBBI will endeavour to notify the regulations by 31st March 2018 and bring them into force on 1st April, 2018.

The Press Release issued by IBBI may be accessed at -

http://ibbi.gov.in/Inviting_Public_Comments_7_July_R.pdf

Gujarat High Court verdict on Essar Steel in insolvency case

As per article published in thehindubusinessline.com - The Gujarat High Court on 17th July 2017 (Monday) granted no relief to Essar Steel against the insolvency proceedings initiated against it by its lenders under the National Company Law Tribunal (NCLT). A detailed order is awaited.

With the latest order, the interim stay granted on the proceedings against Essar Steel under the NCLT stands vacated and insolvency proceedings under the NCLT can now be resumed by the lenders led by State Bank of India (SBI).

The case is seen as a landmark case under the newly introduced Insolvency and Bankruptcy Code (IBC), while the judgment is seen as a big boost for the banks since as per Reserve Bank of India (RBI) corporate non-performing assets (NPAs) stood at Rs 7,50,000 crore as on March 31, 2017.

Earlier this month, Essar Steel had filed a petition in the Gujarat High Court challenging the RBI's press release dated June 13, 2017, which mentioned that RBI will be issuing directions to banks to file for insolvency proceedings under the IBC in respect of 12 accounts to the NCLT. Essar had challenged the press release, which earlier mentioned that such cases would be accorded priority for resolution by the NCLT.

The RBI later issued a corrigendum to the press release on July 8, 2017, and deleted the statement. However, Essar continued to raise objection on being clubbed with other 11 NPA accounts, whereas it was in discussion with banks for a financial restructuring.

The RBI had identified top 12 NPA accounts, of which Essar Steel was one of them. These 12 NPA accounts represent 25 per cent of the total NPA of Rs 7,50,000 crore

RBI Press Release dt June 13, 2017 is available at:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=40743

RBI Press Release dt. 8 July, 2017 is available at:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=41011

Promoter cannot escape liquidation of personal assets by filing for bankruptcy under IBC

As reported in Economic Times, an order passed by NCLT set a precedent by ruling that a promoter cannot escape the liquidation of personal assets by filing for bankruptcy that indemnified the firm against all legal proceedings. While admitting the case under the Insolvency and Bankruptcy Code (IBC), the court observed that personal assets of the promoters were pledged with the borrower and were not part of the corporate debt and hence outside the ambit of a moratorium. M/s Schweitzer Systemtek had filed for bankruptcy, which was opposed by Phoenix ARC fearing that if the case is admitted a moratorium, it could thwart the action taken so far for recovery of the outstanding loans which includes selling personal properties of the promoters which were in an advanced stage. The ARC has also got a ruling in its favour to sell the residential property under SARFAESI Act.

Hope you find this Update helpful.

Suggestions if any, may be mailed to ipa@icai.in