



## IIPI Newsletter

February 21, 2019

Volume 2, Number 5

\*For Internal Circulation Only\*

Knowledge SBU Initiative

### **Insolvency Code supersedes PMLA in bankruptcy process**

In a landmark judgement, the Mumbai bench of National Company Law Tribunal has nullified the attachment notice served by the Enforcement Directorate on Baroda-based Sterling Biotech Ltd (SBL), saying that the NCLT gives speedier justice and that a new legislation Insolvency and Bankruptcy Code 2016 precedes over the existing legislation.

### **Insolvency process: IBC to have provisions dealing with individual insolvency, says IBBI chairman**

The Insolvency and Bankruptcy Code will soon have provisions dealing with individual insolvency and bankruptcy, said MS Sahoo, chairman of Insolvency and Bankruptcy Board of India. Further, he mentioned that the first priority would be the regulations specifically relating to guarantors to corporate debtors or personal guarantors.

### **Home-buyers as financial creditors: Developers' default risks spike with delayed projects**

Treating home-buyers as financial creditors under the bankruptcy law has increased the default risks for developers with delayed projects. In recent months, there have been various instances of aggrieved home-buyers initiating insolvency proceedings against developers who have delayed project execution. As the time-bound nature of the insolvency process provides a limited window for developers to reach a settlement with the aggrieved buyers, failing which the resolution professional takes over the management.

### **Time taken to appoint Resolution Professional to be excluded from CIRP: NCLT**

Now time taken from the admission of a case by the NCLT till the appointment of the Interim Resolution Professional will also be excluded from the IBC timelines, the Mumbai Bench has held.

## POINT TO PONDER

**"Today, certain people file for bankruptcy, businesses and individuals, and it no longer has the stigma it once had. Now it's almost considered wise, a way to regroup and come back again."  
-DAVID DINKINS**

### **Maharashtra Seamless rallies 4% on acquisition of pipe maker under CIR process**

The acquisition of hot roll seamless pipe manufacturing company lifted Maharashtra Seamless shares nearly 4 percent. As the DP Jindal Group company made this acquisition under the Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code 2016 as approved by Hyderabad Bench of National Company Law Tribunal.

### **Relief to Coal India: NCLAT sets aside NCLT's insolvency order against ECL**

The NCLAT has set aside an order by the Kolkata bench of the NCLT which allowed initiation of insolvency proceedings against Eastern Coalfields (ECL), a subsidiary of India's largest miner Coal India. The NCLAT earlier had stayed the order passed by the tribunal to initiate the corporate insolvency resolution process against ECL after the state-run Coal India (CIL) had moved the appellate tribunal challenging the order.

### **After Essar Steel and EPC, Arcelor Mittal sets its sights on another Essar firm**

The world's largest steelmaker has bid ₹4,800 crore to acquire Essar Power Ltd's Mahan power project. The offer is 37% more than the ₹3,500 crore offered as a one-time settlement by promoters of Essar for the Mahan plant.

### **Tribunal admits Rs 2.81 lakh claim under insolvency code**

The National Company Law Tribunal has admitted an insolvency petition against a Chandrapur-based company over a liability of Rs2.81 lakh. It is among the smallest amounts, so far, for which a case has been fought under the Insolvency and Bankruptcy Code.

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