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Knowledge SBU Initiative

RBI circular has one-size-fits-all approach, power firms tell SC

The Reserve Bank of India's (RBI's) February 12, 2018 circular asking banks to move insolvency petitions against large non-performing assets (NPAs) that have not been resolved, is based on a 'one-size-fits-all' approach without taking into consideration factors such as the reasons for non-payment, power companies told the Supreme Court.

Top bidder to face penalty for payment failure under new rule of insolvency regulation

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 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.

Cross-border insolvency law changes to boost ease of doing business in India

The government proposes to bring about the changes through an ordinance amending the Insolvency and Bankruptcy Code (IBC) and adding a chapter on cross-border insolvency, a report said. The amended law is aimed at giving comfort to foreign investors in India and vice-versa. The new law will reduce the time for exchanging information with another country, encouraging foreign investors and multi-lateral agencies such as the World Bank.

POINT TO PONDER

**"Bankruptcy is a legal proceeding in which you put your money in your pants pocket and give your coat to your creditors."
- JOEY ADAMS**

Fresh pleas filed in SC challenging the status of homebuyers as financial creditors under IBC

The Supreme Court has issued a notice to government on the petitions filed by over 20 builders challenging the status of homebuyers as financial creditors under the Insolvency and Bankruptcy Code (IBC). The apex court also stayed IBC proceedings initiated by homebuyers against the builders, which include Pioneer Urban Land and Infra, Ansal Homes, Future World Green Homes, Today Homes and Parsavnath Developers.

Insolvency and Bankruptcy Code: Govt says trustees too can approach IBC against corporate debtors

The government has allowed trustees, estate administrators, persons authorised by a company's board of directors etc to initiate corporate insolvency resolution process against a corporate debtor before the NCLT, on behalf of financial creditors under the Insolvency and Bankruptcy Code, 2016.

IBBI suggests ground rules for Resolution Professionals, Committee of Creditors

The Insolvency and Bankruptcy Board of India has come up with a charter of responsibilities for Insolvency Resolution Professionals and Committee of Creditors so that stakeholders have a complete and clear understanding of their roles and responsibilities in a Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code. The charter is only indicative and meant for the sole purpose of educating the stakeholders.

Bad assets and bankruptcy code: Lenders recover almost half of Rs 1.43-lakh crore defaulting advances

Lenders have recovered about half the defaulting advances of Rs 1.43 lakh crore stuck in 82 cases that have been resolved so far in the past two years, signalling that the Insolvency and Bankruptcy Code has become increasingly effective in extricating funds from bad assets.

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