



IIPI Newsletter

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Knowledge SBU Initiative

Notice Of NCLAT Appeal Has To Be Served Regardless Of Supply Of Advance Copy of Appeal Paper Book: SC

The Supreme Court has observed that stipulation of service of notice on the other side, pursuant to issuance of notice by the National Company Law Appellate Tribunal in an appeal, has to be complied with, regardless of supply of advance copy of appeal paper book prior to the issuance of notice by NCLAT.

Pre-Packaged Bankruptcy: Government Of India's New Initiative

Government of India is contemplating introducing the concept of pre-packaged insolvency schemes, similar to the practice prevalent in United States and UK, wherein the creditors and shareholders are entitled to approach the bankruptcy court with a pre-negotiated corporate reorganisation plan. The underlying objective of introducing this concept is to prevent prolonged and expensive legal battles, which is taking the sheen out of an otherwise robust insolvency regime in terms of Insolvency & Bankruptcy Code, 2016.

MCA re-constitutes Insolvency Law Committee as Standing Committee for review of implementation of Insolvency & Bankruptcy Code, 2016

The Ministry of Corporate Affairs (MCA) has re-constituted the Insolvency Law Committee as Standing Committee for review of implementation of Insolvency & Bankruptcy Code, 2016.

The Committee will analyze the functioning & implementation of the Code identifying issues impacting the efficiency and effectiveness of the corporate insolvency resolution and liquidation framework prescribed under the Code and make suitable recommendations to address such issues.

POINT TO PONDER

**"Today, there are three kinds of people: the have's, the have-not's, and the have-not-paid-for-what-they-have's."
-~Earl Wilson**

51% vote enough for forensic audit of corporate debtor: NCLT

The bench of the National Company Law Tribunal has clarified that a 51 per cent vote of the Committee of Creditors was enough to initiate a forensic audit of an insolvent company. Citing Section 21(8) of the Insolvency and Bankruptcy Code, the NCLT bench said the provision makes it necessary for all decisions of the Committee of Creditors to be taken by a vote of not less than 51 per cent and the same goes for forensic audit.

Resolutions of both Binani and Essar were within rules: IBBI

In the case of Binani Cement, the Kolkata bench of NCLT approved the resolution plan of UltraTech Cement which was higher than what the Dalmia Bharat group had to offer even after the Committee of Creditors earlier selected them as the higher bidder. The case also, debated a lot on value maximisation in a corporate resolution plan. The Insolvency and Bankruptcy Board of India has said that it did not find any contradiction in approvals of resolution for Essar Steel and Binani Cement in the context of "value maximisation".

Insolvency and Bankruptcy Code to bring Rs 1 lakh crore back to banks

The Insolvency and Bankruptcy Code has so far brought close to Rs 3 lakh crore back into the banking system and now it has been expected the banks to recover Rs 1 lakh crore by the end of this month as several similar cases are coming to a logical end in coming few weeks.

IBBI Signs Agreement With IFC For effective implementation of Insolvency And Bankruptcy Code

The Insolvency and Bankruptcy Board of India signed a Cooperation Agreement with the International Finance Corporation, a Member of the World Bank Group. The IFC is interested to assist the IBBI to further build the capacity of the Insolvency Professionals, and Insolvency Professional Agencies for the purposes of the Code. The Cooperation Agreement envisages technical assistance up to 30th June, 2021 by the IFC to IBBI in this regard.

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