



IIPI Newsletter

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Knowledge SBU Initiative

Hyderabad Emaar scam: Customers knock NCLT door

It has been more than a decade since these NRIs paid crores of rupees to have their dream home. They thought of spending the rest of their lives there. And that is the reason why they paid their hard-earned money to Emaar projects near Hitec City in Hyderabad that promised them excellent villas and flats. Now after a decade, with their dreams shattered, more than 100 such homebuyers have approached the NCLT urging it to declare the Emaar Hills Township Project Ltd as insolvent by initiating corporate insolvency process against the company. They are of the view that this is the only way left to make the Emaar company deliver their villas and flats at least now.

Covid-19 puts question mark on IBC process

As uncertainty looms over corporate India in the wake of the Covid-19 outbreak, several companies under the bankruptcy resolution process may see potential buyers pulling out, said four people involved in such negotiations.

There is a worry that large cases like IL&FS, Dewan Housing Finance, Jaypee Infra, Bhushan Power & Steel, Alok Industries and Reliance Communication may now take longer to execute resolution plans. Many potential buyers have reached out to the resolution professionals managing companies under bankruptcy, seeking more time to take decisions. Buyers have adopted a wait-and-watch approach even in cases where the deals were in the final stages or bids submitted, as the Covid-19 crisis has put a question mark on valuations and viability of businesses.

Lockdown period won't be counted in IBC timeline: IBBI

Lockdown period will not be counted towards the timeline for any activity under the corporate insolvency resolution process. "The period of lockdown imposed by the Central Government in the wake of COVID19 outbreak shall not be counted for the purposes of the time-line for any activity that could not be completed due to such lockdown, in relation to a corporate insolvency resolution process," said a notification by Insolvency and Bankruptcy Board of India. IBBI has issued a fresh regulation to amend the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, which will come into effect from Sunday.

POINT TO PONDER

"The very essence of leadership is that you have to have vision. You can't blow an uncertain trumpet."

-Theodore M. Hesburgh

Dhanuka resolution plan gets rolling; Orchid Pharma lenders to get 32% recovery

The monitoring committee attached to the insolvency resolution process of Chennai-based Orchid Pharma has implemented the approved resolution plan by Gurgaon-based Dhanuka Laboratories, which would fetch the secured lenders close to 32.3% recovery of their dues. Besides, the lenders will also receive around 4,08,164 equity shares of Orchid Pharma, at an issue price of Rs 10 each for part of their debt. According to a regulatory filing by Orchid Pharma, the paid-up equity share capital of the company has been reduced from Rs 88.96 crore to Rs 40.81 crore, with cancellation of 88.56 million equity shares of Rs 10 each.

ICABA writes to Supreme Court seeking expansion of its limitation order to timelines prescribed under Arbitration Act, IBC, NI Act

The Indian Commercial and Arbitration Bar Association (ICABA) has addressed a letter to the Supreme Court seeking expansion of its order passed in the wake of the Coronavirus lockdown, by which it had extended the limitation period for cases pending in all courts and tribunals. According to ICABA, while the order dated March 23 has extended the period of limitation prescribed under both general and special law, it does not encompass and deal with situations where certain proceedings abate/terminate on account of non-adherence to timelines prescribed by certain statutes or those that provide for adverse consequences to follow on the expiry of time periods prescribed

Upping threshold limit to ₹1 cr for initiating insolvency proceedings will give respite to MSMEs, say experts

The government has done micro, small and medium enterprises (MSMEs) a good turn by upping the threshold limit for initiating insolvency proceedings 100 times to ₹1 crore, say experts. Further, Finance Minister Nirmala Sitharaman's observation that in case the Covid-19 situation persists beyond April 30, section 7, section 9 and section 10 of the Insolvency and Bankruptcy Code (IBC) could be suspended for six months, will assure companies that they will be given time to recover from COVID-related impact.

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